

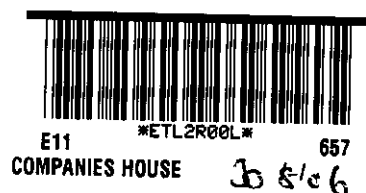
MEMORANDUM
and
ARTICLES OF ASSOCIATION

THE COMPANIES ACT 1985

WH SMITH LIMITED
No. 471941

COMPANY LIMITED BY SHARES

(Articles of Association adopted by
Special Resolution passed 13 June 1994
as amended by Special Resolutions passed
on 22 October 1997, 20 May 1998, 26 January 2000, 23 September 2004, 27 January 2005, 2 February
2006, and 2 August 2006 and by Order of the High Court on 29 August 2006)



ALLEN & OVERY

Allen & Overy LLP

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION

of

WH SMITH LIMITEDPLC

1. The name of the Company is "WH SMITH LIMITEDPLC"¹²

~~2.1. The Company is to be a public company.~~

~~3.2. The Registered Office of the Company will be situate in England.~~

4.3. The objects for which the Company is established are:

- (a) To acquire and hold, sell or otherwise dispose of and deal in shares, stocks, bonds, debentures, debenture stocks or other securities issued or guaranteed by any company or corporation, or the stocks, loans, securities or other obligations issued or guaranteed by any government or authority, supreme, municipal, local or otherwise and to acquire any such shares, stocks, debentures, debenture stocks, bonds, loans, securities or other obligations by original subscription, tender, purchase, exchange or otherwise, and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof, and to exercise and enforce the rights and powers conferred by or incidental to the ownership thereof.
- (b) To carry on the business or businesses of wholesale and retail stationers, booksellers, bookbinders, librarians, printers, fancy goods and toy dealers, publishers, newspaper agents and dealers, advertising agents and dealers, traders in or manufacturers of china, glass and machinery, proprietors of book and newspaper stalls, tobacconists, and any other business, whether manufacturing, commercial or otherwise, capable of being carried on in connection with the foregoing businesses or any of them.
- (c) To carry on business as proprietors and managers of lands, buildings, shops, bookstalls, workshops, factories, garages, stables, flats, offices, clubs, baths, dressing rooms, laundries, reading, writing and newspaper rooms, libraries, grounds and places of amusement, recreation, sport, entertainment or instruction.
- (d) To purchase or otherwise acquire, print, publish, edit and sell any newspaper, journal, magazine, periodical, book, pamphlet, leaflet, circular or poster; to acquire copyrights, rights of publication and of reproduction and other rights in respect of any literary, artistic or other matter, and to sell and turn the same to account in such manner as may be thought expedient.
- (e) To buy and sell news, information and pictures, and to collect and distribute the same by wireless, wireless television, aeroplanes, or such other means as may be thought expedient, and for the purposes aforesaid to purchase or otherwise acquire, maintain, and work wireless installations, aeroplanes, and other means of collecting or distributing news, information,

¹ Name changed from "W H SMITH GROUP PLC" by Certificate of Incorporation on change of name dated 1 February 2000.

² The name of the Company changed from "WH SMITH PLC" by virtue of a special resolution and an Order of the High Court on 29 August 2006.

newspapers and pictures, and to employ correspondents, authors, writers and others and to carry on business as shorthand-writers, typists and reporters.

- (f) To carry on business as paper-makers, foresters, pulp-makers, timber merchants, lithographers, stereotypers, electrotypers, electroplaters, engravers, photographers, photographic printers, intaglio and photogravure printers, photo-lithographers, chromo-lithographers, type founders, type cutters, die-sinkers, metal founders, roller casters, block makers, process workers, ink manufacturers, printers' engineers, general engineers, manufacturers of and dealers in rollers, processes and machinery of all kinds, stationery designers, draughtsmen, journalists, insurance and commission agents, shipping, tourist railway and coaching agents, theatre, music-hall and cinematograph agents, contractors and general merchants, and to manufacture, buy, sell and deal in any goods, articles or things which can be conveniently dealt in by the Company in connection with any of its businesses, or which may enhance the value of any of the Company's property.
- (g) To carry on business as proprietors and keepers of hotels, restaurants, cafes, refreshment rooms and concert and dance halls, licensed victuallers, wine, beer and spirit merchants, caterers and refreshment contractors, caterers for public amusements, provision merchants, hairdressers, chemists, perfumers, laundrymen, omnibus proprietors, theatre and concert box-office proprietors, motor garage proprietors, and dealers in and repairers of motor and other vehicles of every description and accessories thereof.
- (h) To carry on business as drapers, silk mercers, milliners, dressmakers, costumiers, gloves, furriers, haberdashers, hosiers, clothiers, outfitters, tailors, hatters, boot and shoe makers and dealers, dyers and cleaners, and generally to manufacture, buy, sell, repair, alter and deal in materials and articles of all kinds usually dealt in by persons engaged in any of the above businesses.
- (i) To carry on business as manufacturers of and dealers in pianos and all descriptions of musical instruments, gramophones, records, and other accessories, wireless and wireless television sets, valves, batteries, accumulators, spare parts, and all accessories thereof.
- (j) To carry on business as manufacturers of and dealers in bicycles, tricycles, motor-propelled cycles, sidecars, and motor and other vehicles of all kinds, and all components, spare parts, and accessories thereof, machinists, mechanics, fitters, ironmongers, japanners, enamellers, electro-platers, galvanisers, electricians, saddlers and leather merchants.
- (k) To carry on business as carmen and contractors, van and lorry owners, and carriers, whether by land, water or air, furniture removers and warehousemen, and to make contracts for the removal, carting or delivery of goods, and to let on hire any of the vans, horses, motor cars, lorries, or other property of the Company.
- (l) To carry on any business or activity and to do anything of any nature which may seem to the Company capable of being conveniently carried on or done in connection with the above, or calculated directly or indirectly to enhance the value of or render more profitable any of the Company's business or property.
- (m) To acquire for any estate or interest and to take options over, construct and develop any property, real or personal, or rights of any kind which may appear to be necessary or convenient for any business of the Company including shares and other interests in any company the objects of which include the carrying on of any business or activity within the objects of this Company.

- (n) To enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee the payment of any principal moneys, premiums, or interest and other moneys secured by or payable under any obligations or securities and the payment of dividends and premiums on, and the repayment of the capital of, stocks and shares of all kinds and descriptions.
- (o) To lend money to, or grant or provide credit or financial accommodation to any person or company in any case in which such grant or provision is considered likely directly or indirectly to further any of the objects of the Company or the interests of its Members.
- (p) To invest any moneys of the Company not immediately required for the purposes of the business of the Company in such investments (other than shares in the Company or its holding company, if any) and in such manner as may from time to time be determined, and to hold, sell or otherwise deal with such investments.
- (q) To amalgamate with or enter into partnership or any joint purse or profit-sharing arrangement with, or to co-operate or participate in any way with, or assist or subsidise any company or person carrying on or proposing to carry on any business within the objects of the Company.
- (r) To borrow and raise money and secure or discharge any debt or obligation of or binding on the Company in such manner as may be thought fit and in particular by mortgages of or charges upon the undertaking and all or any of the real and personal property (present and future) and the uncalled capital of the Company or by the creation and issue of debentures debenture stock or other obligations or securities of any description.
- (s) To sell, exchange, mortgage, let or rent, share of profit, royalty or otherwise, grant licences, easements, options, servitudes and other rights over and in any other manner deal with or dispose of the undertaking, property, assets rights and effects of the Company or any part thereof for such consideration as may be thought fit, and in particular for stocks, shares, debentures or other obligations or securities, whether fully or partly paid up, of any other company.
- (t) To give any remuneration or other compensation or reward for services rendered or to be rendered in placing or procuring subscription of, or otherwise assisting in the issue of, any shares, debentures or other securities of the Company or in or about the formation of the Company or the conduct of its business.
- (u) To establish or promote, or concur or participate in establishing or promoting any company the establishment or promotion of which shall be considered desirable in the interests of the Company and to subscribe for, underwrite, purchase or otherwise acquire the shares, stocks and securities of any such company, or of any company carrying on or proposing to carry on any business or activity within the objects of the Company.
- (v) To procure the registration or incorporation of the Company in or under the laws of any place outside England.
- (w) To subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object, or for any exhibition, or for any purpose which may be considered likely directly or indirectly to further the objects of the Company or the interests of its Members.
- (x) To grant pensions or gratuities to any officers or employees or ex-officers or ex-employees (including Directors or ex-Directors) of the Company, or of its predecessors in business or of

its holding company or subsidiary companies (if any) or to the relations, connections or dependants of any such persons, and to establish or support any associations, institutions, clubs, building and housing schemes, funds and trusts which may be considered calculated to benefit any such persons or otherwise advance the interests of the Company or of its Members.

- (y) To act as secretaries, managers, registrars of transfer agents for any other company.
- (z) To distribute any of the property of the Company among its Members in specie or kind.
- (aa) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors, trustees or otherwise and by or through trustees, agents to otherwise and either alone or in conjunction with others.

And it is hereby declared that the word **company** in this clause, except where used in reference to this Company, shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated, and whether domiciled in the United Kingdom or elsewhere, and that the objects specified in the different paragraphs of this clause shall not, except where the context expressly so requires, be in anywise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company.

5.4. The liability of the Members is limited.

6.5. The share capital of the Company is £100, divided into 100 shares of £1 each, and the Company shall have the power to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred, qualified or other special rights, privileges, restrictions or conditions.³

³ The share capital of the Company was increased by special resolution passed on 23 September 2004 to £416,678,029.28. On 27 September 2004, pursuant to a special resolution passed on 23 September 2004, the Company's share capital was reorganised such that it is divided into 2,304,667,740 ordinary shares of 2 ¹³/₈₁ pence each (**ordinary shares**), 169,072 ⁵/₄% cumulative preference shares of £1 each (**⁵/₄% preference shares**), 260,620 ³/₄% cumulative redeemable preference shares of £1 each (**³/₄% preference shares**), 285,540,480 B shares of ⁵³/₄% pence each (**B shares**) and 250,562,500 C shares of 85 pence each (**C Shares**). The ordinary shares, B shares and C Shares will have attached thereto the respective rights and privileges and be subject to the respective limitations and restrictions set out in these articles. Following the conversion of C Shares in accordance with Article 3.2(a)(i) on 27 October 2004 and the cancellation of the ⁵/₄% preference shares following the registration of an Order of the Court dated 18 May 2005 at Companies House on 20 May 2005, the share capital of the Company is now £416,508,957.28 divided into 260,620 ³/₄% preference shares, 285,540,480 B shares, 82,875,506 C Shares, 167,686,994 deferred shares of 85 pence each and 2,304,667,740 ordinary shares. Pursuant to a special resolution duly passed by the members of the Company on 2 August 2006, one authorized but unissued ordinary share was reclassified as a deferred share of 2 ¹³/₈₁ pence. The capital of WH Smith PLC was by virtue of a Special Resolution and with the confirmation of an order of the High Court of Justice dated 29 August 2006 reduced from £416,508,957.28 divided into 260,620 ³/₄ per cent. Cumulative Preference Shares of £1 each, 285,540,480 Non-cumulative Redeemable Preference B Shares of ⁵³/₄% pence each (**B Shares**), 82,875,506 Non-cumulative Preference C Shares of 85 pence each (**C Shares**), 167,686,994 Deferred Shares of 85 pence each, 2,304,667,739 Ordinary Shares of 2 ¹³/₈₁ pence each, and one deferred share of 2 ¹³/₈₁ pence each to £401,940,823.34 divided into 2,121,747,849 Ordinary Shares of 2 ¹³/₈₁ pence each, one deferred share of 2 ¹³/₈₁ pence, 281,118,182 B Shares, 73,182,358 C Shares, 260,620 ³/₄ per cent. Cumulative Preference Shares of £1 each and 167,686,994 Deferred Shares of 85 pence each. By virtue of a Scheme of Arrangement sanctioned by the Court and by a Special Resolution the capital was increased to £405,892,796.27 by the creation of 182,919,890 Ordinary Shares of 2 ¹³/₈₁ pence each.

WE, the several persons whose names and addresses are subscribed, are desirous of being formed into a Company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

| NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS | Number of Shares taken by each Subscriber |
|---|--|
| A. M. BELL, 18 Austin Friars, London, EC2 Solicitor | One |
| E. BELTON, 18 Austin Friars, London, EC2 Solicitor | One |

Dated the 12th day of August 1949

Witness to the above Signatures:

R. B. J. RICHARDS,
18 Austin Friars,
London,
EC2
Solicitor

ARTICLES OF ASSOCIATION

of

WH SMITH LIMITEDPLC

(adopted by special resolution passed on 13 June 1994 as amended by special resolutions passed on 22 October 1997, 20 May 1998, 26 January 2000, 23 September 2004, 27 January 2005, 2 February 2006, and 2 August 2006 and by Order of the High Court on 29 August 2006)

PRELIMINARY

1. (a) In these articles, the following words bear the following meanings:

the Act means The Companies Act 1985, as amended by the Companies Act 1989;

these articles means these articles of association of the Company;

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

executed means any mode of execution;

holder means in relation to shares, the member (other than the Company) whose name is entered in the register of members as the holder of the shares;

the London Stock Exchange means The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;

Office means the registered office of the Company;

recognised person means a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange who is designated as mentioned in section 185(4) of the Act;

the seal means the common seal (if any) of the Company and an official seal (if any) kept by the Company by virtue of section 40 of the Act, or either of them as the case may require;

secretary means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary.
- (b) Save as aforesaid and unless the context otherwise requires, words or expressions contained in these articles bear the same meaning as in the Act.
- (c) Except where otherwise expressly stated, a reference in these articles to any statute or provision of a statute includes a reference to any statutory modification or re-enactment of it for the time being in force.
- (d) In these articles, unless the context otherwise requires:
 - (i) words in the singular include the plural, and vice versa;

- (ii) words importing any gender include all genders; and
 - (iii) a reference to a person includes a reference to a body corporate and to an unincorporated body of persons.
- (e) In these articles:
- (i) references to **communication** and **electronic communication** shall have the same respective meanings as in the Electronic Communications Act 2000, the latter including, without limitation, email, facsimile, CD-Rom, audio tape and telephone transmission and (in the case of electronic communication by the Company) publication on a website;
 - (ii) references to **address** shall include, in relation to electronic communication, any number or address used for the purposes of such communication;
 - (iii) references to writing include references to typewriting, printing, lithography, photography and any other modes of representing or reproducing words in a legible and non-transitory form and (but only to the extent that the recipient (if not the Company) has requested or agreed) electronic communication;
 - (iv) references to **other** and **otherwise** shall not be construed *eiusdem generis* where a wider construction is possible;
 - (v) references to issued shares of any class (whether of the Company or any other company) shall not include any shares of that class held as treasury shares;
 - (vi) references to allotment of shares shall include a sale of treasury shares;
 - (vii) references to a power are to a power of any kind, whether administrative, discretionary or otherwise; and
 - (viii) references to a committee of the directors are to a committee established in accordance with these articles, whether or not comprised wholly of directors.
- (f) The headings are inserted for convenience only and do not affect the construction of these articles.
2. The regulations contained in Part I of Table A in the First Schedule to the Companies Act 1948, as amended, shall not apply to the Company.

SHARE CAPITAL

3. The share capital of the Company is £339,000,000 divided into 333,166,140 ordinary shares of 55⁵/₉ pence each (**ordinary shares**), 169,072 5¼% cumulative preference shares of £1 each (**5¼% preference shares**), 260,620 3¼% cumulative redeemable preference shares of £1 each (**3¼% preference shares**) and 285,540,480 B shares of 53¼ pence each (**B shares**). The ordinary shares and the B shares will have attached thereto the respective rights and privileges and be subject to the respective limitations and restrictions as follows:⁴

⁴ The share capital of the Company was increased by special resolution passed on 23 September 2004 to £416,678,029.28. On 27 September 2004, pursuant to a special resolution passed on 23 September 2004, the Company's share capital was reorganised such that it is divided into 2,304,667,740 ordinary shares of 2 13/81 pence each (**ordinary shares**), 169,072 5¼% cumulative preference shares of £1 each (**5¼% preference shares**), 260,620 3¼% cumulative redeemable preference shares of £1 each (**3¼% preference shares**), 285,540,480 B shares of 53¼ pence each (**B shares**) and 250,562,500 C shares of 85 pence each (**C Shares**). The ordinary shares, B shares and C Shares

3.1 Rights and Restrictions attached to the B shares

(a) Income

- (i) Out of the profits available for distribution in respect of each financial year or other accounting period of the Company, the holders of the B shares shall be entitled, after payment of dividends to holders of 3¼% preference shares but in priority to any payment of dividend or other distribution to the holders of any ordinary shares and before profits are carried to reserves, to be paid a non-cumulative preferential dividend (**preferential dividend**) per share at such six monthly rate on the nominal value thereof as is calculated on a six monthly basis in accordance with subparagraphs (ii) and (iii) (exclusive of any associated tax credit relating thereto but inclusive of any withholding tax deductible therefrom). The first such dividend will be in respect of the period from 18 July 1998 to 31 August 1998 and is to be paid in arrears on 31 August 1998 and in the proportion that the length of that period bears to 183 days and thereafter such dividend will be paid (without having to be declared) six monthly in arrears on 28 February and 31 August each year (or, in either case, if any such date would otherwise fall on a date which is not a business day (as defined in subparagraph (v)) it shall be postponed to the next day which is a business day (without any interest or payment in respect of such delay)) (each a **Payment Date**), the first such Payment Date being 31 August 1998.
- (ii) Each six month period ending on either 28 February or 31 August is called a **Calculation Period**, provided that the first such period shall commence on 18 July 1998 and end on 31 August 1998. The rate applicable to each Calculation Period shall be the lower of 20% per annum and 75% of the offered rate for six month deposits in pounds sterling for the Calculation Period in question (or in the case of the first such period, for the six month period commencing on the same date as the Calculation Period in question) which appears on the display designated as page ISDA on Reuters (or such other page or service as may replace it for the purpose of displaying London inter-bank offered rates of leading banks for pounds sterling deposits) as determined by Company, at or about 11.00 a.m. (London time) on the first business day of such Calculation Period.
- (iii) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then subparagraph (ii) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded upward, if necessary, to the nearest 1/16%) of the rates (being at least two) which so appear, as determined by the Company. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Company will request each of the banks whose offered rates would have been used for the purposes of the relevant page if the event leading to the application of this subparagraph (iii) had not happened, through its principal London office to provide the Company with its offered quotation to leading banks for pounds sterling deposits in London for the Calculation Period concerned as at 11.00 a.m. (London time) on the first business day of such Calculation

will have attached thereto the respective rights and privileges and be subject to the respective limitations and restrictions set out in these articles. Following the conversion of C Shares in accordance with Article 3.2(a)(i) on 27 October 2004 and the cancellation of the 5¼% preference shares following the registration of an Order of the Court dated 18 May 2005 at Companies House on 20 May 2005, the share capital of the Company is now £416,508,957.28 divided into 260,620 3¼% preference shares, 285,540,480 B shares, 82,875,506 C Shares, 167,686,994 deferred shares of 85 pence each and 2,304,667,740 ordinary shares. Pursuant to a special resolution duly passed by the members of the Company on 2 August 2006, one authorized but unissued ordinary share was reclassified as a deferred share of 2¹³/₈₁ pence. The capital of the Company was by virtue of a special resolution and with the confirmation of an order of the High Court of Justice dated 29 August 2006 reduced from £416,508,957.28 divided into 260,620 3¼ per cent. Cumulative Preference Shares of £1 each, 285,540,480 Non-cumulative Redeemable Preference B Shares of 53¼ pence each, 82,875,506 Non-cumulative Preference C Shares of 85 pence each, 167,686,994 Deferred Shares of 85 pence each, 2,304,667,739 Ordinary Shares of 2¹³/₈₁ pence each, and one deferred share of 2¹³/₈₁ pence each to £401,940,823.34 divided into 2,121,747,849 ordinary shares of 2¹³/₈₁ pence each, one deferred share of 2¹³/₈₁ pence, 281,118,182 B Shares, 73,182,358 C Shares, 260,620 3¼ per cent. Cumulative Preference Shares of £1 each and 167,686,994 Deferred Shares of 85 pence each. By virtue of a Scheme of Arrangement sanctioned by the Court and by a Special Resolution the capital was increased to £408,892,796.27 by the creation of 182,919,890 Ordinary Shares of 2¹³/₈₁ pence each.

Period. The rate for such Calculation Period shall be the arithmetic mean (rounded upward, if necessary, to the nearest 1/16%) of such quotations (or of such of them, being at least two, as are so provided), as determined by the Company.

- (iv) In the event that the Company exercises its rights of redemption pursuant to Articles 3.1(d)(i) and (vi), the period commencing on the Payment Date preceding the Redemption Date (as defined in Article 3.1(d)(v)) (or, if the Redemption Date is prior to 31 August 1998, 18 July 1998) and ending on such Redemption Date is called the **Final Calculation Period** and the preferential dividend in respect of such period shall be paid in arrears on the final business day of such period (the **Final Payment Date**). In respect of the Final Calculation Period (if any), the amount of the Preferential Dividend shall be the relevant proportion of the dividend which would have been payable if redemption had taken effect on the last day of the then current Calculation Period, the relevant proportion being the number of days from and including the last Payment Date (or, if the Redemption Date is prior to 31 August 1998, 18 July 1998) to, but excluding, the Final Payment Date, divided by 183 or if the Redemption Date is prior to 31 August 1998, 45.
- (v) In this paragraph, the expression **business day** means a day upon which pounds sterling deposits may be dealt in on the London inter-bank market and commercial banks are generally open in London and **non-cumulative** in relation to the preferential dividend means that the dividend payable on each Payment Date is payable out of the profits of the Company available for distribution in respect of the accounting reference period in which the Payment Date falls (including any reserves representing profits made in previous accounting reference periods) without any right in the case of a deficiency to resort to profits made in subsequent accounting reference periods.
- (vi) Payments of preferential dividends shall be made to holders on the register on a date selected by the Directors being not less than 15 days or more than 42 days (or in default of selection by the Directors, on the date falling 15 days) prior to the relevant Payment Date.
- (vii) The holders of the B shares shall not be entitled to any further right of participation in the profits of the Company.
- (viii) All dividends payable on the B shares which are unclaimed for a period of 12 years from the Payment Date in respect thereof shall be forfeited and shall revert to the Company.

(b) **Capital**

- (i) Except as provided in Article 3.1(e) below, on a return of capital on winding up or otherwise (except on conversion or redemption in accordance with the terms of issue of any share, or purchase by the Company of any share or on a capitalisation issue) any amounts payable shall be paid to the holders of B shares after, in the case of a winding up, all payments to holders of 3¾% preference shares to which such holders are entitled under these articles but in priority to any payment to the holders of ordinary shares in repayment of the nominal capital paid up on the B shares held by them respectively together with a sum equal to the relevant proportion of the preferential dividend which would have been payable, if the winding up or return of capital had taken effect on the last day of the then current Calculation Period, the relevant proportion being the number of days from and including the last Payment Date (or, if the date of such winding up or return of capital is prior to 31 August 1998, 18 July 1998) to, but excluding, the date of such winding up or return of capital, divided by 183 (or if the date of such winding up or return of capital is prior to 31 August 1998, 45).

- (ii) Where the aggregate entitlement of each holder of B shares on a return of capital in respect of all the B shares held by them pursuant to Article 3.1(b)(i) would but for this Article 3.1(b)(ii) include a fraction of a penny, such aggregate proceeds shall be rounded up to the nearest whole penny.
- (iii) The holders of the B shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 3.1(b)(i). If on such a return of capital the amounts available for payment are insufficient to cover in full the amounts payable on the B shares, the holders of such shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.

(c) **Voting at general meetings**

- (i) The holders of the B shares shall not be entitled, in respect of their holdings of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting unless:
 - (A) the business of the meeting includes the consideration of a resolution for the winding up of the Company, in which case the holders of the B shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution; or
 - (B) at the date of the notice convening the meeting, the preferential dividend has remained unpaid for six months or more from any Payment Date in which case the holders of the B shares shall have the right to attend the general meeting and shall be entitled to speak and vote on all resolutions.
- (ii) Whenever the holders of the B shares are entitled to vote at a general meeting of the Company, on a show of hands every holder thereof who (being an individual) is present in person or (being a corporation) by representative shall have one vote, and on a poll every such holder shall have one vote for each B share which he holds, provided that if the aggregate number of the votes that would be capable of being cast by holders of B shares on a poll on any resolution at a general meeting would exceed 10% of the total number of votes capable of being cast by all shareholders on any such resolution, the votes of each B share shall be reduced equally so that such aggregate number of votes capable of being so cast by holders of B shares shall be 10% of the total number of votes capable of being so cast by all members.

(d) **Redemption**

- (i) The Company shall (subject to the Act) redeem all (but not some only) of the B shares which have not already been redeemed on 31 August 2008 (or as soon thereafter as the Company shall be able to comply with the provisions of the Act affecting the redemption of redeemable shares) at par. The Company shall give the holders of B shares not less than 28 days prior written notice of such redemption.
- (ii) The Company may offer to redeem at par all (but not some only) of the B shares at any time prior to the date referred to in Article 3.1(d)(i) by delivering an announcement to the Company Announcements Office of The London Stock Exchange and, if the Company so decides, by written notice to the holders of B shares, specifying a date or period for redemption, the place at which the certificates for such B shares are to be presented for redemption and any other terms and conditions in relation to such redemption. The

Company shall on the date or during the period specified redeem any B shares in respect of which acceptances are received by the Company from holders of B shares in accordance with the terms and conditions of such offer to redeem.

- (iii) At any time the Company may elect at its own discretion, to redeem at par all (but not some only) of the B shares then in issue by written notice specifying a date for redemption which shall be not less than 28 days following the date of the notice. The Company shall, having paid a dividend equivalent to the amount of any preferential dividend due and payable in respect of the Calculation Period or part thereof in accordance with Article 3.1(a)(iv) on the date specified, redeem the B shares whether or not acceptances are received from holders thereof.
- (iv) Where the amount of the aggregate redemption proceeds payable to a holder of B shares in respect of his B shares pursuant to this Article 3.1(d) would but for this Article 3.1(d)(iv) include a fraction of a penny, such aggregate proceeds will be rounded up to the nearest penny.
- (v) **Redemption Date** means, in the case of a redemption pursuant to Articles 3.1(d)(i), (ii) or (iii), the date for redemption respectively referred to therein or, in the case of a period for redemption having been notified pursuant to Article 3.1(d)(ii), any date during such period on which the Company elects to redeem B shares.
- (vi) Upon or prior to a Redemption Date, each holder of a B share due to be redeemed shall deliver the relevant share certificate(s) for his or her B shares to the Company, save where the Company, in its own discretion, otherwise agrees. If any holder of B shares to be redeemed shall fail or refuse to deliver up the certificate(s) for his or her shares, save as aforesaid, the Company may retain the amount due on redemption until delivery up to the Company of such certificate(s) or of any indemnity in respect thereof satisfactory to the Company (a **Lost Share Certificate Indemnity**), whereupon it shall within five business days pay the amount due on redemption to such holder.
- (vii) With effect from a Redemption Date, the preferential dividend shall cease to accrue on the B shares due to be redeemed except on any such B shares in respect of which, upon due presentation of the certificate(s) relating thereto or Lost Share Certificate Indemnity, the Company shall fail to pay the moneys due on such redemption, in which case the preferential dividend on such shares shall continue to accrue and to be payable in accordance with Article 3.1(a) above from and including the date of presentation of the relevant share certificate(s) or a Lost Share Certificate Indemnity until the date when the said amount due on redemption is paid by the Company to the holder of such B shares.
- (viii) The receipt by the registered holder for the time being of any B shares or, in the case of joint registered holders, the receipt by any of them of the moneys payable on redemption thereof shall constitute an absolute discharge to the Company in respect thereof.
- (ix) If the Redemption Date is not a business day, then payment of the amount due on redemption otherwise payable on such Redemption Date will be made on the next succeeding business day and without any interest or payment in respect of such delay.
- (x) Upon or after the redemption of any B shares in accordance with this Article 3.1(d) or repurchase of any B shares in accordance with Article 42, the Directors may without the further sanction of the members, consolidate and/or subdivide and/or convert and/or reclassify the authorised B share capital of the Company existing following such redemption or repurchase (A) into shares of any other class of share capital into which the authorised

share capital of the Company is or may at that time be divided of a like nominal amount as the shares of such other class and/or (B) into unclassified shares.

- (xi) The Directors may, at the Company's option, make such arrangements as they consider fair and reasonable whereby the proceeds of any redemption of B shares held by holders located outside the United Kingdom will be paid to a financial institution on behalf of such holders for conversion from pounds sterling into the relevant local currency at the best rate reasonably attainable at the relevant time and subsequently paid to such holders.

(e) **Class rights**

- (i) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the B shares, and such creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B shares) shall be treated as being in accordance with the rights attaching to the B shares and shall not involve a variation of such rights for any purpose or require the consent of holders of B shares. A reduction by the Company of the capital paid up on the B shares shall be in accordance with the rights attaching to the B shares and shall not involve a variation of such rights for any purpose, and the Company shall be authorised to reduce its capital (subject to the confirmation of the Court in accordance with the Act and without obtaining the consent of the holders of the B shares) by paying to the holders of the B shares the preferential amounts to which they are entitled as set out above.
- (ii) The B shares are not renounceable and will be transferred by instrument of transfer in the usual or common form.
- (iii) If at any time a currency other than pounds sterling is accepted as legal tender in the United Kingdom in place of or in addition to pounds sterling, the Directors shall be entitled, without the consent of holders of ordinary shares, 3¼% preference shares or of B shares, to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of B shares under these articles as the Directors consider necessary, fair and reasonable in the circumstances to give effect to the rights attaching to the B shares, including (without limitation) in respect of the calculation and payment of the preferential dividend, notwithstanding the fact of such acceptance. Any such arrangements and adjustments shall not involve a variation of any rights attaching to the B shares for any purpose.

3.2 **Rights and Restrictions attached to the C Shares**

(a) **Income**

- (i) Subject to it being declared by the directors, out of the profits available for distribution, a single dividend of 85 pence per C Share shall be payable to those holders of C Shares who have completed a notice of election in such form as may from time to time be or have been prescribed by the directors (**Election Notice**) and delivered the same to the registrars for the time being of the Company by such date and time and/or taken such other steps as the directors may in each case determine, indicating that they wish to receive such dividend together with such other evidence (if any) as may be required by the directors to provide the title and claim of the holder. The directors may, if they so determine in their absolute discretion, accept an Election Notice which is received after the relevant time or which is not correctly completed. The directors may, in addition, if they so determine in their absolute discretion, treat any other document or action as a valid Election Notice or as the completion or delivery of a valid Election Notice, as the case may be. Such dividend shall, if declared,

become payable on 27 October 2004 or such later date as the directors may determine. Each C Share in respect of which such dividend becomes payable shall, on such date (or such other date as the directors may determine), be automatically converted into a deferred share of 85 pence nominal value with the rights and restrictions described in Article 3.3 (**Deferred Share**).

- (ii) Out of the profits available for distribution in respect of each financial year or other accounting period of the Company, the holders of the C Shares shall be entitled, ranking *pari passu* with the rights of the holders of the B shares, but in priority to any payment of dividend or other distribution to the holders of any ordinary shares and before profits are carried to reserves, to be paid a non-cumulative preferential dividend (**preferential dividend**) per share at such six monthly rate on the nominal value thereof as is calculated on a six monthly basis in accordance with Articles 3.2(a)(iii) and 3.2(a)(iv) below (exclusive of any associated tax credit relating thereto but inclusive of any withholding tax deductible therefrom). The first such dividend will be in respect of the period from the date on which the dividend becomes payable under Article 3.2(a)(i) (the **Initial Dividend Date**, provided that if such dividend under such Article has not become payable by 28 February 2005 the Initial Dividend Date will be deemed to be 27 October 2004) to 28 February 2005 and is to be paid in arrears on 28 February 2005 and in the proportion that the length of that period bears to 183 days and thereafter, such dividend will be paid (without having to be declared) six monthly in arrears on 28 February and 31 August each year (or if any such date would otherwise fall on a date which is not a business day (as defined below) it shall be postponed to the next day which is a business day (without any interest or payment in respect of such delay)) (each a **Payment Date**).
- (iii) Each six month period ending on either 28 February or 31 August is called a **Calculation Period**, the first such period being that commencing on the Initial Dividend Date and ending on 28 February 2005. The rate applicable to each Calculation Period shall be the lower of 20% per annum and 75% of the offered rate for six month deposits in pounds sterling for the Calculation Period in question (or in the case of the first such period, for the six month period commencing on the same date as the Calculation Period in question) which appears on the display designated as page ISDA on Reuters (or such other page or service as may replace it or have replaced it for the purpose of displaying London inter-bank offered rates of leading banks for pounds sterling deposits) as determined by the Company, at or about 11.00 a.m. (London time) on the first business day of such Calculation Period.
- (iv) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then Article 3.2(a)(iii) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded upward, if necessary to the nearest 1/16%) of the rates (being at least two) which so appear, as determined by the Company. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Company will request each of the banks whose offered rates would have been used for the purposes of the relevant page, if the event leading to the application of this Article 3.2(a)(iv) had not happened, through its principal London office to provide the Company with its offered quotation to leading banks for pounds sterling deposits in London for the Calculation Period concerned as at 11.00 a.m. (London time) on the first business day of such Calculation Period. The rate for such Calculation Period shall be the arithmetic mean (rounded upward, if necessary, to the nearest 1/16%) of such quotations (or of such of them, being at least two, as are so provided), as determined by the Company.
- (v) In this paragraph, the expression **business day** means a day upon which pounds sterling deposits may be dealt in on the London inter-bank market and commercial banks are generally open in London and **non-cumulative** in relation to the preferential dividend means

that the dividend payable on each Payment Date is payable out of the profits of the Company available for distribution in respect of the accounting reference period in which the Payment Date falls (including any reserves representing profits made in previous accounting reference periods) without any right in the case of a deficiency to resort to profits made in subsequent accounting reference periods.

- (vi) Payments of preferential dividends under Article 3.2(a)(ii) shall be made to holders on the register on a date selected by the directors being not less than 15 days or more than 42 days (or, in default of selection by the directors, on the date falling 15 days) prior to the relevant Payment Date.
- (vii) The holders of the C Shares shall not be entitled to any further right of participation in the profits of the Company.
- (viii) All dividends payable on the C Shares which are unclaimed for a period of 12 years from the relevant payment date in respect thereof shall be forfeited and shall revert to the Company.

(b) Capital

- (i) Except as provided in Article 3.2(e), on a return of capital on winding up or otherwise (except on conversion or redemption in accordance with the terms of issue of any share, or purchase by the Company of any share or on a capitalisation issue), the holders of the C Shares shall be entitled, in priority to any payment to the holders of ordinary shares, and ranking *pari passu* with the holders of the B shares, to the repayment of the nominal capital paid up on the C Shares held by them respectively together with a sum equal to the relevant proportion of the preferential dividend (if any) under Article 3.2(a)(ii) which would have been payable, if the winding up or other return of capital had taken effect on the last day of the then current Calculation Period, the relevant proportion being the number of days from and including the last Payment Date (or, if the date of such winding up or return of capital is prior to 28 February 2005, the Initial Dividend Date) to, but excluding, the date of the winding up or other return of capital, divided by 183 (or, if the date of such winding up or return of capital is prior to 28 February 2005, the number of days between the Initial Dividend Date and 28 February 2005).
- (ii) The aggregate entitlement of each holder of C Shares on a return of capital in respect of all of the C Shares held by him shall be rounded up to the nearest whole penny.
- (iii) The holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 3.2(b)(i) above. If on such a return of capital the amounts available for payment are insufficient to cover in full the amounts payable on the C Shares, the holders of such shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.

(c) Voting at general meetings

- (i) The holders of the C Shares shall not be entitled, in respect of their holdings of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting unless:
 - (A) the business of the meeting includes the consideration of a resolution for the winding up of the Company, in which case the holders of the C Shares shall have the

right to attend the general meeting and shall be entitled to speak and vote only on any such resolution; or

(B) at the date of the notice convening the meeting, the preferential dividend has remained unpaid for six months or more from any Payment Date in which case the holder of the C Shares shall have the right to attend the general meeting and shall be entitled to speak and vote on all resolutions.

(ii) Whenever the holders of the C Shares are entitled to vote at a general meeting of the Company, on a show of hands every holder thereof who (being an individual) is present in person or (being a corporation) by representative shall have one vote, and on a poll every such holder shall have such number of votes for each C Share which he holds, provided that if the aggregate number of the votes that would be capable of being cast by holders of C Shares on a poll on any resolution at a general meeting would exceed 10% of the total number of votes capable of being cast by all shareholders on any such resolution, the votes of each C Share shall be reduced equally so that such aggregate number of votes capable of being so cast by holders of C Shares shall be 10% of the total number of votes capable of being so cast by all members.

(d) Company's right to purchase

(i) Subject to the provisions of the Act but without the need to obtain the sanction of an extraordinary resolution of the holders of C Shares, the Company may at any time and at its sole discretion purchase C Shares (A) in the market or (B) by tender available alike to all holders of C Shares or (C) by private treaty, in each case at a price and upon such other terms and conditions as the directors may think fit.

(ii) Subject to the provisions of the Act and pursuant to the authority provided in Article 3.2(d)(i), the Company may, at any time after 5 April 2005, without obtaining the sanction of the holders of the C Shares:

(A) appoint any person to execute on behalf of the holders of the C Shares a transfer of all or any part thereof (and/or an agreement to transfer the same) to the Company or to such person as the directors may determine, subject to the Company or such person (as the case may be) paying to the holders of the C Shares so transferred such amount as they would be entitled to under Article 3.2(b) were the Company to be wound up on such day;

(B) cancel all or any C Shares so purchased by the Company in accordance with the Act; and

(C) in connection therewith, change the form of any C Shares held in uncertificated form to certificated form and cancel any relevant listing or trading of such C Shares (and the holders of the C shares shall take such steps as may be required in connection with such change of form or cancellation of listing).

(e) Class rights

(i) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the C Shares, and such creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the C Shares) shall be treated as being in accordance with the rights attaching to the C Shares and shall not

involve a variation of such rights for any purpose or require the consent of the holders of C Shares.

- (ii) A reduction by the Company of the capital paid up on the C Shares shall be in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose, and the Company shall be authorised to reduce its capital (subject to the confirmation of the Court in accordance with the Act and without obtaining the consent of the holders of the C Shares) by paying to the holders of the C Shares the preferential amounts to which they are entitled as set out above.
- (iii) The C Shares shall not be treated as convertible shares for the purposes of these Articles (including Article 42).
- (iv) If at any time a currency other than pounds sterling is accepted as legal tender in the United Kingdom in place of or in addition to pounds sterling, the directors shall be entitled, without the consent of holders of the ordinary shares or the C Shares, to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of C Shares under these articles as the directors consider necessary, fair and reasonable in the circumstances to give effect to the rights attaching to the C Shares, including (without limitation) in respect of the calculation and payment of the preferential dividend, notwithstanding the fact of such acceptance. Any such arrangements and adjustments shall not involve a variation of any rights attaching to the C Shares for any purpose.

(f) **Conversion into New Ordinary Shares at the Company's Option**

- (i) The Company may, at any time after 5 April 2005, on the giving of not less than ten days' nor more than 42 days' notice in writing to the holders of the C Shares, convert all but not some only of the outstanding C Shares into ordinary shares on the date specified in the notice (the **Conversion Date**). The conversion shall be effected by consolidating into one share all the C Shares at any Conversion Date held by any holder or joint holders (treating holdings of the same holder or joint holders in certificated form and uncertificated form as separate holdings, unless the directors otherwise determine) and sub-dividing such consolidated share into shares of $2\frac{13}{81}$ pence each (or such other amount as may be appropriate as a result of any consolidation, sub-division, repayment or reduction of capital or other event giving rise to an adjustment of the nominal amount of the ordinary shares) of which for each M nominal amount of the consolidated share (where M represents the average of the closing mid-market quotation in pence of the ordinary shares on the London Stock Exchange, as derived from the Official List (as maintained by the UK Listing Authority for the purposes of the Financial Services and Markets Act 2000, as amended) for the five business days immediately preceding the Conversion Date) one share shall be an ordinary share, fractional entitlements being disregarded and the balance of such shares (including any fractions) shall be deferred shares, which shall have the same rights and be subject to the same restrictions as the Deferred Shares of 85 pence set out in Article 3.3.
- (ii) If the Company exercises its rights of conversion, the period commencing on the Payment Date preceding the Conversion Date and ending on such Conversion Date is called the **Final Calculation Period** and the preferential dividend in respect of such period shall be paid in arrears on the final business day of such period (the **Final Payment Date**). In respect of the Final Calculation Period (if any), the amount of the preferential dividend shall be the relevant proportion of the dividend which would have been payable if conversion had taken effect on the last day of the then current Calculation Period, the relevant proportion being

the number of days from and including the last Payment Date to, but excluding, the Final Payment Date, divided by 183.

3.3 **Deferred Shares**

(a) **Income**

The Deferred Shares shall confer no right to participate in the profits of the Company.

(b) **Capital**

On a return of capital on a winding-up or otherwise (except on a redemption in accordance with the terms of issue of any share, or purchase by the Company of any share or on a capitalisation issue and subject to the rights of any other class of shares that may be issued) there shall be paid to the holders of the Deferred Shares the nominal capital paid up or credited as paid up on such Deferred Shares after:

- (i) firstly, paying to the holders of any preference shares any amounts owing to them;
- (ii) and secondly, paying to the holders of the ordinary shares the nominal capital paid up or credited as paid up on the ordinary shares held by them respectively together with the sum of £100,000 on each ordinary share.

The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

(c) **Attendance and voting at general meetings**

The holders of the Deferred Shares shall not be entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

(d) **Form**

The Deferred Shares shall not be listed on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred Shares shall not be transferable except in accordance with Article 0.

(g) **Class rights**

The Company may from time to time, create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the Deferred Shares.

The reduction by the Company of the capital paid up on the Deferred Shares shall be in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital (subject to the confirmation of the Court in accordance with the Act) without obtaining the consent of the holders of the Deferred Shares.

(h) **Transfer and purchase**

The Company may at any time (subject to the provisions of the Act) without obtaining the sanction of the holders of the Deferred Shares:

- (i) appoint any person to execute on behalf of the holders of the Deferred Shares a transfer of all or any part thereof (and/or an agreement to transfer the same) to the Company or to such person as the directors may determine, in any case for not more than 1p for all the Deferred Shares; and
- (ii) cancel all the Deferred Shares so purchased by the Company in accordance with the Act.

3.4 Rights and Restrictions relating to the deferred share of 2¹³/₈₁ pence

The deferred share of 2¹³/₈₁ pence shall have all the rights of an Ordinary Share as set out in Article 3.5 below, save that:

- (a) the holder of the deferred share of 2¹³/₈₁ pence shall not be entitled to receive a dividend nor to have any other right of participation in the profits of the Company;
- (b) the holder of the deferred share of 2¹³/₈₁ pence shall have no right to attend or vote at any general meeting of the Company; and
- (c) on a return of capital on the winding-up of the Company or otherwise, the holder of the deferred share of 2¹³/₈₁ pence shall be entitled, subject to the payment to the holders of all other classes of shares of the amount paid up on such shares, to a repayment of the capital paid up on the deferred share of 2¹³/₈₁ pence, but shall have no further rights of participation in the assets of the Company.

3.5 Rights and Restrictions attached to the Ordinary Shares

(a) Income

Subject to the payment of the preferential dividend payable on the B shares and to the rights attached to any other share or class of share, the holders of ordinary shares shall be entitled to be paid any profits of the Company available for distribution and determined to be paid by the Directors rateably according to the amounts paid up on such shares.

(b) Capital

On a return of capital on winding up or otherwise (except on redemption in accordance with the terms of issue of any share, or purchase by the Company of any share or on a capitalisation issue and subject to the rights of any other class of shares that may be issued) after paying such sums as may be due in priority to holders of any other class of shares in the capital of the Company, any further such amount shall be paid to the holders of the ordinary shares rateably according to the amounts paid up or credited as paid up in respect of each ordinary share.

(c) Voting at General Meetings

The holders of ordinary shares shall be entitled, in respect of their holdings of such shares, to receive notice of general meetings and to attend, speak and vote at such meetings in accordance with these articles.

4. The 3¼% preference shares entitle the holders to the following special rights and privileges, namely:

- (a) fixed cumulative preferential dividends at the rate of 3¾% on the capital for the time being paid up thereon;
 - (b) the right in a winding up to the repayment of the capital paid up thereon together with a sum equal to any arrears or deficiency of the fixed dividends payable upon such shares respectively (whether earned or declared or not) calculated down to the date of repayment in priority to any payment to the holders of any other class of shares, but shall confer no further right to participate in the profits or assets of the Company;
 - (c) no further shares ranking either as a dividend or as to capital *pari passu* with the 3¾% preference shares shall be created or issued except with the consent or sanction of the holders of the 3¾% preference shares given in the manner hereinafter provided.
5. Subject to the Act, the following provisions as to the redemption of the 3¾% preference shares shall have effect, namely:
- (a) The Company may, on giving to the holders of the shares so to be redeemed not less than three months, prior notice in writing of its intention so to do and provided that the preferential dividends on the 3¾% preference shares are not in arrear, redeem at any time and from time to time out of the profits or monies of the Company which may lawfully be applied for that purpose all or any of the 3¾% preference shares for the time being outstanding and fully paid up at par, and at the expiration of any such notice, the shares in respect of which such notice shall have been given shall be redeemed by the Company at par, together with a sum equal to the fixed dividend accrued on such shares to the redemption date;
 - (b) In the event of a partial redemption under the provisions of paragraph (a) of this article, the particular shares to be redeemed shall be selected by a drawing to be made in such manner as the directors shall determine as convenient for selecting the number of shares required to be drawn, every such drawing to be made in the presence of a notary public or of a solicitor of the supreme court. If for the purpose of any such drawing the outstanding preference shares are divided into batches, no batch shall exceed 100 shares;
 - (c) The dividend or interest on any shares becoming liable to redemption under the foregoing provisions shall cease to accrue as from the due date for redemption thereof unless, upon the holder of such shares demanding, on or after the date and at the place fixed for redemption, payment of the redemption monies payable in respect thereof and tendering the certificates for such shares and a receipt for the redemption monies duly signed and authenticated in such manner as the Company may reasonably require, payment of the redemption monies shall be refused.
6. Subject to the provisions of the Act:
- (a) the unissued shares in the Company and any treasury shares held by the Company shall, subject to the provisions of these articles, be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to such persons and on such terms as the directors think fit;
 - (b) without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or, if the Company has not so determined, as the directors may determine);

- (c) shares may be issued on the terms that they are, or are to be liable, to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by these articles.
- 7. The Company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.
- 8. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by these articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety of it in the holder.

VARIATION OF RIGHTS

- 9. (a) Subject to the provisions of the Act, all or any of the special rights and privileges for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or, with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares.
- (b) To any such separate general meeting all the provisions of these articles relating to general meetings of the Company shall *mutatis mutandis* apply, but so that:
 - (i) the necessary quorum shall be two persons at least holding or representing by proxy not less than one-third of the issued shares of the class;
 - (ii) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and
 - (iii) if at any adjourned meeting of such holders a quorum as above defined is not present, those of such holders who are present shall be a quorum.
- 10. Subject as provided in these articles in regard to the 3¼% preference shares, the special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided by the conditions of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* with such shares.

SHARE CERTIFICATES

- 11. (a) Every holder of shares (other than a recognised person in respect of whom the Company is not required by law to complete and have ready a certificate) shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of that holding) or, upon payment for every certificate after the first of such reasonable sum as the directors may determine, to several certificates each for one or more of his shares. Every certificate shall be issued under the seal, or bearing an imprint or representation of the seal or such other form of authentication as the directors may determine, and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up on them. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

- (b) If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of any exceptional expenses incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

12. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien on a share shall extend to all amounts payable in respect of it.
13. The Company may sell, in such manner as the directors determine, any share in which the Company has a lien if an amount in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been given to the holder of the share, or the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
14. To give effect to the sale the directors may authorise some person to execute an instrument of transfer of the share sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the share shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
15. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the amount for which the lien exists as is presently payable and any residue shall (upon surrender to the Company for cancellation of the certificate for the share sold and subject to a like lien for any amount not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.

CALLS ON SHARES AND FORFEITURE

16. Subject to the terms of allotment, the directors may make calls upon the members in respect of any amounts unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any amount due under it, be revoked in whole or in part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.
17. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of it.
19. If a call or an instalment if a call remains unpaid after it has become due and payable the person from whom it is due shall pay interest on the amount unpaid, from the day it became due and payable until it is paid, at the rate fixed by the terms of allotment of the shares in question or in the notice of the call or, of no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may waive payment of the interest wholly or in part.

20. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid these articles shall apply as if that sum had become due and payable by virtue of a call.
21. Subject to the terms of allotment, the directors may differentiate between the holders in the amounts and times of payment of calls on their shares.
22. The directors may receive from any member willing to advance it all or any part of the amount unpaid on the shares held by him (beyond the sums actually called up) as a payment in advance of calls and such payment shall, to the extent of it, extinguish the liability on the shares in respect of which it is advanced. The Company may pay interest on the amount so received, or so much of it as exceeds the sums called up on the shares in respect of which it has been received, at such rate (if any) as the member and the directors agree.
23. If a call or an instalment of a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that, if the notice is not complied with, the shares in respect of which the call was made will be liable to be forfeited. If the notice is not complied with, any shares in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends and other amounts payable in respect of the forfeited shares and not paid before the forfeiture.
24. Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and, at any time before the disposition, the forfeiture may be cancelled on such terms as the directors determine. Where for the purposes of its disposal a forfeited share is to be transferred to any person, the directors may authorise someone to execute an instrument of transfer of the share to that person.
25. A person, any of whose shares have been forfeited, shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all amounts which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those amounts before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment, but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
26. A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer, if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings relating to the forfeiture or disposal of the share.

TRANSFER OF SHARES

27. The instrument of transfer of a share may be in any usual form or in any other form which the directors approve and shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee.

28. The directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid. They may also refuse to register a transfer of a share unless the instrument of transfer:
- (a) is lodged, duly stamped, at the Office or at such other place as the directors may appoint and (except in the case of a transfer by a recognised person where a certificate has not been issued in respect of the share) is accompanied by the certificate for the share to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
 - (b) is in respect of only one class of share; and
 - (c) is in favour of not more than four transferees.
29. If the directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
30. The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the directors may determine.
31. No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.
32. The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall (except in the case of fraud) be returned to the person lodging it when notice of the refusal is given.
33. Nothing in these articles shall preclude the directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

TRANSMISSION OF SHARES

34. If a member dies, the survivor or survivors where he was a joint holder, or his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing in this article shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.
35. A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the provisions of these articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer signed by the member and the death or bankruptcy of the member had not occurred.
36. A person becoming entitled to a share by reason of death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any general meeting or at any separate meeting of the holders of any class of shares.

DISCLOSURE OF INTERESTS

37. (a) If a member, or any other person appearing to be interested in shares held by that member, has been given a notice under section 212 of the Act and has failed in relation to any shares (the **default shares**) to give the Company the information thereby required within 14 clear days from the date of giving the notice, the following sanctions shall apply, unless the directors otherwise determine:
- (i) the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll; and
 - (ii) where the default shares represent at least 0.25% of their class:
 - (A) any dividend payable in respect of the shares shall be withheld by the Company, which shall not have any obligation to pay interest on it, and the member shall not be entitled to elect, pursuant to these articles, to receive shares instead of that dividend; and
 - (B) no transfer, other than an excepted transfer, of any shares held by the member shall be registered unless:
 - I. the member is not himself in default as regards supplying the information required; and
 - II. the member proves to the satisfaction of the directors that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.
- (b) Where the sanctions under paragraph (a) of this article apply in relation to any shares, they shall cease to have effect at the end of the period of seven days (or such shorter period as the directors may determine) following the earlier of:
- (i) receipt by the Company of the information required by the notice mentioned in that paragraph; and
 - (ii) receipt by the Company of notice that the shares have been transferred by means of an excepted transfer,
- and the directors may suspend or cancel any of the sanctions at any time in relation to any shares.
- (c) Any new shares in the Company issued in right of default shares shall be subject to the same sanctions as apply to the default shares, and the directors may make any right to an allotment of the new shares subject to sanctions corresponding to those which will apply to those shares on issue: provided that any sanctions applying to, or to a right to, new shares by virtue of this paragraph shall cease to have effect when the sanctions applying to the related default shares cease to have effect (and shall be suspended or cancelled if and to the extent that the sanctions applying to the related default shares are suspended or cancelled); and provided further that paragraph (a) of this article shall apply to the exclusion of this paragraph if the Company gives a separate notice under section 212 of the Act in relation to the new shares.

- (d) Where, on the basis of information obtained from a member in respect of any share held by him, the Company gives a notice under section 212 of the Act to any other person, it shall, at the same time, send a copy of the notice to the member but the accidental omission to do so, or the non-receipt by the member of the copy, shall not invalidate or otherwise affect the application of paragraph (a) of this article.
- (e) For the purposes of this article:
- (i) a person, other than the member holding a share, shall be treated as appearing to be interested in that share if the member has informed the Company that the person is, or may be, so interested, or if the Company (after taking account of any information obtained from the member or, pursuant to a notice under section 212 of the Act, from anyone else) knows or has reasonable cause to believe that the person is, or may be, so interested;
 - (ii) **interested** shall be construed as it is for the purpose of section 212 of the Act;
 - (iii) reference to a person having failed to give the Company the information required by a notice, or being in default as regards supplying such information, includes (A) reference to his having failed or refused to give all or any part of it and (B) reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular;
 - (iv) an **excepted transfer** means, in relation to any shares held by a member:
 - (A) a transfer pursuant to acceptance of a takeover offer (within the meaning in Part XIII A of the Act) in respect of shares in the Company; or
 - (B) a transfer in consequence of a sale made through a recognised investment exchange (as defined in the Financial Services Act 1986) or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded; or
 - (C) a transfer which is shown to the satisfaction of the directors to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.
- (f) Nothing in this article shall limit the powers of the Company under section 216 of the Act or any other powers of the Company whatsoever.

UNTRACED MEMBERS

38. (a) The Company shall be entitled to sell at the best price reasonably obtainable any share held by a member, or any share to which a person is entitled by transmission, if:
- (i) for a period of 12 years, no cheque or warrant for amounts payable in respect of the share sent and payable in a manner authorised by these articles has been cashed and no communication has been received by the Company from the member or person concerned;

- (ii) during that period at least three dividends in respect of the share have become payable;
 - (iii) the Company has, after the expiration of that period, by advertisement in a leading national daily newspaper published in the United Kingdom and in a newspaper circulating in the area of the registered address or last known address of the member or person concerned, and by notice to the London Stock Exchange if shares of the class concerned are listed or dealt in on that exchange, given notice of its intention to sell such share; and
 - (iv) the Company has not during the further period of three months after the date of the advertisement and prior to the sale of the share received any communication from the member or person concerned.
- (b) The Company shall also be entitled to sell at the best price reasonably obtainable any additional share issued during the said period of 12 years in right of any share to which paragraph (a) of this article applies (or in right of any share so issued), if the criteria in subparagraphs (i), (iii) and (iv) of that paragraph are satisfied in relation to the additional share (but as if the words "for a period of 12 years" were omitted from subparagraph (i) and the words", after the expiration of that period," were omitted from subparagraph (iii)).
- (c) To give effect to the sale of any share pursuant to this article, the Company may appoint any person to execute and an instrument of transfer of the share, and the instrument shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, the share. The purchaser shall not be bound to see to the application of the proceeds of sale, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings relating to the sale. The Company shall be indebted to the member or other person entitled to the share for an amount equal to the net proceeds of the sale, but no trust or duty to account shall arise and no interest shall be payable in respect of the proceeds of sale.

ALTERATION OF CAPITAL

39. The Company may by ordinary resolution:

- (a) increase its share capital by new shares of such amount as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum;
- (d) determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with others; and
- (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

40. Whenever, as the result of a consolidation of shares, any members would become entitled to fractions of a share, the directors may on behalf of those members sell to any person (including, subject to the provisions of the Act, the Company) the shares representing the fractions for the best

price reasonably obtainable and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise any person to execute an instrument of transfer of the shares to or in accordance with the directions of the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

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

PURCHASE OF OWN SHARES

42. Subject to the provisions of the Act, the Company may purchase its own shares, including redeemable shares, but not unless the purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of convertible shares in the Company.
43. The Company may not exercise any right in respect of treasury shares held by it, including any right to attend or vote at meetings, to participate in any offer by the Company to shareholders or to receive any distribution (including in a winding-up), but without prejudice to its right to sell the treasury shares, to transfer the shares for the purposes of or pursuant to an employees' share scheme, to receive an allotment of shares as fully paid bonus shares in respect of the treasury shares or to receive any amount payable on redemption of any redeemable treasury shares.

GENERAL MEETINGS

44. All general meetings other than annual general meetings shall be called extraordinary general meetings.
45. The directors may call general meetings. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or, if there is no director within the United Kingdom, any member of the Company may call a general meeting.

NOTICE OF GENERAL MEETINGS

46. Subject to the provisions of the Act, an annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one clear days' notice and all other extraordinary general meetings shall be called by at least fourteen clear days' notice. The notice shall specify the place, the day and the time of meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such. Subject to the provisions of these articles and to any rights or restrictions attached to any shares, notice of any general meeting shall be given to all members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors of the Company.
47. The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

48. No business shall be transacted at any meeting unless a quorum is present. 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 which is a member, shall be a quorum.

49. If a quorum is not present within half an hour after the time appointed for holding the meeting or, if during a meeting, a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such day, time and place as the directors may determine. If, at the adjourned meeting, a quorum is not present within fifteen minutes after the time appointed for holding the meeting, the meeting shall be dissolved.
50. The chairman (if any) of the board of directors or, in his absence, the deputy chairman or in the absence of both of them, some other director nominated by the directors shall preside as chairman, of the meeting, but if neither the chairman nor the deputy chairman nor such other director (if any) is present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number present to be chairman and, if there is only one director present and willing to act, he shall be chairman.
51. If no director is willing to act as chairman; or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
52. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares.
53. Without prejudice to any other power of adjournment he may have under these articles or at common law, the chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give notice of an adjournment.
54. If an amendment proposed to any resolution under consideration is ruled out of order by the chairman, the proceedings on the resolution shall not be invalidated by any error in the ruling.
55. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:
- (a) by the chairman; or
 - (b) by not less than five members having the right to vote at the meeting; or
 - (c) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (d) by a member or members holding shares conferring a right to vote on the resolution on which an aggregate sum has been paid up equal to but not less than one-tenth of the total sum paid up on all the shares conferring that right.
56. Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

57. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
58. A poll shall be taken as the chairman directs, and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
59. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.
60. A poll demand on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs, not being more than 30 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll was demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
61. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting in respect of which it is demanded. In any other case, at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

VOTES OF MEMBERS

62. Subject to Article 43 and to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative who is not himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every share of which he is the holder; provided that the 3¾% shares shall not entitle the holders to receive notice of or to attend or vote at any general meeting unless either:
- (a) at the date of the notice convening the meeting, the dividend on such shares is six months in arrear and so that for this purpose the dividend thereon shall be deemed to be payable half-yearly on 31 March and 30 September in every year; or
 - (b) the business of the meeting includes the consideration of a resolution for the winding up of the Company or a resolution directly affecting any of the special rights or privileges attached to such shares.
63. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.
64. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, on a show of hands or on a poll, by any person authorised in that behalf by that court, who may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with these articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and, in default, the right to vote shall not be exercisable.

65. No member shall have the right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by representative or proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.
66. No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote, except at the meeting or adjourned meeting at which the vote is objected to is tendered. Subject to any objection made in due time, every vote counted and not disallowed at the meeting shall be valid and every vote disallowed or not counted shall be invalid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
67. On a poll votes may be given either personally or by proxy or (in the case of a corporate member) by a duly authorised representative. A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. A proxy need not be a member.
68. An instrument appointing a proxy shall be in writing in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the appointor. A corporation may execute a form of proxy either under its common seal or under the hand of a duly authorised officer. A member may appoint more than one proxy to attend on the same occasion. Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it.
69. The instrument appointing a proxy and any authority under which it is executed or a copy of the authority certified notarially or in some other way approved by the directors may:
- (a) be deposited at the Office or at such address or one of such addresses (if any) 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, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (b) in the case of a poll taken more than 48 hours after it was demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for taking the poll; or
 - (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting to the chairman or to the secretary or to any director,
- and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.
70. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the Office, or at such other place at which the instrument of proxy was duly deposited, before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
71. The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to demand or join in demanding a poll (and for the purposes of these articles a demand for a poll made by a person as proxy for a member or as the duly authorised representative of a corporate member shall be the same as a demand made by the member).

72. The directors may at the expense of the Company send instruments of proxy to the members by post or otherwise (with or without provision for their return prepaid) for use at any general meeting or at any separate meeting of the holders of any class of shares, either in blank or nominating in the alternative any one or more of the directors or any other person. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the Company's expense, they shall be issued to all (and not to some only) of the members entitled to be sent a notice of the meeting and to vote at it. The accidental omission to send such an instrument or give such an invitation to, or the non-receipt thereof by, any member entitled to attend and vote at a meeting shall not invalidate the proceedings at that meeting.

CORPORATIONS ACTING BY REPRESENTATIVES

73. Any corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such persons as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares. Except as otherwise provided in these articles, the person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company and the corporation shall, for the purposes of these articles, be deemed to be present in person at any such meeting if a person so authorised is present at it.

DIRECTORS

74. Unless otherwise determined by the Company by ordinary resolution the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than two.
75. A director shall not require a share qualification.
76. (a) Until otherwise determined by the Company by ordinary resolution, there shall be paid to the directors (other than alternate directors) such fees for their services in the office of director as the directors may determine (not exceeding in the aggregate an annual sum of £500,000 or such larger amount as the Company may by ordinary resolution decide) divided between the directors as they agree, or, failing agreement, equally. The fees shall be deemed to accrue from day to day and shall be distinct, from and additional to, any remuneration or other benefits which may be paid or provided to any director pursuant to any other provision of these articles.
- (b) The directors may also be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the directors, or of committees of the directors, or general meetings, or separate meetings of the holders of any class of shares or otherwise in connection with the discharge of their duties as directors.
- (c) Any director who performs services which the directors consider go beyond the ordinary duties of a director may be paid such special remuneration (whether by way of bonus, commission, participation in profits or otherwise) as the directors may determine.

ALTERNATE DIRECTORS

77. Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the directors and willing to act, to be an alternate director and may remove from office an alternate director appointed by him.
78. An alternate director shall (unless he is absent from the United Kingdom) be entitled to receive notices of meetings of the directors and of committees of the directors of which his appointor is a

member, to attend and vote at any such meeting at which the director appointing him is not present, and generally to perform all the functions of his appointor as a director in his absence, but shall not (unless the Company by ordinary resolution otherwise determines) be entitled to any fees for his services as an alternate director.

79. An alternate director shall cease to be an alternate director if his appointor ceases to be a director; but, if a director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment.
80. An appointment or removal of an alternate director shall be by notice to the Company executed by the director making or revoking the appointment or in any other manner approved by the directors.
81. Save as otherwise provided in these articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

POWERS OF DIRECTORS

82. The business of the Company shall be managed by the directors who, subject to the provisions of the Act, the memorandum and these articles and to any directions given by special resolution, may exercise all the powers of the Company. No alteration of the memorandum or these articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by these articles and a meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.
83. The directors may 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 to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party provided that:
 - (a) the aggregate amount at any one time owing by the Group exclusive of inter-Group borrowings shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed £300 million;

For the purpose of the foregoing proviso:

- (i) the principal amount of any monies borrowed (including any premium payable on final repayment) not being monies borrowed by a member of the Group, the repayment whereof is guaranteed by the Company or a subsidiary of the Company shall be deemed to be monies borrowed by the Company giving such guarantee;
- (ii) that proportion of any monies borrowed by a subsidiary of the Company which is attributable to the interests of shareholders in that subsidiary other than the Company or any other subsidiary of the Company shall be deemed not to be monies borrowed;
- (iii) any liability of any member of the Group in connection with a deficit relating to a pension fund established for the benefit of former employees or officers of the Group shall be deemed not to be monies borrowed;

- (iv) any liability of any member of the Group under a finance lease shall be deemed not to be monies borrowed (the term **finance lease** to bear the meaning given in Statement of Standard Accounting Practice No. 21 as at the date of the adoption of this Article);
- (v) monies borrowed and outstanding in any currency other than sterling shall be converted into sterling at the relevant rates of exchange ruling in London at 3.00 p.m. on the business day immediately preceding the particular day on which the aggregate amount of monies borrowed is being ascertained;
- (vi) the principal amount raised by acceptances under any acceptance credit granted by any bank or accepting house shall be deemed to be monies borrowed;

but monies borrowed for the purpose of repaying the whole or part of borrowings for the time being outstanding of the Company or any subsidiary of the Company and so to be applied within four months of being so borrowed shall pending their application for such purpose within such period be deemed not to be monies borrowed:

- (b) the issue of loan capital shall be deemed to constitute borrowing notwithstanding that the same may be issued in whole or in part for a consideration other than cash;
- (c) no debt incurred or security given in respect of monies borrowed or secured in excess of the limit hereby imposed shall be invalid or ineffectual except in the case of express notice at the time the debt was incurred or the security given that the limit hereby imposed had been or was thereby exceeded;

and the directors shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (so far as it can so secure by the exercise of such rights or powers) that the limitation on the amount of borrowing by the Group contained in this article is complied with.

DELEGATION OF DIRECTORS' POWERS

84. (a) The directors may delegate any of their powers:

- (i) to any managing director, any director holding any other executive office or any other director;
- (ii) to any committee consisting of one or more directors and (if thought fit) one or more other persons, but a majority of the members of the committee shall be directors and no resolution of the committee shall be effective unless a majority of those present when it is passed are directors; and
- (iii) to any local board or agency for managing any of the affairs of the Company either in the United Kingdom or elsewhere.

(b) Any such delegation (which may include authority to sub-delegate all or any of the powers delegated) may be subject to any conditions the directors impose and either collaterally with or to the exclusion of their own powers and may be revoked or varied. The power to delegate under this article, being without limitation, includes power to delegate the determination of any fee, remuneration or other benefit which may be paid or provided to any director; and the scope of the power to delegate under subparagraph (i), (ii) or (iii) of paragraph (a) of this article shall not be restricted by reference to or inference from any other

of those subparagraphs. Subject as aforesaid, the proceedings of any committee, local board or agency with two or more members shall be governed by such of these articles as regulate the proceedings of directors so far as they are capable of applying.

85. The directors may, by power of attorney or otherwise, appoint any person, whether nominated directly or indirectly by the directors, to be the agent of the Company for such purposes and subject to such conditions as they think fit, and may delegate any of their powers to such an agent. The directors may revoke or vary any such appointment or delegation and may also authorise the agent to sub-delegate all or any of the powers vested in him.

APPOINTMENT AND RETIREMENT OF DIRECTORS

86. (a) Each director shall retire at the annual general meeting held in the third calendar year following the year in which he was appointed or last reappointed but, unless he falls within paragraph 86(b) below, he shall be eligible for reappointment.

- (b) A director shall also retire at any annual general meeting if he has agreed to do so (whether in accordance with the terms of his appointment or otherwise) and, unless the directors have agreed otherwise, he shall not be eligible for reappointment.

87. The Company at the meeting at which a director retires under any provision of these articles may by ordinary resolution fill the office being vacated by appointing thereto the retiring director (if eligible for reappointment) or some other person eligible for appointment. In the absence of such a resolution the retiring director shall nevertheless be deemed to have been reappointed except in any of the following cases:

- (a) where at such meeting a resolution for the reappointment of such director is put to the meeting and lost, or it is expressly resolved not to fill the office being vacated; or
- (b) where such director is ineligible for reappointment or has given notice in writing to the Company that he is unwilling to be reappointed.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to appoint some other person in the place of the retiring director or a resolution for his reappointment is put to the meeting and lost and accordingly a retiring director who is reappointed or deemed to have been reappointed will continue in office without a break.

88. No person, other than a director retiring at the meeting, shall be appointed or reappointed a director at any general meeting unless:

- (a) he is recommended by the directors; or
- (b) not less than seven nor more than 35 days before the date appointed for holding the meeting, notice executed by a member qualified to vote on the appointment or reappointment has been given to the Company of the intention to propose that person for appointment or reappointment, stating the particulars which would, if he were appointed or reappointed, be required to be included in the Company's register of directors, together with notice executed by that person of his willingness to be appointed or reappointed.

89. At a general meeting a motion for the appointment of two or more persons as directors by a single resolution shall not be made, unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it, and for the purposes of this article a motion for

approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.

90. Subject as aforesaid, the Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director.
91. The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed as the maximum number of directors. A director so appointed shall retire at the next following annual general meeting.
92. Subject as aforesaid, a director who retires at an annual general meeting may be reappointed. If he is not reappointed or deemed to have been reappointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

93. Without prejudice to the provisions of the Act, the Company may, by extraordinary resolution, remove a director before the expiration of his period of office (but such removal shall be without prejudice to any claim to damages for breach of any contract of service between the director and the Company) and, subject to these articles, may, by ordinary resolution, appoint another person instead of him. A person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last appointed or reappointed a director.
94. The office of a director shall be vacated if:
 - (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
 - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (c) he is, or may be, suffering from mental disorder and either:
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1984, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of any person to exercise powers with respect to his property or affairs; or
 - (d) he resigns his office by notice in writing to the Company; or
 - (e) in the case of a director who holds any executive office, his appointment as such is terminated or expires and the directors resolve that his office be vacated; or
 - (f) he is absent for more than six consecutive months without permission of the directors from meetings of the directors held during that period and the directors resolve that his office be vacated; or
 - (g) he is requested in writing by all the other directors to resign.

95. No person shall be disqualified from being appointed or reappointed as a director and no director shall be requested to vacate that office by reason of his attaining the age of 70 or any other age; nor shall it be necessary by reason of his age to give special notice under the Act of any resolution appointing, reappointing or approving the appointment of a director. Where a general meeting is convened at which a director will be proposed for appointment or reappointment who, to the knowledge of the directors, will be 70 or more at the date of the meeting, the directors shall give notice of his age in the notice convening the meeting or in any document sent with it; but the accidental omission to do so shall not invalidate any proceedings at the meeting or any appointment or reappointment of the director concerned.

DIRECTORS' APPOINTMENTS AND INTERESTS

96. The directors may appoint one or more of their number to the office of director or to any other executive office under the Company and, subject to the provisions of the Act, any such appointment may be made for such term, at such remuneration and on such other conditions as the directors think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.

97. (a) Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:

- (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (ii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (iii) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate;

and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

- (b) For the purpose of this article:

- (i) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- (ii) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

DIRECTORS' GRATUITIES AND PENSIONS

98. The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family

(including a spouse and a former spouse) or any person who is or was dependent on him and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

PROCEEDINGS OF DIRECTORS

99. (a) Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit.
- (b) A director may, and the secretary at the request of a director shall, call a meeting of the directors. Subject to paragraph (c) of this article, it shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom.
- (c) If a director notifies the Company in writing of an address in the United Kingdom at which notice of meetings of the directors is to be given to him when he is absent from the United Kingdom, he shall, if so absent, be entitled to have notice given to him at that address; but the Company shall not be obliged by virtue of this paragraph to give any director a longer period of notice than he would have been entitled to had he been present in the United Kingdom at that address.
- (d) Questions arising at a meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote; and an alternate director who is appointed by two or more directors shall be entitled to a separate vote on behalf of each of his appointors in the appointor's absence.
100. No business shall be transacted at any meeting of the directors unless a quorum is present. The quorum may be fixed by the directors and unless so fixed at any other number shall be two. An alternate director who is not himself a director shall, if his appointor is not present, be counted in the quorum.
101. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.
102. The directors may elect from their number, and remove, a chairman and a deputy chairman of the board of directors. The chairman, or in his absence the deputy chairman, shall preside at all meetings of the directors, but if there is no chairman or deputy chairman, or if at the meeting neither the chairman nor the deputy chairman is present within five minutes after the time appointed for the meeting, or if neither of them is willing to act as chairman, the directors present may choose one of their number to be chairman of the meeting.
103. All acts done by a meeting of the directors, or of a committee of the directors, or by a person acting as a director, shall notwithstanding that it may afterwards be discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
104. A resolution in writing executed by all the directors entitled to receive notice of a meeting of the directors or of a committee of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) of that committee, duly convened and held, and may consist of several documents in the like form each executed by one or more directors, but a

resolution executed by an alternate director need not also be executed by his appointor and, if it is executed by a director who has appointed an alternate director, it need not also be executed by the alternate director in that capacity.

105. (a) Save as otherwise provided by these articles, a director shall not vote at a meeting of the directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company), unless his interest arises only because the case falls within one or more of the following subparagraphs:
- (i) the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiaries;
 - (ii) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (iii) his interest arises by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of the Company for subscription, purchase or exchange;
 - (iv) the resolution relates in any way to a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes;
 - (v) the resolution relates to an arrangement for the benefit of the employees of the Company or any of its subsidiaries, including but without being limited to an employees' share scheme, which does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates;
 - (vi) the resolution relates to a transaction or arrangement with any other company in which he is interested, directly or indirectly, provided that he is not the holder of or beneficially interested in one per cent. or more of the equity share capital of that company (or of any other company through which his interest is derived) and not entitled to exercise one per cent. or more of the voting rights available to members of the relevant company (and, for the purpose of calculating the said percentage, there shall be disregarded any shares held by the director as a bare or custodian trustee and in which he has no beneficial interest, and any shares comprised in any authorised unit trust scheme in which the director is interested only as a unit holder);
 - (vii) the resolution relates to the purchase or maintenance for any director or directors of insurance against any liability.
- (b) For the purpose of paragraph (a) of this article, an interest of any person who is for any purpose of the Act (excluding any statutory modification thereof not in force when these articles became binding on the Company) connected with a director shall be taken to be the interest of that director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

- (c) Where proposals are under consideration concerning the appointment (including the fixing or varying of terms of appointment) of two or more directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each director separately and (provided he is not by virtue of paragraph (a)(vi) of this article, or otherwise under that paragraph, or for any other reason, precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

- 106. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
- 107. The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of these articles prohibiting a director from voting at a meeting of the directors or of a committee of the directors.
- 108. If a question arises at a meeting of the directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting (or, if the director concerned is the chairman, to the other directors at the meeting), and his ruling in relation to any director other than himself (or, as the case may be, the ruling of the majority of the other directors in relation to the chairman) shall be final and conclusive.

MINUTES

- 109. The directors shall cause minutes to be made in books kept for the purpose:
 - (a) of all appointments of officers made by the directors; and
 - (b) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of the directors, including the names of the directors present at each such meeting.

SECRETARY

- 110. (a) Subject to the provisions of the Act, the secretary and/or assistant or deputy secretary shall be appointed by the directors for such term, at such remuneration and on such other conditions as they think fit; and any secretary so appointed may be removed by them.
- (b) Anything which is required or authorised to be done by the secretary under the Act or in accordance with these articles may, if the office is vacant or if for any other reason the secretary is not available or otherwise not capable of acting, be done or authorised by any assistant or deputy secretary or, if there is no assistant or deputy secretary, or if there is no assistant or deputy secretary available or otherwise capable of acting, by any officer of the Company authorised generally or specifically in that behalf by the directors. Any provision of the Act or these articles requiring or authorising a thing to be done by a director and the secretary shall not be satisfied by its being done by the same person acting both as director and as, or in the place of, the secretary.

THE SEAL

- 111. The seal shall be used only by the authority of a resolution of the directors or of a committee of the directors. The directors may determine whether any instrument to which the seal is affixed shall be signed and, if it is to be signed, who shall sign it. Unless otherwise determined by the directors:

- (a) share certificates and, subject to the provisions of any instrument constituting the same, certificates issued under the seal in respect of any debentures or other securities, need not be signed and any signature or seal may be applied to any such certificate by any mechanical or other means or may be printed on it; and
 - (b) every other instrument to which the seal is affixed shall be signed by one director and by the secretary or another director.
112. Subject to the provisions of the Act, the Company may have an official seal for use in any place abroad.

DIVIDENDS

113. Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.
114. Subject to the provisions of the Act, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. If the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
115. Except as otherwise provided by these articles or the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case (and except as aforesaid), dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purpose of this article, an amount paid up on a share in advance of a call shall be treated, in relation to any dividend declared after the payment but before the call, as not paid up on the share.
116. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same as they think fit and in particular (but without limitation) may issue fractional certificates (or ignore fractions) and fix the value for distribution of any assets, and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members, and may vest any assets in trustees.
117. (a) Any dividend or other money payable in respect of a share may be paid by cheque or warrant sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque or warrant shall be made payable to the order of or to the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque or warrant shall be a good

discharge to the Company. Any such dividend or other money may also be paid by any other method (including direct debit and bank transfer) which the directors consider appropriate. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other money payable in respect of the share.

- (b) The Company may cease to send any cheque or warrant (or to use any other method of payment) for any dividend payable in respect of a share if:
 - (i) in respect of at least two consecutive dividends payable on that share the cheque or warrant has been returned undelivered or remains uncashed (or that other method of payment has failed); or
 - (ii) following one such occasion, reasonable enquiries have failed to establish any new address of the holder,

but, subject to the provisions of these articles, may recommence sending cheques or warrants (or using another method of payment) for dividends payable on that share if the person or persons entitled so request.

- 118. No dividend or other money payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- 119. Any dividend which has remained unclaimed for six years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.
- 120. The directors may, with the authority of an ordinary resolution of the Company, offer any holders of ordinary shares the right to elect to receive ordinary shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the directors) of any dividend specified by the ordinary resolution. The following provisions shall apply:
 - (a) the resolution may specify a particular dividend (whether or not declared) or may specify all or any dividends declared or payable within a specified period, but such period may not end later than the beginning of the fifth annual general meeting next following the date of the meeting at which the ordinary resolution is passed;
 - (b) the entitlement of each holder of ordinary shares to new ordinary shares shall be such that the relevant value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) that such holder would have received by way of dividend. For this purpose, **relevant value** shall be calculated by reference to the average of the middle market prices for the Company's ordinary shares on the London Stock Exchange, as derived from the Daily Official List, for the day on which the ordinary shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or in such other manner as may be determined by or in accordance with the ordinary resolution. A certificate or report by the auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount;
 - (c) no fraction of a share shall be allotted and the directors may deal with any fractions which arise as they think fit;
 - (d) the directors shall, after determining the basis of allotment, notify the holders of ordinary shares in writing of the right of election offered to them, and specify the procedure to be followed and place at which, and the latest time by which, elections must be lodged in order to be effective;

- (e) the directors may exclude from any offer any holders of ordinary shares where the directors believe that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them;
- (f) the dividend (or that part of the dividend in respect of which a right of election has been given) shall not be payable on ordinary shares in respect of which an election has been duly made (the **elected ordinary shares**) and instead additional ordinary shares shall be allotted to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid. For such purpose, the directors shall capitalise out of any amount for the time being standing to the credit of any reserve or fund (including any share premium account or capital redemption reserve) or any of the profits which could otherwise have been applied in paying dividends in cash, as the directors may determine, a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued ordinary shares for allotment and distribution to the holders of the elected ordinary shares on that basis;
- (g) the directors shall not proceed with any election unless the Company has sufficient unissued shares authorised for issue or treasury shares and sufficient reserves or funds that may be capitalised to give effect to it after the basis of allotment is determined;
- (h) the additional ordinary shares when allotted shall rank *pari passu* in all respects with the fully paid ordinary shares then in issue except that they will not be entitled to participation in the dividend in lieu of which they were allotted; and
- (i) the directors may do all acts and things which they consider necessary or expedient to give effect to any such capitalisation, and may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for such capitalisation and incidental matters and any agreement so made shall be binding on all concerned.

CAPITALISATION OF PROFITS

121. (a) The directors may with the authority of an ordinary resolution of the Company:
- (i) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company (including any share premium account or capital redemption reserve);
 - (ii) appropriate the sum resolved to be capitalised to the members or any class of members in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members or as they may direct, in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;

- (iii) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall so long as such shares remain partly paid rank for dividend only to the extent that the latter shares rank for dividend;
 - (iv) make such provision by the issue of fractional certificates (or by ignoring fractions) or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable in fractions;
 - (v) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any further shares to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members; and
 - (vi) generally do all acts and things required to give effect to such resolution as aforesaid.
- (b) Where, pursuant to an employees' shares scheme (within the meaning of section 743 of the Act) the Company has granted options to subscribe for shares on terms which provide (*inter alia*) for adjustments to the subscription price payable on the exercise of such options or to the number of shares to be allotted upon such exercise in the event of any increase or reduction in or other reorganisation of the Company's issued share capital and an otherwise appropriate adjustment would result in the subscription price for any share being less than its nominal value, then, subject to the provisions of the Act, the directors may, on the exercise of any of the options concerned and payment of the subscription price which would have applied had such adjustment been made, capitalise any such profits or other sum as is mentioned in paragraph (a)(i) above to the extent necessary to pay up the unpaid balance of the nominal value of the shares which fall to be allotted on the exercise of such options and apply such amount in paying up such balance and allot shares fully paid accordingly. The provisions of paragraph (a)(i) to (vi) above shall apply *mutatis mutandis* to this paragraph (but as if the authority of an ordinary resolution of the Company were not required).

RECORD DATES

122. Notwithstanding any other provision of these articles, but without prejudice to the rights attached to any shares, the Company or the directors may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made. Where such a record date is fixed, references in these articles to a holder of shares or member to whom a dividend is to be paid or a distribution, allotment or issue is to be made shall be construed accordingly.

ACCOUNTS

123. No member (other than a director) shall have any right of inspecting any accounting record or other document of the Company, unless he is authorised to do so by statute, by order of the court, by the directors or by ordinary resolution of the Company.

NOTICES ETC.

124. Any notice to be given to or by any person pursuant to these articles shall be in writing, except that a notice calling a meeting of the directors need not be in writing.

125. The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.
126. A member present either in person or by proxy, or in the case of a corporate member by a duly authorised representative, at any meeting of the Company or of the holders of any class of shares shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
127. (a) Any notice to be given to a member may be given by reference to the register of members as it stands at any time within the period of 15 days before the notice is given; and no change in the register after that time shall invalidate the giving of the notice.
- (b) Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been given to the person from whom he derives his title; but this paragraph does not apply to a notice given under section 212 of the Act.
128. Where, by reason of the suspension or curtailment of postal services within the United Kingdom, the Company is unable effectively to convene a general meeting by notice sent by post, notice of the meeting shall be sufficiently given if given by advertisement in two leading national daily newspapers published in the United Kingdom. The Company shall send a copy of the notice to members by post if at least seven clear days before the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.
129. Any notice to be given by the Company to the members or any of them, and not provided for by or pursuant to these articles, shall be sufficiently given if given by advertisement in at least one leading national daily newspaper published in the United Kingdom.
130. A notice sent by post shall be deemed to have been given on the day following that on which the envelope containing the notice was posted unless it was sent by second class post or there is only one class of post in which case it shall be deemed to have been given on the day next but one after it was posted. Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that notice was given. A notice given by advertisement shall be deemed to have been served on the day on which the advertisement appears.
131. A notice may be given by the Company to the person entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it in any manner authorised by these articles for the giving of notice to a member addressed to that person by name, or by the title of representative of the deceased or trustee of the bankrupt or by any like description, at the address, if any, within the United Kingdom supplied for that purpose by the person claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.
132. Subject to the provisions of the Act if on three consecutive occasions, notices or other communications have been sent by post to a member at his registered address (or, in the case of a member whose registered address is not within the United Kingdom, any address given by him to the Company for the service of notices) but have been returned undelivered, the member shall not be

entitled to receive any subsequent notice or other communication until he has given to the Company a new registered address (or, in the case of a member whose registered address is not within the United Kingdom, a new address for the service of notices). For the purposes of this article, references to a communication include references to any cheque or other instrument of payment; but nothing in this article shall entitle the Company to cease sending any cheque or other instrument of payment for any dividend, unless it is otherwise so entitled under these articles.

SIGNATURE OF DOCUMENTS

133. Where under these articles a document requires to be signed by a member or other person then, if in the form of an electronic communication, it must to be valid incorporate the electronic signature or personal identification details (which may be details previously allocated by the Company) of that member or other person, in such form as the directors may approve, or be accompanied by such other evidence as the directors may require to satisfy themselves that the document is genuine. The Company may designate mechanisms for validating any such document, and any such document not so validated by use of such mechanisms shall be deemed not to have been received by the Company.

DESTRUCTION OF DOCUMENTS

134. (a) The Company may destroy:
- (i) any instrument of transfer after six years from the date on which it is registered;
 - (ii) any dividend mandate or notification of change of name or address after two years from the date on which it is recorded;
 - (iii) any share certificate after one year from the date on which it is cancelled; and
 - (iv) any other document on the basis of which an entry in the register of members is made after six years from the date on which it is made.
- (b) Any document referred to in paragraph (a) of this article may be destroyed earlier than the relevant date authorised by that paragraph, provided that a permanent record of the document is made which is not destroyed before that date.
- (c) It shall be conclusively presumed in favour of the Company that every entry in the register of members purporting to have been made on the basis of a document destroyed in accordance with this article was duly and properly made, that every instrument of transfer so destroyed was duly registered, that every share certificate so destroyed was duly cancelled, and that every other document so destroyed was valid and effective in accordance with the particulars in the records of the Company provided that:
- (i) this article shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant;
 - (ii) nothing in this article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document otherwise than in accordance with this article which would not attach to the Company in the absence of this article; and
 - (iii) references in this article to the destruction of any document include references to the disposal of it in any manner.

ELECTRONIC COMMUNICATION

135. (a) Any member may notify the Company of an address for the purpose of his receiving electronic communications from the Company, and having done so shall be deemed to have agreed to receive notices and other documents from the Company by electronic communication of the kind to which the address relates. In addition, if a member notifies the Company of his email address, the Company may satisfy its obligation to send him any notice or other document by (i) publishing such notice or document on a web site; and (ii) notifying him by email to that email address that such notice or document has been so published, specifying the address of the web site on which it has been published, the place on the web site where it may be accessed, how it may be accessed and (if it is a notice relating to a shareholders' meeting) stating (A) that the notice concerns a notice of a company meeting served in accordance with the Act, (B) the place, date and time of the meeting, (C) whether the meeting is to be an annual or extraordinary general meeting and (D) such other information as the Statutes may prescribe.
- (b) Any amendment or revocation of a notification given to the Company under this Article shall only take effect if in writing, signed by the member and on actual receipt by the Company thereof.
- (c) An electronic communication shall not be treated as received by the Company if it is rejected by computer virus protection arrangements.

WINDING UP

136. If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the 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 the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

137. (a) Subject to the provisions of, and so far as may be permitted by and consistent with, the Act, every director of the Company may be indemnified by the Company out of its own funds against (i) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company other than (A) any liability to the Company or any associated company (as defined in Section 309A (6) of the Act) and (B) any liability of the kind referred to in Sections 309B(3) or (4) of the Act; and (ii) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office. Where a director is indemnified against any liability in accordance with this Article 137(a), such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto.
- (b) Without prejudice to paragraph 137(a) above, the directors shall have power to purchase and maintain insurance for or for the benefit of (i) any person who is or was at any time a director of any Relevant Company (as defined in paragraph 137(c) below), or (ii) any person who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested, including (without prejudice to the

generality of the foregoing) insurance against any liability incurred by or attaching to him in respect of any act or omission in the actual or purported execution and/or discharge of his duties and/or in the exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme (and all costs, charges, losses, expenses and liabilities incurred by him in relation thereto).

- (c) For the purpose of paragraph 137(b) above **Relevant Company** shall mean the Company, any holding company of the Company or any other body, whether or not incorporated, in which the Company or such holding company or any of the predecessors of the Company or of such holding company has or had any interest whether direct or indirect or which is in any way allied to or associated with the Company, or any subsidiary undertaking of the Company or of such other body.
- (d) Subject to the provisions of and so far as may be permitted by the Act, the Company (i) may provide a director with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with any application under the provisions mentioned in Section 337A(2) of the Act and (ii) may do anything to enable a director to avoid incurring such expenditure, but so that the terms set out in Section 337A(4) of the Act shall apply to any such provision of funds or other things done.

SCHEME OF ARRANGEMENT

138.

- (A) For the purpose of this Article 138, references to the Scheme are to the scheme of arrangement between the Company and the Scheme Shareholders (as defined therein) dated 7 July 2006 under section 425 of the Act in its original form or with or subject to any modification, addition or condition approved or imposed by the Court. Terms defined in the Scheme shall, save as herein otherwise provided, have the same meanings in this Article. For the purposes of this Article, **circular** means the circular of the Company and sent to shareholders of the Company on or around 7 July 2006 in connection with the Scheme.
- (B) Notwithstanding any other provisions of these Articles, if any WH Smith Ordinary Shares are allotted and issued to any person (a **new member**) other than Smiths News and/or its nominee on or after the adoption of this Article and prior to the confirmation by the Court of the reduction of capital provided for under the Scheme, such shares shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes thereof and the new member, and any subsequent holder other than Smiths News and/or its nominee or nominees, shall be bound by the terms of the Scheme.
- (C) Subject to the Scheme becoming effective, if any WH Smith Ordinary Shares are allotted or issued to any new member (other than Smiths News and/or any subsidiary undertaking of Smiths News or anyone acting on behalf of Smiths News) after the Scheme Effective Time but prior to the Demerger Effective Time, such shares (the **Scheme Disposal Shares**) shall be immediately transferred to Smiths News in consideration for the allotment and issue to the new member of an equivalent number of ordinary shares in Smiths News (the **Smiths News Shares**).
- (D) Subject to the Scheme becoming effective, if any WH Smith Ordinary Shares are allotted or issued to any new member (other than New WH Smith and/or any subsidiary undertaking of New WH Smith or anyone acting on behalf of New WH Smith or any subsidiary undertaking of New WH Smith) after the Demerger Effective Time, such shares (the **Demerger Disposal Shares**) shall immediately be transferred to New WH Smith in consideration for the allotment and issue to the new

member of an equivalent number of ordinary shares in New WH Smith (the **New WH Smith Shares**).

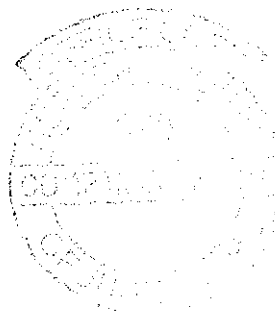
- (E) The Smiths News Shares or the New WH Smith Shares issued to the new member pursuant to paragraphs (C) and (D) of this Article shall be credited as fully paid and rank *pari passu* in all respects with all other Smiths News Shares or New WH Smith Shares (as the case may be) in issue at the time (other than as regards any dividend or other distribution payable by reference to a record time preceding the date of acquisition by the new member of the Scheme Disposal Shares or the Demerger Disposal Shares) and be subject to the memorandum and articles of association of Smiths News or New WH Smith (as the case may be).
- (F) If any reorganisation of or material alteration to the share capital of the Company or Smiths News or New WH Smith (except for the Demerger) occurs after the Scheme Effective Time, the number of Smiths News Shares or New WH Smith Shares (as the case may be) to be issued to any new member under paragraph (C) or (D) of this Article after the time of such reorganisation or alteration shall be the number required by these provisions multiplied by such factor as the directors of Smiths News or New WH Smith (as the case may be) from time to time determine to be appropriate to reflect the terms of the reorganisation or alteration.
- (G) No fractions of a Smiths News Share or New WH Smith Share shall be allotted to a new member pursuant to this Article, but the entitlement of each new member who would otherwise have been entitled to a fraction of a Smiths News Share or New WH Smith Share (as the case may be) shall be rounded down to the nearest whole number.
- (H) In order to give effect to any transfer of the Scheme Disposal Shares or Demerger Disposal Shares (as the case may be), the Company may appoint any person to execute and deliver a form or instructions of transfer on behalf of the new member in favour of Smiths News or New WH Smith (as the case may be). Pending the registration of Smiths News or New WH Smith (as the case may be) as a holder of any Scheme Disposal Shares or Demerger Disposal Shares (as the case may be), Smiths News or New WH Smith (as the case may be) shall be empowered to appoint a person nominated by the directors to act as attorney on behalf of any holder of such share in accordance with such directions as Smiths News or New WH Smith (as the case may be) may give in relation to any dealings with or disposal of such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and if a person is so appointed to act as attorney, the new member shall not be entitled to exercise any rights attaching thereto except:
 - (i) to the extent that the person to act as attorney fails to act in accordance with the directions of Smiths News or New WH Smith (as the case may be); and
 - (ii) in accordance with the direction of Smiths News or New WH Smith (as the case may be).
- (I) In connection with the Scheme, if, in respect of any holder of Scheme Shares with a registered address outside the United Kingdom or who the Company reasonably believes is a citizen, resident or national of a jurisdiction outside the United Kingdom, the Company is advised that the allotment and issue of the Smiths News Shares pursuant to Clause 2 of the Scheme would or might infringe the laws of any jurisdiction outside the United Kingdom or would or might require the Company or Smiths News to observe any governmental or other consent or any registration, filing or other formality with which the Company or Smiths News cannot comply or compliance with which the Company or Smiths News considers unduly onerous, the Company shall (unless such shareholder satisfies the Company that no such infringement or requirement would apply) be entitled to appoint any person to execute as transferor an instrument of transfer transferring, prior to the Scheme Record

Time, the Scheme Shares held by such holder to a nominee to hold such Scheme Shares on trust for that holder, on terms that the nominee shall, subject to Article 138(K) and (L) below, sell:

- (i) the Scheme Shares prior to the Scheme Effective Time; or
- (ii) if it does not sell the Scheme Shares, sell:
 - (a) the Smiths News Shares, if any, that it receives pursuant to the Scheme in respect of such shares as soon as practicable following the Scheme Effective Time; and
 - (b) the New WH Smith Shares, if any, that it receives in respect of the Smiths News Shares referred to in (a) as soon as practicable following the Demerger Effective Time;

in each case at the best price which can reasonably be obtained at the time of sale and that (subject to instructions from Smiths News in relation to Smiths News' obligations pursuant to Clause 3 of the Scheme) the proceeds of such sale (net of the expenses of sale including commissions and value added tax) shall be paid to such shareholder by delivering a cheque to, or crediting the CREST account of, such shareholder in accordance with the provisions of Clause 4 of the Scheme.

- (J) The instrument of transfer executed by an appointee of the Company pursuant to Article 138(I) above shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to the Scheme Shares to which such instrument relates and the title of the transferee shall not be affected to any irregularity or invalidity in the proceedings relating thereto.
- (K) Any sale pursuant to Article 138(I)(ii)(a) above will be delayed until after the admission of the Smiths News Shares to the Official List of the Financial Services Authority acting in its capacity as United Kingdom Listing Authority and to trading on London Stock Exchange PLC's market for listed securities.
- (L) Any sale pursuant to Article 138(I)(ii)(b) above will be delayed until after the admission of the New WH Smith Shares to the Official List of the Financial Services Authority acting in its capacity as United Kingdom Listing Authority and to trading on London Stock Exchange plc's market for listed securities.
- (M) In the absence of bad faith or wilful default, neither the Company, Smiths News, New WH Smith nor any nominee appointed by the Company pursuant to Article 138(H) or 138 (I) above shall be responsible for any loss or damage to any person arising from any transaction pursuant to this Article or for any alleged insufficiencies of the terms or the timing of such sale.
- (N) In the case of Scheme Shares held in uncertificated form through CREST, the provisions of Article 138(I) above are subject to any restrictions applicable under the Uncertificated Securities Regulations 2001.



**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

Mr. Justice Rimer
29th August, 2006

IN THE MATTER OF WH SMITH PLC

and

**IN THE MATTER OF THE COMPANIES ACT
1985**

ORDER
confirming Reduction of Capital

Allen & Overy LLP
One New Change
London
EC4M 9QQ

Solicitors to the Company

Tel: 020 7330 3000
Ref: AAB/NIS/OFB

Sealed by Mr Justice

