

Company Number: 2264251

The Companies Acts 1985 to 1989

A PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM AND ARTICLES OF ASSOCIATION

MAGNOX ELECTRIC plc

Incorporated on 2 June 1988



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THE COMPANIES ACTS 1985 and 1989
A PUBLIC COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION OF
MAGNOX ELECTRIC plc

CERTIFICATION

WE HEREBY CERTIFY that this print incorporates all alterations made to this Company's Memorandum of Association by way of filed resolutions and complies with the requirements of Section 18 of the Companies Act 1985

1. The name of the Company is "MAGNOX ELECTRIC plc".¹
2. The Company is to be a public company²
3. The registered office of the Company will be situate in England.
4. The objects³ for which the Company is established are:-

(1) To acquire or take over such part of the property, rights and liabilities of the Central Electricity Generating Board as is prescribed for it under a scheme made under any enactment and to carry on, expand and extend the businesses and activities prescribed for it therein or any part or parts of them (including, without limitation, the business and activity of an electricity generator).

(2) To carry on the business of a holding company and to co-ordinate, finance and manage all or any part of the businesses and operations of any and all companies controlled directly or indirectly by the Company or in which the Company is interested, whether as a shareholder or otherwise and whether directly or indirectly.

(3) To carry on all or any of the businesses in all or any of their branches of generating and producing electricity by means of nuclear plant or materials and of transmitting, supplying and distributing any electricity so produced and to acquire supplies of electricity from, and to provide bulk and other supplies thereof to, any person for own use, supply, transmission, distribution, or otherwise both in the United Kingdom and elsewhere.

¹The Company's name was changed from "TRUSHELFCO (NO. 1305) LIMITED" to "NUCLEAR ELECTRIC LIMITED" pursuant to a special resolution passed on 27th November 1989, further changed to "NUCLEAR ELECTRIC plc" pursuant to a special resolution to re-register the Company as a public company passed on 10th January 1990, and further changed to "MAGNOX ELECTRIC plc" on 1st April 1996.

²This Clause was inserted pursuant to a special resolution to re-register the Company as a public company passed on 10th January 1990.

³The objects of the Company were altered pursuant to special resolutions of the shareholders passed on 19th March 1990, and 19th March 1997.

(4) To carry on all or any of the businesses in all or any of their branches of generating and producing electricity by means of hydro-electric plants at Maentwrog Power Station and such other fossil fuel plants and other fuel plants as are transferred to the Company pursuant to the Scheme referred to in Clause 4(1) above and of transmitting, supplying and distributing any electricity so produced and to acquire supplies of electricity from, and to provide bulk and other supplies thereof to, any person for own use, supply, transmission, distribution, or otherwise both in the United Kingdom and elsewhere.

(5) To design, acquire, import or otherwise obtain, and to buy, sell, lease, manufacture, supply, deal in and otherwise acquire or dispose of any nuclear or other fuels or raw materials or sources (whether or not radioactive) or any forms of energy whether or not for use in connection with the generation of electricity or any other form of energy and to process and deal in and dispose of any such fuels raw materials or sources or forms of energy or any by-products thereof (including processing and re-processing and irradiating and storage and disposing of nuclear fuel) and to process, deal in and dispose of any by-products which may be obtained from any of the activities of the Company, including the activities of generating, producing, transmitting, supplying or distributing electricity or other forms of energy and of manufacturing, supplying or dealing in radioactive substances and the activities of shutting down, decommissioning and making safe any plant or equipment or fuel used or operated by the Company in any of its businesses.⁴

(6) To carry on all or any of the businesses in all or any of their branches of constructing, designing, engineering, manufacturing, supplying, hiring out, installing, servicing, dealing in, shutting down, decommissioning and disposing of in a safe manner all types of buildings, plant and equipment used in connection with the generation, production, transmission, supply or distribution of electricity from any plants (whether using nuclear material or otherwise) operated by the Company (including such buildings, plant and equipment used in connection with the conservation of energy) and the provision of services by the Company in connection with nuclear fuel, fissile material, radioactive substances and nuclear reactors and other irradiation facilities.

(7) To carry out design work, building, mining, engineering, exploration, research work or other operations or works and to manufacture, machine, process, supply, acquire or deal in goods or materials (including mining products and mined substances), where any such activity may in the opinion of the Directors be necessary or expedient in respect of, any of the activities or businesses being carried on by the Company, or where such activity may involve the research into and/or development, manufacture and exploitation for general commercial purposes of any product or process derived from activities of or developed by any body or organisation engaged in the nuclear industry.

(8) To carry on business as inventors, researchers and developers and to conduct, promote and commission research of all kinds and research and development activities of all kinds whether related to the generation, production,

⁴This sub-clause was altered pursuant to a special resolution passed on 8 July 1992.

transmission, supply or distribution of electricity or other forms of energy or otherwise (including such research and development activities relating to the conservation of energy) and to exploit and turn to account the results of any such research or research and development carried out by or for the Company or otherwise.

(9) To do anything which the Company is or may be authorised to do under or pursuant to the Electricity Act 1989 and/or The Nuclear Installations Act 1965 (or any statutory modification or re-enactment thereof) or any licence granted to the Company thereunder or pursuant thereto or which the Company is required or permitted to do under or by virtue of such Act or licence.

(10) To carry on all or any of the businesses of consultants, advisers and suppliers of management, personnel and training services, whether generally or in respect of one or more of the types of business or activity which the Company has power to carry on, and to provide training and educational courses, instruction and materials, of every description, for employees of the Company and for other persons.

(11) To apply for, purchase or otherwise acquire, protect, maintain and renew any patents, patent rights, trade marks, designs, licences and other intellectual property rights of all kinds or any secret or other information as to any invention and to use, exercise, develop or grant licences in respect of, or otherwise turn to account or deal in or with, the property, rights or information so acquired and to experiment with any such rights which the Company may propose to acquire.

(12) To establish and maintain or contribute to or make any arrangements for providing pensions, superannuation funds, donations, allowances, share acquisition schemes, gratuities, emoluments or other benefits to or for the benefit of any individuals who are or were at any time in the employment or service of the Company or of any company which is its holding company or is a subsidiary of the Company or any such holding company or otherwise is allied to or associated with the Company, or who are or were at any time directors or officers of the Company or of any such other company, and the wives, widows, families and dependants of any such individuals; to establish and subsidise or subscribe to any institutions, associations, clubs or funds which may be considered likely to benefit from such persons or to further the interests of the Company or of any such other company; and to make payments for or towards the insurance of any such persons; and in particular but without prejudice to the generality of the foregoing in connection with any acquisition pursuant to sub-clause (1) of this Clause to make arrangements for the continuance or transfer to the Company of any pension arrangements of the Central Electricity Generating Board.

(13) To subscribe for, or contribute (in cash or in kind) to, and to promote or sponsor, any national, charitable, benevolent, general or useful object of a public character or any object which may in the opinion of the Company be likely directly or indirectly to further the interests of the Company, its employees or its members.

(14) To pay and discharge all or any expenses, costs and disbursements, to pay commissions and to remunerate any person for services rendered or to be rendered in connection with the formation, promotion, registration and flotation of the Company and the underwriting or placing or issue at any time of any securities of the Company or of any other person.

(15) To sell; lease, grant rights over or otherwise dispose by any means of the whole or any part of the assets of the Company or of any interest therein for such consideration as the Company may think fit.

(16) To acquire (whether by purchase, lease, concession, grant or otherwise), establish, develop, exploit, operate and maintain, deal in and sell land, claims, wells, mines, licences, consents, authorisations, concessions, drilling and mining rights, exploration and production rights, and/or rights and interests of all descriptions, in or relating to, the same, which may seem to the Company capable either of facilitating directly or indirectly the generation or production of electricity or of being carried on together with any of the other businesses or activities of the Company or of affording a supply of natural or other gas, petroleum or other hydrocarbons, coal or other minerals, any other sources or forms of energy, chemicals or revenue derived directly or indirectly from any of them for the purposes of any business carried on by the Company.

(17) To construct, lay, maintain and remove and carry on works in respect of electric wires (including those overhead and underground), cables, lines, plant and equipment and facilities ancillary to the operation or use of a grid or distribution networks, and to acquire, operate and maintain the consents, authorisations, way-leaves, easements and other rights capable of facilitating the aforesaid in connection with the business being carried on by the Company.

(18) To carry on for the purpose of any business carried on by the Company referred to above all or any of the activities of, and provide services associated with, engineers (including, without limitation, electrical, mechanical, mining, drilling, civil, chemical and telecommunications engineers), contractors, consultants, mechanics, technicians, geologists, draughtsmen, designers, surveyors, architects, builders and decorators of all kinds.

(19) To carry out such building, mining, engineering or other operations and works, and to manufacture or deal in such goods and to acquire, hold or deal with such property, as may seem directly or indirectly to advance the interests of the Company.

(20) To carry on all or any of the businesses of running, operating, managing, or co-operating in projects or works designed to restore, preserve, improve or protect the environment in any manner whatsoever or to carry on any business of any kind concerned, directly or indirectly and whether or not connected with any other activity or object of the Company, with the conservation of energy.

(21) To apply for, promote and obtain any Act of Parliament, privilege, concession, licence or authorisation of any government, state or municipality, or any other department or authority, or enter into arrangements with any such

body, for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for effecting any modification of the constitution of the Company or for any other purpose which may seem to the Company to be expedient, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the interests of the Company.

(22) To enter into such financial, commercial or other transactions as may seem desirable for the purposes of the Company's affairs.

(22A) To provide any guarantee or indemnity in respect of the performance or discharge of any obligation or liability by, or otherwise for the benefit of, any person.⁵

(23) To lend money or give credit with or without security, but not to carry on the business of a registered money lender.

(24) To borrow or raise or secure the payment of money in such manner as the Directors shall approve and in particular but without prejudice to the generality of the foregoing by the issue of debentures or debenture stock, perpetual or otherwise charged upon all or any of the Company's property (both present and future), and to purchase, redeem or pay off any such securities.

(25) To enter into consortia or other collaborative joint venture arrangements which may seem to advance the interest of the Company in pursuance of international, domestic or other projects.

(26) To acquire and hold interests of any kind whatsoever in other companies which carry on any business which is similar to that which is or may be carried on by the Company and to enter into any arrangements with other companies which carry on any business which is similar to that which is or may be carried on by the Company which may seem to advance the interests of the Company.

(27) To have regard to the protection of the natural environment and of buildings or other objects of historic, architectural, religious or other significance, when formulating and implementing proposals and to advise, inform and educate any persons about nuclear operations and nuclear fuels.

(28) To act as agents, brokers or trustees and to enter into any arrangement for partnership, joint working, joint venture in business or for the sharing of profits or for amalgamation with any other person who carries on objects similar to those set out above and which may seem to advance the interests of the Company.

⁵This sub-clause was inserted pursuant to a special resolution passed on 8th July 1992.

(29) To purchase or otherwise acquire and undertake all or any part of the business, property and liabilities of any person carrying on any business which the Company is authorised or empowered to carry on or possessed of any property suitable for the purposes of the Company.

(30) To do all or any of the above things in any part of the world, and either as principal, agents, trustee, contractor or otherwise, and either alone or in conjunction with others, and either by or through agents, trustees, subsidiary companies, sub-contractors or otherwise.

(31) To distribute among members of the Company in specie or otherwise, by way of dividend or bonus or by way of reduction of capital, all or any of the property or assets of the Company, or any proceeds of sale or other disposal of any property or assets of the Company, with and subject to any incident authorised and consent required by law.

(32) To carry on any other business or activity of any nature whatsoever which may seem to the Directors to be capable of being conveniently or advantageously carried on in connection or in conjunction with any business of the Company hereinbefore authorised with a view directly or indirectly to enhancing the value of or to rendering profitable or more profitable any of the Company's assets or utilising its skills, know-how or expertise.

(33) To do all such other things as may be deemed, or as the Company considers to be, incidental or conducive to the attainment of the above objects or any of them.

Provided that the Company:

- (i) shall only generate and produce electricity, and
- (ii) shall only be directly or indirectly interested in a subsidiary undertaking which generates or produces electricity;

if such electricity is generated or produced either:-

- (a) by means of nuclear plant or materials, or
- (b) by means of back-up plant or materials (whether or not using nuclear fuels) related to such nuclear plant or materials, or
- (c) by means of hydro-electric plant or materials, pursuant to the hydro-electric business and activities prescribed for the Company under the scheme referred to in Clause 4(1) above; or
- (d) upon the re-powering of plant on any site following the shut-down or decommissioning of nuclear plant on such site, by any means, whether or not involving nuclear plant and materials;

and nothing in this Clause 4 shall be construed as permitting the generation and production of electricity by the Company (or the holding directly or indirectly of

interests in subsidiary undertakings which generate or produce electricity) in any other circumstances.

AND IT IS HEREBY DECLARED that in this clause:-

(a) unless the context otherwise requires, words in the singular include the plural and vice versa;

(b) unless the context otherwise requires, a reference to a person includes a reference to a company, and a reference to a person or company (other than references to the Company) includes a reference to a firm, partnership, corporation, government or other authority (municipal, local or otherwise), undertaking, organisation, association, statutory, public or other body and any other legal entity, whether resident, domiciled or situated (in any such case) in the United Kingdom or elsewhere;

(c) the words "subsidiary" and "holding company" have the same meaning as in section 736 of the Companies Act 1985 and the phrase "subsidiary undertakings" shall have the same meaning as in the Companies Act 1989; and

(d) the objects specified in each of the foregoing paragraphs of this clause shall be separate and distinct objects of the Company and accordingly shall not be in any way limited or restricted (except so far as otherwise expressly stated in any paragraph) by reference to or inference from the terms of any other paragraph or the order in which the paragraphs occur or the name of the Company, and none of the paragraphs shall be deemed merely subsidiary or incidental to any other paragraph.

5. The liability of the members is limited.

6. The share capital of the Company is £50,000 divided into 50,000 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.⁶

⁶The share capital was changed from £100 divided into 100 Shares of £1 each by resolution passed on 20th December 1989.

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

CERTIFICATION
WE HEREBY CERTIFY that this print incorporates all alterations made to this Company's Articles of Association by way of filed resolutions and complies with the requirements of Section 18 of the Companies Act 1985

NEW ARTICLES OF ASSOCIATION OF

MAGNOX ELECTRIC plc

(Adopted pursuant to a special resolution passed on 19th March 1990 and subsequently altered pursuant to a Special Resolution passed on 19th March 1997)

INTERPRETATION

1. In these articles -

"the Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force.

"the articles" means the articles of the company.

"clear days" in relation to the period of a notice means 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.

"office" means the registered office of the company.

"the holder" in relation to shares means the member whose name is entered in the register of members as the holder of the shares.

"the seal" means the common seal of the company.

"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.

"Shareholders' Decision" means a decision of the members of the company given either by way of ordinary resolution (which may be given either at a general

meeting or by written resolution in accordance with the articles) or by written notice from the holder or holders of a majority of the voting rights exercisable at general meetings of the company for the time being, and a decision in any such form shall be as effectual as if it had been passed at a general meeting duly convened and held.

"the United Kingdom" means Great Britain and Northern Ireland.

references to a document being "executed" shall include references to it being executed under hand or under seal or by any other method.

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

Unless the context otherwise requires, words or expressions contained in these articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these articles become binding on the company.

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

SHARE CAPITAL

3. Subject to the provisions of the Act and to any rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as specified by Shareholders' Decision or, if no such Shareholders' Decision has been made, or so far as the Shareholders' Decision does not make specific provision, as the directors may decide.

4. Subject to the provisions of the Act, shares may be issued which are to be redeemed 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 the articles.

5. 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.

6. 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 the 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 thereof in the holder.

7. Subject to the provisions of the Act and to these articles, any unissued shares of the company (whether forming part of the original or any increased capital) shall be at the disposal of the directors who may offer, allot, grant options over or otherwise dispose of them to such persons at such times and for such consideration and upon such terms and conditions as they may determine.

8. Subject to any Shareholders' Decision to the contrary, the directors are unconditionally authorised to exercise all powers of the company to allot relevant securities. The maximum nominal amount of relevant securities that may be allotted under this authority shall be the nominal amount of the unissued share capital at the date of adoption of this article. The authority conferred on the directors by this article shall remain in force for a period of five years from the date of adoption of this article but may be revoked varied or renewed from time to time by Shareholders' Decision in accordance with the Act.

SHARE CERTIFICATES

9. Every member, upon becoming the holder of any shares, 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 such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal 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 thereon. 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.

10. 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 the expenses reasonably incurred by the company in investigating evidence and preparing such indemnity 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

11. The company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this article. The company's lien on a share shall extend to any amount payable in respect of it.

12. The company may sell in such manner as the directors determine any shares on which the company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to 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.

13. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

14. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum 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 shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

15. The directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and remaining unpaid on any shares held by him.

16. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made, which, in the case of notice to one of Her Majesty's Secretaries of State, another Minister of the Crown or the Solicitor for the affairs of Her Majesty's Treasury, shall be deemed to have been given on the day it is received at that member's registered address) 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 sum due thereunder, be revoked in whole or 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 whereof 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 thereof.

19. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or if 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 the provisions of the articles shall apply if that amount had become due and payable by virtue of a call.

21. Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.

22. If 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 fourteen clear days' notice, which, in the case of notice to one of Her Majesty's Secretaries of State, another Minister of the Crown or the Solicitor for the affairs of Her Majesty's Treasury shall be deemed to have been given on the day it is received at the member's registered address, requiring payment of the amount unpaid together with any interest which may have accrued and all expenses reasonably incurred by the company by reason of non-payment. 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.

23. If the notice is not complied with any share in respect of which it was given may at any time thereafter, 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 or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

24. Subject to the provisions of the Act, a forfeited share shall be deemed to be the property of the company and any such 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 sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Any share not disposed of in accordance with the foregoing within three years from the date of its forfeiture shall thereupon be cancelled in accordance with the provisions of the Act. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person 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 for and forthwith pay to the company all moneys 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 moneys 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 in reference 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 may approve and shall be executed by or on behalf of the transferor.

28. The directors may, in their absolute discretion and without giving any reason therefor, refuse to register the transfer of a share unless -

(1) it is a fully paid share on which the company does not have a lien;

(2) it is lodged at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares 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;

(3) it is in respect of only one class of shares; and

(4) it is in favour of not more than four transferees;

provided that the directors shall not be entitled to refuse to register any transfer of shares to one of Her Majesty's Secretaries of State, another Minister of the Crown, or the Solicitor for the affairs of Her Majesty's Treasury.

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 transfers 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 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 be returned to the person lodging it when notice of the refusal is given and if the instrument is returned by post it shall be at the sole risk of such person and without any liability on behalf of the company.

TRANSMISSION OF SHARES

33. If a member dies the survivor or survivors where he was a joint holder, and 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 herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

34. 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 articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.

35. A person becoming entitled to a share in consequence of the 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 meeting of the company or at any separate meeting of the holders of any class of shares in the company.

ALTERATION OF SHARE CAPITAL

36. The company may by Shareholders' Decision -

(1) increase its share capital by new shares of such amount as the resolution prescribes;

(2) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(3) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and

(4) 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.

37. Whenever as a 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 the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some 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.

38. 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

39. Subject to the provisions of the Act, the company may purchase its own shares (including any redeemable shares) and, if it is a private company, make a payment in respect of the redemption or purchase of its own shares otherwise than out of distributable profits of the company or the proceeds of a fresh issue of shares.

GENERAL MEETINGS

40. All general meetings other than annual general meetings shall be called extraordinary general meetings.

41. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall convene an extraordinary general meeting in accordance with the provisions of the Act. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any member of the company may call a general meeting.

NOTICE OF GENERAL MEETINGS

42. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed -

(1) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and

(2) in the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five percent. in nominal value of the shares giving that right.

The notice shall specify the time and place of the 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.

Notice of every general meeting shall be given to all members other than any who, under the provisions of these articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the company, and also to the auditors or, if more than one, each of them.

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

PROCEEDINGS AT GENERAL MEETINGS

44. 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 or a corporation sole, shall be a quorum.

45. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such 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 time and place as the directors may determine but this shall not affect any business transacted at such meeting at a time when such quorum was present.

46. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be 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 to be chairman and, if there is only one director present and willing to act, he shall be chairman.

47. 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.

48. 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 in the company.

49. 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 twenty eight 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 any such notice.

50. 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 -

- (1) by the chairman; or
- (2) by at least two members having the right to vote at the meeting; or
- (3) 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
- (4) by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to

not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand by a person as proxy for a member shall be the same as a demand by the member.

51. 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.

52. 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.

53. 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.

54. 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.

55. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty 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 is 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.

56. 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 at 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.

57. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and such resolution may consist of several instruments in the like form each executed by or on behalf of one or more members.

VOTES OF MEMBERS

58. At a general meeting, but subject 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 or a corporation sole) is present by a duly authorised representative and every proxy for any member (regardless of the number of holdings of the members for whom he is a proxy) shall have one vote and on a poll every member who is present in person or by duly authorised representative or by proxy shall have one vote for every share of which he is the holder.

59. Any corporation or corporation sole which is a member of the company may (in the case of a corporation, by resolution of its directors or other governing body) authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company, or at any separate meeting of the holders of any class of shares and may divide its rights between such persons in such manner as it thinks fit. A person so authorised shall be entitled to exercise the same power on behalf of the grantor of the authority as the grantor could exercise if it were an individual member of the company, and the grantor 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. In relation to any such meeting, a person authorised under section 3 of the Treasury Solicitor Act 1876 shall be treated for the purposes of this article as if his authority had been granted by the Solicitor for the affairs of Her Majesty's Treasury; and in these articles references to a duly authorised representative of a corporation sole include, in relation to the Solicitor for the affairs of Her Majesty's Treasury, references to a person authorised under that section.

60. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.

61. 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, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the 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.

62. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

63. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.

64. An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and in any common form or in such other form as the directors may approve and shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

65. 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 manner approved by the directors, may be delivered to the office (or to such other place or to such person as may be specified or agreed by the directors) before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to act or, in case of a poll taken subsequently to the date of the meeting or adjourned meeting, before the time appointed for the taking of the poll, and an instrument of proxy which is not so delivered shall be invalid. The directors may at their discretion treat a faxed or other machine made copy of any instrument appointing a proxy as such an instrument for the purpose of this article. An instrument appointing a proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting to which it relates.

66. No member shall, unless the directors otherwise determine, be entitled to be present or to vote, either in person or by proxy, at any general meeting or upon any poll, or to exercise any privilege as a member in relation to meetings of the company in respect of any shares held by him if either -

(1) any calls or other moneys due and payable in respect of those shares remain unpaid after the expiry of the notice period under article 22; or

(2) he or any person appearing to be interested in those shares has been duly served with a notice under section 212 of the Act and he or any such person (a) is in default in supplying to the company the information thereby requested within twenty-eight clear days after service of such notice or such longer period as may be specified in such notice for compliance therewith or in purported compliance with a statutory notice has made a statement which is false or misleading in any material particular and (b) has not remedied such default or corrected such statement within a further period of fourteen clear days after service of a further notice ("the disenfranchisement notice") requiring him so to do and stating that in the event of non-compliance with the disenfranchisement notice with effect from expiry such shares shall no longer confer on him the right to vote at any general meeting of the company.

For the purpose of this article a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the company a notification under the said section 212 which fails to establish the identities of those interested in the shares and if (after taking into account the said notification and any other relevant section 212 notification) the company

knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

The company may at any time withdraw a disenfranchisement notice by serving on the holder of the shares to which the disenfranchisement notice relates a notice in writing to that effect and a disenfranchisement notice shall be deemed to have been withdrawn when the statutory notice has been complied with in respect of all the shares to which the disenfranchisement notice relates.

67. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation or a corporation sole 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 taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

NUMBER OF DIRECTORS

68. Unless otherwise specified by Shareholders' Decision, the number of directors (other than alternate directors) shall not be subject to any maximum but shall be not less than four.

ALTERNATE DIRECTORS

69. 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 remove from office an alternate director so appointed by him.

70. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the company for his services as an alternate director. But it shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom.

71. An alternate director shall cease to be an alternate director if his appointor ceases for any reason to be a director.

72. Any appointment or removal of an alternate director shall be by notice to the company signed by the director making or revoking the appointment or in any other manner approved by the directors.

73. Save as otherwise provided in the 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

74. Subject to the provisions of the Act, the memorandum and the articles and to any directions given from time to time by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company. No alteration of the memorandum or 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 the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

75. The board may exercise all the powers of the company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company and, subject to the Companies Acts, 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.

76. (1) Unless a Shareholders' Decision permits in relation to a particular case or a particular class of case, the directors shall exercise all powers of the company and exercise all powers of control exercisable by the company in relation to its subsidiary undertakings so as to secure (as regards such subsidiary undertakings so far as by such exercise they can secure) compliance with the following conditions -

(a) the aggregate principal amount outstanding at any one time of all temporary borrowings by members of the group (excluding amounts borrowed by any member of the group from any other member of the group) shall not exceed £200,000,000 or such higher limit as is from time to time specified by Shareholders' Decision;

(b) the aggregate principal amount outstanding at any one time of all long term borrowings by members of the group (excluding amounts borrowed by any member of the group from any other member of the group) shall not exceed the limit specified from time to time by Shareholders' Decision and no such long term borrowings shall be undertaken by any member of the group unless and until such limit is set;

(c) there shall be no material change in the nature of the business carried on by the group;

(d) no member of the group shall issue any securities or grant any right to subscribe for any such securities other than pursuant to:-

(i) a direction given under section 71 of the Electricity Act 1989; or

(ii) an application made by a member of the company or any member of the group;

(e) other than pursuant to the scheme made under section 66(1) of the Electricity Act 1989, no member of the group shall acquire or dispose of securities or a right to acquire securities of any body corporate except from or to other members of the group;

(f) no share shall be sold in exercise of the company's lien pursuant to articles 10 to 14 and no call shall be made on or right of forfeiture exercised over any share pursuant to articles 15 to 26; and

(g) that no guarantee or indemnity shall be provided by the Company.

(2) For the purposes of this article-

(a) "the group" means the company and its subsidiary undertakings from time to time and "member of the group" means one of such bodies corporate;

(b) "securities" means shares and debentures and any right to subscribe for or to convert securities into shares or debentures;

(c) "subsidiary undertaking" has the same meaning as in the Companies Act 1989;

(d) in calculating any amount, currencies other than sterling shall be treated as converted into sterling at the middle market rate of exchange prevailing in London at the close of business on the business day immediately preceding the day on which the calculation falls to be made;

(e) without prejudice to the generality of the term "borrowed":-

(i) the principal amount raised by any member of the group by acceptances or under any acceptance credit opened on its behalf by a bank or acceptance house shall be taken into account as money borrowed by that member;

(ii) any fixed amount in respect of a finance lease or hire purchase agreement (being a lease or agreement under which substantially all the risks and rewards of ownership of the asset leased or hired are to be borne by a member of the group) which would be shown as an obligation in an audited consolidated balance sheet of the group prepared in accordance with generally accepted accounting principles shall be taken into account as money borrowed by that member;

(iii) any premium payable on final repayment of an amount to be taken into account as money borrowed shall also be so taken into account; and

(f) "temporary borrowings" means all borrowing which falls properly due or which may, at the lender's discretion, be required to be repaid or whose final repayment is properly due (other, in each case, than by any default or breach by the company of the agreement providing for such borrowing) less than one year after the date of the agreement providing for such borrowing or the date of the first advance of such borrowing, whichever is the earlier; and "long term borrowings" means all borrowing other than temporary borrowings.

(3) No transaction entered into, debt incurred or security given in contravention of the provisions of this article shall be invalid or ineffectual except in the case of express notice to the party to the transaction, lender or recipient of the security at the time when the transaction was entered into, the debt was incurred or the security was given that the provisions of this article were not complied with; but no such person or other person dealing with any member of the group shall be concerned to see or enquire whether such provisions are complied with.

(4) A certificate or report by the auditors of the company as to any amount for the purpose of this article or to the effect that any provision of this article has not been or will not be contravened at any particular time or times or as a result of any particular transaction or transactions shall be conclusive evidence of the amount or of that fact.¹

77. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the company upon such terms (including terms as to remuneration) as they think fit and may delegate to any person so appointed any of the powers vested in or exercisable by them including power to sub-delegate. The directors may remove any person appointed under this article and may revoke or vary such delegation but no person dealing in good faith and without notice of any such revocation or variation shall be affected by it.

DELEGATION OF DIRECTORS' POWERS

78. The directors may delegate any of their powers (with power to sub-delegate) to any committees consisting of such person or persons (whether directors or not) as they think fit. References in these articles to a committee of directors or to a director as a member of such a committee shall include a committee established under this article or such person or persons. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying.

¹This Article was altered pursuant to a special resolution passed on 17th March 1992.

APPOINTMENT OF DIRECTORS

79. The company may by Shareholders' Decision appoint another person in place of a director removed from office under these articles and, without prejudice to the powers of the directors to appoint a director, the company in general meeting may appoint any person to be a director either to fill a casual vacancy or as an additional director.

80. No person shall be appointed or reappointed a director at any general meeting unless -

(1) he is recommended by the directors; or

(2) not less than fourteen nor more than thirty-five clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the company, after consultation with the Chairman of the company, of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so 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.

81. The directors may from time to time appoint any person to any office or employment within the company having a designation or title including the word "director" or attach to any existing office or employment with the company such a designation or title and may at any time determine any such appointment or the use of any such designation or title. The inclusion of the word "director" in the designation or title of any such office or employment with the company shall not imply that the holder thereof is a director of the company nor shall such holder thereby be empowered in any respect to act as a director of the company or be deemed to be a director for any of the purposes of these articles or otherwise.

82. Without prejudice to the powers conferred by any other article, any person may, provided that his appointment has been approved by Shareholders' Decision, be appointed a director by the directors either to fill a vacancy or as an additional director.

83. No shareholding qualification for directors shall be required.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

84. The office of a director shall be vacated if -

(1) 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

(2) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(3) he is, or may be, suffering from mental disorder and either -

(a) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or

(b) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

(4) he resigns his office by notice to the company; or

(5) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

85. The company may by ordinary resolution, of which special notice has been given in accordance with section 379 of the Act, remove any director before the expiration of his period of office notwithstanding anything in these articles or in any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the company.

REMUNERATION OF DIRECTORS

86. The directors shall be entitled to such remuneration as the company may by Shareholders' Decision determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

DIRECTORS' EXPENSES

87. The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or debentures of the company or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

88. (1) Subject to the provisions of the Act and to paragraph (2) below, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the company and may enter into an agreement or arrangement with any director for his employment by the company or for the provision by him of any services outside the scope of the ordinary duties of a director. Subject to paragraph (2) below, any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit (including, without limitation to the generality of the foregoing, by the payment of gratuities or pensions or by insurance or otherwise) and, subject to the terms entered into in any particular case, revoke any such appointment,

agreement or arrangement. Where a director ceases to be a director, his appointment pursuant to a contract of service may continue provided that such continuation is notified to the shareholders of the company for the time being and complies and does not conflict with provisions set out in Shareholders' Decisions issued from time to time.

(2) Prior approval by Shareholders' Decision shall be required to any terms of an agreement or arrangement which deals with pay, pensions, bonus schemes, the term of the agreement or arrangement or the circumstances in which and terms upon which such agreement or arrangement may be terminated.

89. 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 and that the company by Shareholders' Decision does not otherwise direct, a director notwithstanding his office -

(1) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested;

(2) 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

(3) 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.

90. For the purposes of the preceding article -

(1) 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

(2) 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

91. As regards pensions payable to or in respect of its directors, approval by Shareholders' Decision will be required to (a) cause or permit any of the directors to participate in or acquire any pension rights (in the sense of paragraph 5 of Schedule 14 to the Electricity Act 1989) whether under the Electricity Supply Pension Scheme ("the Scheme") or any other scheme which are not available generally to all classes and descriptions of employees of the company who are members of the Scheme and within the scope of regulations made for the purpose

of securing the objective mentioned in paragraph 2(1) of Schedule 14 to the Electricity Act 1989; or (b) exercise any discretion which it may have under the rules of the Scheme or under the rules of any other scheme in respect of any of its directors.

PROCEEDINGS OF DIRECTORS

92. Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Notice of a meeting of the directors shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the company for this purpose, or by any other means authorised in writing by the director concerned. A director absent or intending to be absent from the United Kingdom may request the directors that notices of meetings of the directors shall during his absence be sent in writing to him at an address or to a fax or telex number given by him to the company for this purpose, but if no request is made to the directors it shall not be necessary to give notice of a meeting of the directors to any director who is for the time being absent from the United Kingdom. A director may waive notice of any meeting either prospectively or retrospectively. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

93. The quorum for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.

94. 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.

95. Subject to prior approval by Shareholders' Decision the directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him from that office. The members may by Shareholders' Decision nominate one or more directors as a candidate or candidates for appointment by the directors to the office of chairman of the board of directors. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

96. All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards 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.

97. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

98. A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract (within the meaning of section 317 of the Act) with the company shall declare the nature of his interest at a meeting of the directors in accordance with that section. Subject where applicable to such disclosure, a director shall be entitled to vote in respect of any such contract or proposed contract in which he is interested and if he shall do so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present.

99. Where proposals are under consideration concerning the 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 for another 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.

100. If a question arises at a meeting of directors or of a committee of 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 and his ruling in relation to any director other than himself shall be final and conclusive.

SECRETARY

101. Subject to the provisions of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

MINUTES

102. The directors shall cause minutes to be made in books kept for the purpose-

- (1) of all appointments of officers made by the directors; and
- (2) 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 directors, including the names of the directors present at each such meeting.

THE SEAL

103. The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.²

DIVIDENDS

104. Subject to the provisions of the Act, the company may by Shareholders' Decision declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

105. 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 arrears. 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. Provided 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.

106. Except as otherwise provided by 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. All 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; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

107. A Shareholders' Decision 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 and in particular may issue fractional certificates 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.

²This Article was substituted by a special resolution passed on 12th February 1992.

108. Any dividend or other moneys payable in respect of a share may be paid by cheque 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 shall be made payable to the order of 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 shall be a good discharge to the company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.

109. No dividend or other moneys payable in respect of a share shall bear interest against the company unless otherwise provided by the rights attached to the share.

110. Any dividend which has remained unclaimed for twelve 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.

111. The directors may deduct from any dividend or other moneys payable to any member or in respect of a share all such sums as may be due from him to the company on account of calls or otherwise in relation to shares of the company.

ACCOUNTS

112. No member shall (as such) have any right of inspecting any accounting records or other book or document of the company except as conferred by statute or authorised by the directors or by Shareholders' Decision.

CAPITALISATION OF PROFITS

113. The directors may with the authority of a Shareholders' Decision

(1) 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 the company's share premium account or capital redemption reserve;

(2) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions 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;

(3) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this article in fractions; and

(4) 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 shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

NOTICES

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

115. Any notice or other document may be served on or delivered to any member by the company either personally, or by sending it by post addressed to the member at his registered address or by telex to a number provided by the member for this purpose, or by leaving it at his registered address addressed to the member, or by any other means authorised in writing by the member concerned. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

116. A member present, either in person or by proxy, at any meeting of the company or of the holders of any class of shares in the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

117. 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 duly given to a person from whom he derives his title.

118. Except where otherwise provided, any notice or other document, if sent by post, shall be deemed to have been served or delivered on the day following that on which it was put in the post and, in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post. Any notice or other document left at a registered address otherwise than by post or telexed to it shall be deemed to have been served or delivered on the day it was so left or received by telex. However, any Shareholders' Decision shall only be deemed to have been served or delivered on the day it is received at the company's registered office.

119. A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the articles for the giving of notice to a member, addressed to them by name, or by the title of representatives 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 persons 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.

WINDING UP

120. If the company is wound up, the liquidator may, with the sanction of a Shareholders' Decision and any other sanction required by the Act, 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 liquidators 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 with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

121. Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.