

THE COMPANIES ACT 1985

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**PUBLIC COMPANY LIMITED BY SHARES**

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**MEMORANDUM OF ASSOCIATION**

**Of**

**UNITED UTILITIES WATER PLC \***

(amended with effect from 31 August 2001)

1. The Company's name is "UNITED UTILITIES WATER PLC". \*
2. The Company is to be a public company.
3. The Company's registered office is to be situated in England and Wales.
4. The Company's objects are:
  - (1) To acquire, take over and assume such of the property, rights and liabilities of North West Water Authority as are transferred to and such other interests, rights and liabilities as are created for, the Company by means of a scheme made under the Water Act 1989 and to succeed to, carry on and develop the businesses of that Authority or any part or parts of them.
  - (2) To carry on the business of a water undertaker, whether pursuant to an appointment made under the Water Act 1989 or otherwise, including but not limited to the provision, operation, development, maintenance, improvement and extension of a system of water supply, the abstraction, collection, storage, treatment, distribution and supply of water and the provision, operation, maintenance, improvement and extension of water mains and other pipes.
  - (3) To carry on the business of a sewerage undertaker, whether pursuant to an appointment made under the Water Act 1989 or otherwise, including but not limited to the provision, operation, development, maintenance, improvement and extension of a system of public sewers, the removal, treatment and disposal of waste, sewage, sludge and other

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\* The name of the company was changed from North West Water Limited to United Utilities Water Limited on 2 April 2001, and the company was re-registered as a public limited company on 31 August 2001.

effluent and the provision, operation, emptying, cleansing, maintenance, improvement and extension of sewers and drains.

- (4) To do anything which a water undertaker or sewerage undertaker is empowered or required to do under or by virtue of, or under an appointment made under, the Water Act 1989 or any statutory modification or re-enactment of it, or any other enactment, or which is considered by the Directors to be, expedient for such an undertaker to do or which, in the opinion of the Directors, may facilitate or be conducive to or further or supplement the performance or carrying on of any of the functions or activities of such an undertaker.
- (5) To acquire (whether by grant, concession, purchase, lease or otherwise), establish, develop, exploit, operate and maintain licences, concessions, consents, authorisations, rights and entitlements to abstract, extract, obtain, take, use, store, treat, discharge, dump and dispose of water, sewage, other effluent, sludge, waste and other substances of all kinds and rights and interests of all descriptions in or relating to the same.
- (6) To provide, construct, lay, operate, use, inspect, maintain, improve, enlarge, alter, protect, adopt, connect, disconnect, repair, replace and remove and to carry out works in respect of water mains, sewers, drains, pipes, pipelines and equipment and facilities ancillary to the operation or use of any of them.
- (7) To monitor, inspect, sample, test, analyse, measure and assess the quality, content, wholesomeness, quantity, volume or flow of water, sewage, other effluent and other substances of all kinds and of supplies and discharges of the same and to record, prepare, make available and publish information relating to any such activity.
- (8) To install or locate on any premises, site or place and to operate, use, inspect, read, maintain, repair and replace and remove meters and other devices and equipment for sampling, testing, analysing, measuring and assessing the quality, content, wholesomeness, quantity, volume or flow of water, sewage, other effluent, sludge, waste and other substances of all kinds, and of supplies and discharges of the same.
- (9) To provide, establish, construct, locate, equip, develop, improve, operate, use, manage and maintain abstraction, treatment, distribution, storage and disposal facilities, works and plant, reservoirs, watertowers, tanks, outfalls, weirs, locks, impounding works, filters, boreholes, pumps, pumping stations, hydrants, valves, stopcocks and apparatus associated with any of the same, laboratories, research stations, refineries, factories, warehouses, depots, offices, shops and other buildings, wharves, jetties, terminals, transport facilities, loading facilities, roads, railways, structures, installations and facilities of all kinds, whether for the purpose of the Company or for sale or hire to, or in return for any consideration from, any person and to purchase or

otherwise acquire, lease, charter and take or let on hire any of the same.

- (10) To further the conservation and enhancement of natural beauty and the conservation of flora, fauna and geological and physiographical features of special interest and to have regard to the desirability of protecting and conserving and of maintaining the availability to the public of any facility for visiting or inspecting any building, site or object of archaeological, architectural or historic interest and of preserving for the public any freedom of access to areas of woodland, mountains, moor, heath, down, cliff or foreshore and other places of natural beauty.
- (11) To carry on business as a general commercial company.
- (12) To carry on all or any of the businesses of suppliers, distributors, developers, abstracters, producers, manufacturers, refiners, distillers, processors, treaters, converters, bottlers, packagers, storers, carriers, disposers, incinerators, importers and exporters of, explorers and prospectors for and dealers in all kinds of water (including, but not limited to natural, mineral, spa and bottled water), sewage, other effluent, sludge, waste (including, but not limited to industrial and domestic waste and refuse and debris of every description) and products derived from or connected with any of them.
- (13) To carry on all or any of the businesses of suppliers, distributors, designers, developers, manufacturers, assemblers, installers, fitters, repairers, maintainers, importers and exporters of and dealers in appliances, equipment, fittings, apparatus, goods, machinery, materials and installations connected with the use of water for domestic, industrial, commercial, recreational or other purposes or with the supply, discharge or conservation of water including without limitation, meters and plumbing, bathroom and sanitary equipment, fittings and materials.
- (14) To carry on all or any of the businesses of inspectors, maintainers, repairers, reconditioners, cleaners, clearers, servicers, coaters, designers, developers, manufacturers, constructors, installers, layers, fitters, hirers, letters on hire, suppliers, distributors, importers and exporters of, and dealers in mains, sewers, drains, pipes, pipelines, equipment ancillary to the operation, or use of any of them, installations and facilities of all kinds, tools and machinery of every description, plumbing, engineering and other equipment, plant, components, accessories and supplies of every description.
- (15) 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.

- (16) To carry on all or any of the business of, and provide services associated with plumbers, engineers (including, without limitation, water, sewerage, mechanical, gas, electrical, heating, ventilation, civil construction, chemical and telecommunications engineers), mechanics, technicians, geologists, draughtsmen, designers, surveyors, architects, builders, painters and decorators.
- (17) To carry on all or any of the businesses of suppliers, developers and promoters of recreational, sporting and leisure services, facilities and activities, whether or not connected with the use of water or land associated with water.
- (18) To carry on all or any of the businesses of bankers, financiers, factors, debt collectors, dealers in securities, underwriters, insurers, brokers of any kinds, storage contractors, freight contractors, carriers by land, water and air of freight and passengers, forwarding agents, shipping agents and agents of any other kind.
- (19) To carry on all or any of the businesses of developers of and dealers in property, real or personal, and interests and rights in such property, and of estate agents.
- (20) To carry on all or any of the businesses of running, operating, managing, supplying, servicing, repairing and dealing in:
  - (i) telecommunication systems, systems of other kinds for the conveyance by any means of sounds, visual images and signals; and
  - (ii) data processing and information retrieval systems, computers, computer programs and software, computer bureaux and databases,and services, facilities and equipment ancillary to, or for use in connection with, any of the same.
- (21) To carry on all or any of the businesses of nurserymen, gardeners, landscapers and funeral undertakers.
- (22) To provide and supply laboratory, scientific, biological, bio-chemical, technological, analytical and environmental services of all kinds.
- (23) To carry on all or any of the businesses of suppliers, distributors, manufacturers, producers, processors, importers and exporters of, and dealers in chemicals, pharmaceuticals, fertilisers, compost and foodstuffs.
- (24) To carry on business as investors, researchers and developers, to conduct, promote and commission research and development in

connection with the activities of the Company and its subsidiaries, to establish and maintain research stations, laboratories, workshops, testing and proving grounds, facilities and establishments and installations and to exploit and turn to account the results of any research and development carried out by or for it.

- (25) To invent, design, develop, construct, manufacture, produce, erect, assemble, test, alter, install, maintain, repair, renovate, refurbish, recondition, utilise, operate, manage, purchase, sell, hire, hire out, import, export, supply and otherwise deal in all kinds of equipment, apparatus, plant, machinery, appliances, articles, furniture, things, accessories, components, fittings, tools, materials, substances, products, systems, computers, computer programs and software which are required or are likely to be required by the Company for the purposes of, or in connection with any of its businesses, or by other persons, or which in the opinion of the Directors may be conveniently or advantageously dealt with by the Company in connection or association with any of its objects or the objects of any of its subsidiaries.
- (26) To purchase, charter, lease, take or let on hire, operate, use, employ or turn to account, build, equip, service, repair, maintain, supply and deal in ships and vessels and craft of every description (including, without limitation, submersible craft), hovercraft, motor vehicles, aircraft, airships, railway locomotives, wagons, trucks and any means of transport and parts and accessories of all kinds for any of the same.
- (27) To enter into, carry on and participate in financial transactions and operations of all kinds and to undertake, carry on and execute all kinds of financial, commercial, trading, trust, agency or other operations including, without limitation, acting as agents for the collection, receipt or payment of money.
- (28) To establish, acquire, produce, transmit, broadcast, publish, print and reproduce in any form whatsoever (including, without prejudice to the generality of the foregoing, visual or audible form and forms capable of being used by, in, or in connection with computers), and to buy, sell, supply and otherwise deal in brochures, manuals, journals, periodicals, magazines, newspapers, books, pictures, photographs, stationery and other documents, sound and visual recordings, tapes, films and programmes for radio, television, cinema and other means of communication.
- (29) To carry on any other business or activity which the Directors consider is, or may be capable of being carried on directly or indirectly for the benefit of the Company.
- (30) To acquire by means and hold and deal with any real or personal property or rights whatsoever and, without prejudice to the generality of the foregoing, to purchase, take on lease or in exchange, hire or

otherwise acquire and hold any real property and any estate or interest in such property, including, without limitation any lands, buildings, installations, structures, servitudes, easements, rights, privileges and concessions and to exploit and develop the same.

- (31) To explore for, acquire and exploit natural resources, lands, claims, wells, mines, minerals, mineral, drilling and mining rights, exploration and production rights and interests of all descriptions in or relating to the same.
- (32) To acquire by any means the whole or any part of the assets, and to undertake the whole or any part of the liabilities, of any person carrying on or proposing to carry on any business which the Company is authorised to carry on or which can be carried on in connection with any such business, and to acquire an interest in, amalgamate or enter into any arrangement for sharing profits, or for co-operation, or for mutual assistance, with any such person and to give or accept, for any of the acts or things aforesaid or property acquired, such consideration as the Company thinks fit, including, without limitation, any shares, whether fully or partly paid up, debentures or other securities or rights.
- (33) To apply for and take out, purchase or otherwise acquire any patents, patent rights, inventions, secret processes, designs, copyrights, trade marks, service marks, commercial names and designations, know-how, formulae, licences, concessions and the like (and any interest in any of them) or any exclusive or non-exclusive or limited right to use, or any secret or other information as to, any invention or secret process or any kind and to use, exercise, develop or grant licences in respect of, or otherwise turn to account or deal with the property, rights or information so acquired.
- (34) To subscribe for, underwrite, purchase or otherwise acquire and to hold, and deal with any shares, stocks, debentures, bonds, notes and other securities, obligations and other investments of any nature whatsoever and any options or rights in respect of them; and otherwise to invest and deal with the money and assets of the Company.
- (35) To borrow or raise money or secure or discharge any debt or obligation (whether of the Company or any other person) in such manner as the Company thinks fit and in particular (but without prejudice to the generality of the foregoing) by the creation or issue, upon such terms as to priority or otherwise as the Company thinks fit, of securities of any kind or mortgages or charges (fixed or floating) founded or based upon all or any part of the undertaking, property, assets and rights (present and future) of the Company, including its uncalled capital, or without any such security; and to receive money on deposit and advance payments with or without allowance of interest thereon.

- (36) To enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by both such methods or in any other manner, the performance of any contracts, obligations or commitments of and the repayment or payment of the principal amounts of and any premiums, interest, dividends and other moneys payable on or in respect of any securities or liabilities of any person, including (without prejudice to the generality of the foregoing) any company which is a subsidiary of a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company and whether or not any consideration or advantage is received by the Company.
- (37) To advance, lend or deposit money, and to give credit or financial accommodation to any person on such terms as may be thought fit by the Company.
- (38) To draw, make, accept, endorse, discount, negotiate, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (39) To accept securities of any person or any property or interest therein of whatsoever nature in payment or part payment for any services rendered or for any sale or supply made to, or debt owing from, any such person.
- (40) To insure any property, asset, matter or interest and against any potential liability or loss of the Company or of any other person and the life or health of any person for the benefit of the Company.
- (41) To enter into and carry into effect any arrangement for partnership or joint working or joint venture in business or for the sharing of profits or for amalgamation with any other person.
- (42) To apply for, promote and obtain any Act of Parliament, charter, privilege, concession, licence, appointment, consent, or authorisation of any government, state, municipality, minister, department, local authority or other authority or public body for enabling the Company to carry any of its objects into effect or for extending any of the Company's powers or for effecting any modification of the Company's constitution, or for any other purpose which may seem expedient and to oppose any actions, steps, proceedings or applications which may seem calculated, directly or indirectly, to prejudice the interests of the Company or of its members.
- (43) To enter into any arrangements with any governments or authorities (national, municipal, local, international, or otherwise), or any

corporations, companies, public bodies, or persons that may seem conducive to the Company's objects or any of them, and to obtain from any such government, authority, corporation, company, body or person any charters, contracts, decrees, rights, privileges and concessions which the Company may think desirable, and to carry out, exercise and comply with any such charters, contracts, decrees, rights, privileges and concessions.

(44) To do all or any of the following, namely:

(A) to establish, provide, carry on, maintain, manage, support, purchase and contribute to any pension, superannuation, retirement, redundancy, injury, death benefit or insurance funds, trusts, schemes or policies for the benefit of, and to give or procure the giving of pensions, annuities, allowances, gratuities, donations, emoluments, benefits of any description (whether in kind or otherwise), incentives, bonuses, assistance (whether financial or otherwise) and accommodation in such manner and on such terms as the Company thinks fit to and to make payments for or towards the insurance of:

(i) any individuals who are or were at any time in the employment of, or directors or officers of (or held comparable or equivalent office in), or acted as consultants or advisers or agents for:

(a) the Company or any company which is or was its holding company or is or was a subsidiary of the Company or any such holding company; or

(b) any person to whose business the Company or any subsidiary of the Company is, in whole or in part, a successor directly or indirectly (including without prejudice to the generality of the foregoing North West Water Authority and any subsidiary of it); or

(c) any person otherwise allied to or associated with the Company;

(ii) any other individuals whose service has been of benefit to the Company or who are or were at any time members or eligible to be members, of a scheme established or designated under Section 27 of the Water Act 1973 or contained in or governed by regulations under Section 7 or Section 12 of the Superannuation Act 1972 or who the Company considers have a moral claim on the Company; and



- (iii) the spouses, widows, widowers, families and dependants of any such individuals as aforesaid; and
  - (B) to establish, provide, carry on, maintain, manage, support and provide financial assistance to welfare, sports and social facilities, associations, clubs, funds and institutions which the Company considers likely to benefit or further the interests of any of the aforementioned individuals, spouses, widows, widowers, families and dependants.
- (45) To establish, maintain, manage, support and contribute to any schemes for the acquisition of shares in the Company or its holding company by or for the benefit of any individuals who are or were at any time in the employment of, or directors or officers of:
- (i) the Company;
  - (ii) any company which is or was its holding company or is or was a subsidiary of the Company or any such holding company; or
  - (iii) any other company or former company connected or associated in any way with the Company or which the whole or any part of its undertaking,

and to lend money to any such individuals to enable them to acquire shares in the Company or in its holding company and to establish, maintain, manage and support (financially or otherwise) any schemes for sharing profits of the Company or any other such company as aforesaid with any such individuals.

- (46) To subscribe or contribute (in cash or in kind) to, and to promote or sponsor, any charitable, benevolent 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.
- (47) 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 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.
- (48) To issue, allot and grant options over securities of the Company for cash or otherwise or in payment or part payment for any real or personal property or rights therein purchased or otherwise acquired by the Company or any services rendered to, or at the request of, or for the benefit of, the Company or as security for, or indemnity for, or towards satisfaction of any liability or obligation undertaken or agreed to be undertaken by or for the benefit of the Company, or in consideration of

any obligation (even if valued at less than the nominal value of such securities) or for any other purpose.

- (49) To procure the Company to be registered or recognised in any part of the world.
- (50) To promote any other company for the purpose of acquiring all or any of the property or undertaking any of the liabilities of the Company, or both, or of undertaking any business or operations which may appear likely to assist or benefit the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares, debentures or other securities of any such company.
- (51) To dispose by any means of the whole or any part of the assets of the Company or of any interest therein.
- (52) To distribute in specie or otherwise by way of dividends or bonus or reduction of capital all or any of the property or assets of the Company among its members and particularly, but without prejudice to the generality of the foregoing, securities of any other company formed to take over the whole or any part of the assets or liabilities of the Company or any proceeds of sale or other disposal of any property or assets of the Company.
- (53) To do all or any of the above things in any part of the world, and either as principal, agent, trustee, contractor or otherwise, and either alone or in conjunction with others, and either by or through agents, trustees, sub-contractors or otherwise.
- (54) To do all such other things as may be deemed, or as the Directors consider, incidental to or conducive to the attainment of the above objects or any of them.

AND IT IS HEREBY DECLARED that in this clause:

- (i) unless the context otherwise requires, words in the singular include the plural and vice versa;
- (ii) unless the context otherwise requires, a reference to a person includes a reference to a company, and a reference to a person or 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;
- (iii) references to "other" and "otherwise" shall not be construed ejusdem generis where a wider construction is possible;

- (iv) the words "subsidiary" (except in paragraph (v) below) and "holding company" have the same meaning as in Section 736 of the Companies Act 1985 or any statutory modification or re-enactment of it;
  - (v) 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 Company's share capital is £100 divided into 100 shares of £1 each.\*

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\* By an ordinary resolution of the Company passed on 29<sup>th</sup> August 1989, the share capital of the Company was increased to £50,000 dividend into 50,000 ordinary shares of £1 each

\* By an ordinary resolution of the Company passed on 20<sup>th</sup> November 1989, the share capital of the Company was increased to £650,000,000 dividend into 650,000,000 ordinary shares of £1 each

\* By an ordinary resolution of the Company passed on 13<sup>th</sup> March 1997, the share capital of the Company was increased to £688,537,000 beyond the authorised capital of 650,000,000 by the creation of 38,537,000 preference shares, the rights and privileges of which are detailed in clause 14 of the Company's Articles of Association as adopted on 13<sup>th</sup> March 1997

\* By an ordinary resolution of the Company passed on 31<sup>st</sup> October 1997, the share capital of the Company was increased to £706,837,000, divided into 650,000,000 ordinary shares of £1 each and £56,837,000 preference shares of £1 each

\* By an ordinary resolution of the Company passed on 22<sup>nd</sup> June 1998, the share capital of the Company was increased to £725,137,000, divided into 650,000,000 ordinary shares of £1 each and 75,137,000 preference shares of £1 each

\* By an ordinary resolution of the Company passed on 1<sup>st</sup> October 1998, the share capital of the Company was increased to 855,137,000 divided into 650,000,000 ordinary shares of £1 each, 75,137,000 zero coupon preference shares of £1 each and 130,000,000 7% cumulative redeemable preference shares of £1 each

\* By an ordinary resolution of the Company passed on 16 June 1999, the share capital of the Company was increased to 873,437,000, divided into 650,000,000 ordinary shares of £1 each, 93,437,000 zero coupon preference shares of £1 each and 130,000,000 7% cumulative redeemable preference shares of £1 each.

We, the subscribers to this Memorandum of Association, wish to be formed into a company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names:

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NAMES AND ADDRESSES OF SUBSCRIBERS	Number of Shares	taken	by
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each

Subscriber

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Signed: J Samuels

ONE

JACQUELINE SAMUELS

For and on behalf of  
Legibus Secretaries Limited  
Royex House  
Aldermanbury Square  
London EC2V 7LD

Signed: C Lee

ONE

CHRISTINE ANNE LEE

For and on behalf of  
Legibus Secretaries Limited  
Royex House  
Aldermanbury Square  
London EC2V 7LD

Total shares taken

TWO

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DATED the 16<sup>th</sup> day of March, 1989

WITNESS to all the above signatures:-

Signed: D Ward

DENISE WARD

Royex House  
Aldermanbury Square  
London EC2V 7LD

# **THE COMPANIES ACT 1985**

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## **PUBLIC COMPANY LIMITED BY SHARES**

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### **ARTICLES OF ASSOCIATION**

**of**

### **UNITED UTILITIES WATER PLC \***

(Adopted by special resolution dated 1 October 1998)

1. The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (hereinafter called "Table A") shall apply to the Company save insofar as they are varied or excluded by or are inconsistent with these articles of association (together hereinafter referred to as "these Articles"); and regulation 1 shall so apply as if references to "these regulations" included references to these Articles. Accordingly, in these Articles, "the Act" means the Companies Act 1985, including any statutory modification or re-enactment of it for the time being in force; and any reference in these Articles to a provision of that Act includes a reference to any statutory modification or re-enactment of that provision for the time being in force.
2. Regulations 24, 73 to 80 (inclusive), 94 to 97 (inclusive) and 101 in Table A shall not apply to the Company.
3. Sections 89(1) and 90(1) to (6) (inclusive) of the Act, in their application to allotments by the Company of equity securities, are hereby excluded.
4. The directors may in their absolute discretion, and without giving any reason, decline to register any transfer of any share, whether or not fully paid.
5. A member or members holding a majority in nominal value of the issued ordinary shares in the Company may appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director, and may remove from office any director however appointed. Any such appointment or removal shall be effected by an instrument in writing signed by the member or members concerned, or in the case of a corporate member, signed by one of its

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\* The name of the company was changed from North West Water Limited to United Utilities Water Limited on 2 April 2001, and the company was re-registered as a public limited company on 31 August 2001.

directors on its behalf, and shall take effect on lodgment at the office. The directors may appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

6. The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director and, without prejudice to the provisions of the Act, may by ordinary resolution remove a director from office.
7. The removal of a director under Article 5 or 7 shall be without prejudice to any claim the director may have for breach of any contract of service between him and the Company.
8. No person shall be disqualified from being or becoming a director by reason of his attaining or having attained the age of 70 or any other age.
9. Director who has duly declared his interest (so far as he is required to do) may vote at a meeting of the directors or of a committee of the directors on any resolution concerning a matter in which he is interested, directly or indirectly. If he does, his vote shall be counted; and whether or not he does, his presence at the meeting shall be taken into account in calculating the quorum subject to article 11.
10. A director shall not vote on any resolution of the directors, or of a committee of the directors, concerning any contract, arrangement, or any other proposal to which the Company is or may be a party and in which he is interested by virtue of any other directorship of any other company which is or may be a party to any such contract, arrangement, transaction or proposal. A director who is prohibited from voting on any resolution pursuant to this Article shall not be counted in the quorum in relation to that resolution.
11. The directors may appoint any person (not being a director) to any office of employment having a designation or title including the word "director" or attach to any existing office or employment with the Company such designation or title and may terminate any such appointment or the use of such designation or title. The inclusion of the word "Director" in the designation or title of any such office or employment shall not imply that such person is, or is deemed to be, or is empowered in any respect to act as a director of the Company for any of the purposes of the Act or these Articles.
12. 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, whether autographically or otherwise, and may so determine either generally or in relation to a particular instrument or type of instrument. Unless otherwise determined by the directors:
  - (i) 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 may be applied to any such certificate by any mechanical or other means or may be printed on it; and

- (ii) every other instrument to which the seal is affixed shall be signed by one director and by the secretary or another director.

13. The authorised share capital of the Company is £873,437,000, divided into 650,000,000 ordinary shares of £1 each and 130,000,000 7% cumulative redeemable preference shares of £1 each and 93,437,000 zero coupon preference shares of £1 each.<sup>1</sup>

14. Rights and privileges attached to the zero coupon preference shares:-

(A) With regard to capital, income and voting

- (i) As regards capital

The zero coupon preference shares shall entitle the holders thereof on a winding up, liquidation or other return of capital to shareholders of the Company, subject to the rights of the redeemable preference shareholders but otherwise in priority to the holders of any other class of shares, to repayment of the amount of capital paid up or credited as paid upon the zero coupon preference shares so held.

- (ii) As regards income

The holders of the zero coupon preference shares shall have no entitlement to any dividend declared, paid or made by the Company.

- (iii) As regards voting

The zero coupon preference shares shall not entitle the holders to receive notice of, attend or vote (either in person or by proxy and whether on a poll or show of hands) at any general meeting of the Company unless the business of the general meeting of the Company includes the consideration of a resolution for winding up the Company or for a reduction of capital or any resolution which directly or indirectly would modify, vary or abrogate any right or privilege attached to the zero coupon preference shares in which case the holders thereof shall only be entitled to vote at the relevant meeting in respect of such resolution or resolutions.

In the event of any such resolution being considered the zero coupon preference shareholders shall be entitled to receive notice, attend the meeting, vote, and appoint proxies and corporate representatives in accordance with the provisions

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<sup>1</sup> Article 14 amended by special resolution dated 16 June 1999

elsewhere in these Articles of Association relating to meetings generally.

(iv) Other rights

The zero coupon preference shares shall not confer on the holders thereof any further rights to participate in the profits or assets of the Company or to vote.

(B) Application of surplus assets on a winding up

On a winding up of the Company the surplus assets shall be applied to the following purposes and in the following order of priority:-

- (i) the repayment of capital paid up or credited as paid up on the redeemable preference shares and any arrears or deficiency of the preference dividend due thereon;
- (ii) the repayment of capital paid up or credited as paid up on the zero coupon preference shares; and
- (iii) to the repayment of capital paid up or credited as paid up on the ordinary shares and any surplus assets shall be divided amongst the holders of the ordinary shares in proportion to the number of ordinary shares each held by them respectively.

16. Rights and privileges attached to the redeemable preference shares:-

(A) As regards income

- (i) The redeemable preference shares shall confer on the holders thereof the right to receive, in priority to any payment by way of dividend to the holders of any other class of shares in the capital of the Company a fixed cumulative preferential dividend ("preference dividend") at the rate of 7% per annum (exclusive of any associated tax credit) on the total amount for the time being paid up thereon in respect of each financial year of the Company.

To the extent that there are profits available for distribution for the purposes of the Act (after payment of all dividends accrued and in arrears on the redeemable preference shares in respect of any earlier financial year), on the due date for payment thereof the preference dividend shall ipso facto and without any resolution of the Board or of the Company in general meeting become a debt due from and immediately payable by the Company to the redeemable preference shareholders in respect of each redeemable preference share held by each such shareholder.



- (ii) The preference dividend shall accrue from day to day and be paid half-yearly on 30 September and 31 March in each year (each a "preference dividend payment date") in respect of the half-years ending on 29 September and 30 March respectively out of the profits of the Company available for distribution Provided that the first such payment shall be made on 31 March 1999 and shall be calculated in respect of the period from the date of adoption of these Articles up to and including 30 March 1999.
- (iii) The rate at which the preference dividend is payable shall be a rate per annum compounded with rests on the preference dividend payment dates.

(B) As regards capital

On a return of capital on liquidation or otherwise the assets of the Company available for distribution amongst the members shall be applied, in priority to any payment to the holders of any other class of shares in the capital of the Company in paying to the redeemable preference shareholders:

- (i) first, the total amounts paid up on the redeemable preference shares held ; and
- (ii) secondly, a sum equal to any arrears or deficiency of the preference dividend to be calculated down to the date of return of capital and to be payable irrespective of whether or not such dividend has been declared or earned.

(C) Further participation

The redeemable preference shares shall not confer any further right of participation in the profits or assets of the Company.

(D) As regards redemption

- (i) By not less than 30 days' written notice expiring at any time and served by the Company on the redeemable preference shareholders or by the redeemable preference shareholders on the Company, the Company or, as the case may be, the redeemable preference shareholders may require that the whole or any part of the redeemable preference shares then in issue be redeemed for cash on the date stated in such notice (in each case, a "redemption date").
- (ii) Any redemption of some but not all of the redeemable preference shares shall be made amongst the holders thereof pro rata or as nearly as possible to their then holdings of redeemable preference shares.

- (iii) Upon the redemption date the paid-up value of each redeemable preference share to be redeemed and any preference dividend due thereon (whether declared or earned or not ("the redemption monies")) shall become a debt due and payable by the Company to the relevant redeemable preference shareholder and subject to receipt of the relevant share certificates (or an indemnity in respect thereof in a form reasonably satisfactory to the Company) the Company shall forthwith upon the redemption date pay the redemption monies to the appropriate redeemable preference shareholder.
- (iv) On redemption, the Company shall cancel the share certificate of the redeemable preference shareholder concerned and, in the case of a redemption of part of the redeemable preference shares included in the certificate, without charge issue a fresh certificate for the balance of redeemable preference shares not redeemed.
- (v) As from the relevant redemption date, the preference dividend shall cease to accrue on any redeemable preference shares due to be redeemed on that date unless on the presentation of the certificate (or an indemnity as aforesaid) relating thereto the Company fails to make payment of the redemption monies in which case the preference dividend shall be deemed to have continued and shall continue to accrue from the relevant redemption date to the date of payment.
- (vi) Any redeemable preference shares in issue on 1<sup>st</sup> October 2099 shall be redeemed by the Company for cash by not less than 30 days' written notice expiring at any time thereafter served on the redeemable preference shareholders and the provisions of articles 16(D)(iii), (iv) and (v) shall apply mutatis mutandis.

(E) As regard voting

The redeemable preference shares shall not entitle the holders to receive notice of, attend or vote (either in person or by proxy and whether on a poll or show of hands) at any general meeting of the Company unless the business of the general meeting of the Company includes the consideration of a resolution for winding up the Company or for a reduction of capital or any resolution which directly or indirectly would modify, vary or abrogate any right or privilege attached to the redeemable preference shares in which case the holders thereof shall only be entitled to vote at the relevant meeting in respect of such resolution or resolutions.

In the event of any such resolution being considered the redeemable preference shareholders shall be entitled to receive notice, attend the meeting, vote, and appoint proxies and corporate representatives in accordance with the provisions elsewhere in these Articles of Association relating to meetings generally.

We, the subscribers, wish to be formed into a company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names:

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NAMES AND ADDRESSES OF SUBSCRIBERS

Number of Shares  
taken by each  
Subscriber

---

Signed: J Samuels

ONE

JACQUELINE SAMUELS

For and on behalf of  
Legibus Secretaries Limited  
Royex House  
Aldermanbury Square  
London EC2V 7LD

Signed: C Lee

ONE

CHRISTINE ANNE LEE

For and on behalf of  
Legibus Secretaries Limited  
Royex House  
Aldermanbury Square  
London EC2V 7LD

Total shares taken

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TWO

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DATED the 16<sup>th</sup> day of March, 1989

WITNESS to all the above signatures:-

Signed: D Ward

DENISE WARD

Royex House  
Aldermanbury Square  
London EC2V 7LD