

Company Number: 2662742

**THE COMPANIES ACTS 1985 to 1989**

**COMPANY LIMITED BY SHARES**

**RESOLUTIONS**

**of**

**SOUTH STAFFORDSHIRE WATER PLC**

At an Extraordinary General Meeting of the Company held at Green Lane,  
Walsall, WS2 7PD on 15 July 2002 the following Resolution was duly passed:

**SPECIAL RESOLUTION**

THAT the Articles of Association of the Company be altered by substituting for  
the existing Article 112 the following Article:

"The Board may exercise all the powers of the Company to borrow money  
and to mortgage or charge its undertaking, property and uncalled capital,  
or any part thereof, and to issue debentures and other securities."



By Order of the Board

A handwritten signature in black ink, appearing to read "A P Page". The signature is fluid and cursive.

A P Page

Company Secretary

Registered Office:  
Green Lane  
Walsall  
West Midlands  
WS2 7PD

Date: 15 July 2002



26.7.02 13

The Water Act 1989  
and  
The Companies Acts 1985 to 1989

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

SOUTH STAFFORDSHIRE WATER PLC

(Adopted by proposals set out in a Special Resolution passed on 12th September 1991 approved by Order of the Secretary of State and amended by a Special Resolution passed on 15 July 2002)

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PRELIMINARY

1. The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (S.I. 1985 No. 805) as amended by the Company's (Tables A to F) Regulations 1985 (S.I. 1985 No. 1052) shall not apply to the Company. The regulations applicable to the Company under any former enactment relating to companies shall not apply.
2. In these Articles (if not inconsistent with the subject or context) the words and expressions set out in the first column below bear the meaning set opposite to them:

Act	The Companies Act 1985.
1989 Act	The Companies Act 1989.
Statutes	The Act, the 1989 Act and the Water Act 1989 together with every other Statute for the time being in force concerning companies and affecting the Company.
these Articles	These Articles of Association as for the time being altered.
Directors	The Directors for the time being of the Company.
Board	The board of Directors or the Directors present at a duly convened meeting of the Directors at which a quorum is present, or a duly authorised and constituted committee of the Directors.
Office	The registered office of the Company for the time being.
Transfer Office	The place where the Register of Members is situate for the time being.
Seal	The Common Seal of the Company.
Securities Seal	An official seal kept by the Company by virtue of Section 40 of the Act.
London Stock Exchange	The International Stock Exchange of the United Kingdom and the

Republic of Ireland Limited.

The United Kingdom  
Month

Great Britain and Northern Ireland.  
Calendar month.

Year

Calendar year.

Managing Director

Any person appointed as Managing Director or Chief Executive or like position under whatever title.

Auditors

The auditors for the time being of the Company.

In writing

Written or produced by any substitute for writing or partly one and partly another.

Paid

Paid or credited as paid.

The expressions "debenture" and "debenture holder" respectively include "debenture stock" and "debenture stockholder".

The expression "Employee Share Scheme" bears the meaning ascribed thereto by section 743 of the Act.

The expression "Secretary" includes any person appointed by the Directors to perform any of the duties of the Secretary including a joint, assistant or deputy Secretary.

The expression "Stock Exchange Nominee" bears the meaning ascribed thereto by Section 185 of the Act.

All provisions of these Articles which are applicable to paid-up shares also apply to stock, and the words "share" and "shareholder" shall be construed accordingly.

Words denoting the singular include the plural and vice versa. Words denoting the masculine include the feminine and neuter. Words denoting persons include corporations.

References to any statute or statutory provision shall be construed as relating to any statutory modification or re-enactment thereof for the time being in force.

Subject as aforesaid any words or expressions defined in the Act shall (if not inconsistent with the subject or context) bear the same meanings in these Articles.

A Special or Extraordinary Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Articles.

#### SHARE CAPITAL

3. (A) The share capital of the Company at the date of the adoption of these Articles of Association is £10,000,000 divided into 8,800,000 Ordinary Shares of £1 each and 1,200,000 Cumulative Redeemable Preference shares of £1 each.

- (B) The rights attaching to the respective classes of shares shall be as follows:

(1) Income

The profits of the Company which the Directors shall determine are available for distribution in respect of any financial year shall be applied as follows:

- (a) First, in paying to the holders of the Cumulative Redeemable Preference Shares a fixed cumulative preferential dividend ("the Preference Dividend") at the rate of 9 per

cent per annum (exclusive of the amount of any tax credit), such rate being payable on the amounts paid up or credited as paid up on each such share. The dividend shall be payable half-yearly in equal amounts on 2nd January and 1st July in each year (or, in the event of any such date being a Saturday or Sunday or a day which is a public holiday in England, on the next day which is not such a day) or, in the case of redemption on a date other than such dates, on the date of redemption, in each case in respect of the half year ending on 31st December and 30th June respectively, and shall be calculated on a day-to-day basis and on a basis of a year of 365 days Provided always that the first such dividend in respect of each Cumulative Redeemable Preference Share which is issued shall be paid on the fixed dividend date next succeeding the date of allotment thereof (or such other fixed dividend date as the Board may determine) and shall be made on a pro rata basis in respect of the period from such date as the Board may determine to such fixed dividend date. Payments of the Preference Dividend shall be made to holders on the register at any date selected by the Board up to 42 days prior to the relevant fixed dividend date. For the avoidance of doubt, the Cumulative Redeemable Preference Shares shall not confer on the holders thereof any further or other right of participation in the profits of the Company.

- (b) Secondly, the balance of such profits shall be distributed among the holders of the Ordinary Shares according to the amounts paid or credited as paid up on the Ordinary Shares

held by them respectively.

(c) No dividend shall be declared or paid to the holders of Ordinary Shares in respect of any financial year of the Company unless and until:

(i) the Preference Dividend has been paid in full in respect of that financial year and in respect of all previous financial years of the Company; and

(ii) all Cumulative Redeemable Preference Shares falling due for redemption in that financial year and all previous financial years have been duly redeemed and the redemption monies paid in full to the persons entitled thereto.

(2) Capital

On a return of capital on liquidation or otherwise (except on the redemption of shares of any class or the purchase by the Company of its own shares) the surplus assets of the Company remaining after the payment of its liabilities shall be applied:

(a) first, in paying to the holders of the Cumulative Redeemable Preference Shares an amount per share equal to the subscription price per share paid or credited as paid thereon (including any premium) together with a sum equal to any arrears, deficiency or accruals of the Preference Dividend to be calculated down to and including the date of commencement of the winding up (in the case of a winding up) or the date of the return

of capital (in any other case) and to be payable irrespective of whether such dividends have been declared or earned or not and for the avoidance of doubt the Cumulative Redeemable Preference Shares shall not confer on the holders thereof any further or other right of participation in the assets of the Company; and

- (b) the balance of such assets shall belong to and be distributed amongst the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on the Ordinary Shares held by them respectively.

(3) Redemption of Cumulative Redeemable Preference Shares

- (a) Subject to the Statutes, the Cumulative Redeemable Preference Shares for the time being issued and outstanding shall be redeemed at par on 1st July 2000 (or so soon thereafter as the provisions of the Statutes can be complied with) or, as to the whole or any part of such shares, at the option of the Company at par on 1st July 1998 or at any time thereafter, in each case by the Company giving to the holders thereof not less than 3 months' prior notice in writing of the date ("the Redemption Date") when redemption is to be effected.
- (b) Any notice given under paragraph (a) above shall specify the Redemption Date and the place at which the certificates for such Cumulative Redeemable Preference Shares are to be presented for redemption and upon such

Redemption Date the Company shall redeem the Cumulative Redeemable Preference Shares and each of the holders of such shares shall be bound to deliver to the Company at such place the certificates for such Cumulative Redeemable Preference Shares concerned as are held by him. Upon such delivery the Company shall pay to such holder the amount due to him in respect of such redemption. If any certificate so delivered includes any Cumulative Redeemable Preference Shares not redeemable at that time the Company shall issue a fresh certificate for the balance of such shares not redeemable to the holder.

- (c) The Company shall pay on each of the Cumulative Redeemable Preference Shares so redeemed the sum of £1.00 together with a sum equal to any arrears, deficiency or accruals of the Preference Dividend thereon calculated down to and including the date of redemption whether such dividends have been declared or earned or not.
- (d) As from the Redemption Date in the case of any redemption pursuant to this Article 3(B)(3) the Preference Dividend shall cease to accrue on the Cumulative Redeemable Preference shares due for redemption except on any such shares in respect of which, upon due presentation of the certificate relating thereto, payment of the money due at such redemption shall be refused, in which case dividends shall be deemed to have continued and shall continue to accrue from the Redemption Date until the date of payment.

(e) The receipt of the registered holder for the time being of any Cumulative Redeemable Preference Shares or, in the case of joint registered holders, the receipt of any of them for the moneys payable on redemption thereof shall constitute an absolute discharge to the Company in respect thereof.

(4) Voting

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these presents on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative or proxy not being himself a member shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share and Cumulative Redeemable Preference Share of which he is the holder.

VARIATION OF RIGHTS

4. Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall

mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (but that at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

5. The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided in the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

#### ALTERATION OF SHARE CAPITAL

6. The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares shall be subject to the provisions of the Statutes and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.
87. The Company may by Ordinary Resolution:
  - (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

- (b) Cancel any 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 capital by the amount of the shares so cancelled;
- (c) Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.
8. Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares. Purchases or contracts for the purchase of, or under which the Company may become entitled or obliged to purchase, shares in the Company shall be authorised by such resolution of the Company as may be required by the Statutes. Neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.
9. The Company may reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner and with and subject to any consent required by law.

## SHARES

10. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Board may determine) and subject to the provisions of the Statutes the Company may issue any shares which are, or at the option of the Company or the holder are liable, to be redeemed.
11. Subject to the provisions of the Statutes and of any resolution of the Company in general meeting passed pursuant thereto, and subject to Article 12 of these Articles all unissued shares shall be at the disposal of the Board who shall have power to allot (with or without conferring a right of renunciation), grant options over, issue warrants to subscribe or otherwise deal with or dispose of all unissued shares in the capital of the Company to such persons for such consideration and generally upon such terms and conditions and at such times as they may determine.
12. (A) Subject to the provisions of the Statutes, the Board is hereby generally and unconditionally authorised for the purpose of Section 80 of the Act to exercise for each prescribed period all the powers of the Company to allot relevant securities up to an aggregate nominal amount equal to the Section 80 Amount.  
  
(B) Pursuant to and within the terms of the said authority the Board is hereby empowered during each prescribed period to allot equity securities wholly for cash:

- (a) in connection with a rights issue; and
- (b) otherwise than in connection with a rights issue or under an Employee Share Scheme up to an aggregate nominal amount equal to the Section 89 Amount

as if Section 89(1) of the Act did not apply to any such allotment.

(C) During each prescribed period, the Company and the Board by such authority and power may make offers or agreements which would or might require equity securities or other relevant securities to be allotted after the expiry of such period.

(D) For the purposes of this Article 12:

- (a) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory);
- (b) "prescribed period" means any period (not exceeding 15 months on any occasion) for which the authority conferred in the case of sub-paragraph 12(A) is renewed by ordinary or special resolution stating the Section 80 Amount, and the power conferred in the case of sub-paragraph 12(B) is renewed by special resolution stating the Section

89 Amounts;

- (c) "the Section 80 Amount" shall for any prescribed period be that stated in the relevant ordinary or special resolution;
  - (d) "the Section 89 Amount" shall for any prescribed period be that stated in the relevant special resolution;
  - (e) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or to convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights; and
  - (f) words and expressions defined or for the purposes of Part V of the Act shall bear the same meaning as herein.
13. The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted. The Company may also on any issue of shares pay such brokerage as may be lawful.
14. The Directors may at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.
15. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial

interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder.

#### SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal (or under a Securities Seal or, in the case of shares on a branch register, an official seal for use in the relevant territory) and shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class. No certificate shall normally be issued in respect of shares held by a Stock Exchange Nominee where the Company is not required by law to issue a certificate.
17. In the case of a share held jointly by several persons the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of joint holders shall be sufficient delivery to all.
18. Any person (subject as aforesaid) whose name is entered in the Register of Members in respect of any shares of any one class upon the issue or transfer thereof shall be entitled without payment to a certificate therefor (in the case of issue) within one month (or such longer period as the terms of issue shall provide) after allotment or (in the case of a transfer of fully-paid share) within fourteen days after lodgment of a transfer or (in the case of a transfer of partly-paid shares) within two months after lodgment of a transfer.
19. Where some only of the shares comprised in a share certificate are transferred the old certificate shall be cancelled and a new certificate for the balance of such

shares issued in lieu without charge.

20. (A) Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.

(B) If any member shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request.

(C) If a share certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the holder upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and payment of any exceptional out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

(D) In the case of shares held jointly by several persons any such request may be made by any one of the joint holders.

### CALLS ON SHARES

21. The Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable by instalments.
22. Each member shall (subject to receiving at least fourteen days notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Board may determine.
23. If a sum called in respect of a share is not paid on or before the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 17 per cent. per annum) as the Board may determine but the Board shall be at liberty in any case or cases to waive payment of such interest wholly or in part.
24. Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call

duly made and notified.

25. The Board may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
26. The Board may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding 17 per cent. per annum) as the member paying such sum and the Board may agree.

#### FORFEITURE AND LIEN

27. If a member fails to pay in full any call or instalment of a call on its due date for payment, the Board may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.
28. The notice shall name a further day (not being less than seven days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.
29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all

calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Board may accept a surrender of any share liable to be forfeited hereunder.

30. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Board thinks fit: and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Board thinks fit subject to the Statutes. The Board may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such other person as aforesaid.
31. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at 17 per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Board may at its absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.
32. 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) called or payable at a fixed time in respect of such share and, subject to the Statutes, the Company shall also have a first and paramount lien on every

share (not being a fully-paid share) standing registered in the name of a single member for all the debts and liabilities of such member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member and whether the period for the payment or discharge of the same shall have actually arrived or not and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether a member of the Company or not. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.

33. The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereby by reason of his death or bankruptcy.
34. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities in respect whereof the lien exists so far as the same are then payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For the purpose of giving effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser.
35. A statutory declaration that the declarant is a Director or

the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

#### TRANSFER OF SHARES

36. All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
37. The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine and either generally or in respect of any class of shares. The Register of Members shall not be closed for more than thirty days in any year.

38. The Board may in its absolute discretion and without assigning any reason therefor decline to register any transfer of shares (not being fully-paid shares). The Directors may also refuse to register a transfer of shares (whether fully paid or not) in favour of more than four persons jointly.
39. No transfer of any share shall be made to a minor, bankrupt or to a person who is mentally disordered or a patient for any purpose of any statute relating to mental health.
40. The Board may decline to register any transfer unless the instrument of transfer is in respect of only one class of share and is lodged at the Transfer Office accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). In the case of a transfer by a Stock Exchange Nominee the lodgment of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question.
41. If the Board declines to register a transfer pursuant to either of Articles 38 to 40 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.
42. All instruments of transfer which are registered may be retained by the Company.
43. No fee will be charged by the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or

otherwise for making an entry in the Register of Members affecting the title to any shares.

44. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company but so that:

- (a) The provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) Nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article;
- (c) References herein to the destruction of any document include references to the disposal thereof in any

manner.

#### TRANSMISSION OF SHARES

45. In case of the death of a shareholder, the survivor or survivors where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
46. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may (subject as hereinafter provided) upon supplying to the Company such evidence as the Board may reasonably require to show his title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these Articles relating to the right of transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed by such member.
47. Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a share in consequence of the death or bankruptcy of a member (upon supplying to the Company such evidence as the Board may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Board)

to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in respect of the share.

CONVERSION OF SHARES INTO STOCK

48. (A) The Company may, from time to time, by ordinary resolution convert all or any of its fully paid up (or credited as paid up) shares into stock and may from time to time, in like manner, re-convert any such stock into fully paid up (or credited as paid up) shares of any denomination. No such conversion shall affect or prejudice any preference or other special privilege.
- (B) When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein, or any part of such interest, in such manner as the Company by ordinary resolution shall direct, but in default of any such direction in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances will admit. But the Board may from time to time fix the minimum amount of stock transferrable, and restrict or forbid the transfer of fractions of that minimum, provided that the minimum shall not exceed the nominal amount of the shares from which the stock arose, and may prescribe that the stock is to be divided and transferrable in units of corresponding amounts.
- (C) The several holders of stock shall be entitled to participate in the dividends, profits and assets of the Company according to the amount of their respective interests in such stock, and such interest, shall in proportion to the amount thereof, confer on the holders

thereof respectively the same privileges and advantages for the purpose of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such aliquot part of stock as would not, if existing in shares, have conferred such privileges or advantages.

#### SHARE WARRANTS

49. (A) The Company with respect to its fully paid up (or credited as fully paid up) shares may issue warrants (hereinafter called "Share Warrants") stating that the bearer is entitled to the shares therein specified, and may provide by coupons or otherwise for the payment of future dividends or other monies or for the exercise of rights on or in respect of the shares included in such warrants.
- (B) The Board may determine and from time to time vary the conditions upon which Share Warrants shall be issued and upon which a new Share Warrant or coupon shall be issued in place of one worn out, defaced or destroyed, but no new Share Warrant or coupon shall be issued to replace one that has been lost unless the Board are satisfied beyond reasonable doubt that the original has been destroyed.
- (C) The Board may also determine and from time to time vary the conditions upon which the bearer of a Share Warrant shall be entitled to receive notices of and attend and vote at general meetings or to join in requisitioning general meetings, and upon which a Share Warrant may be surrendered and the name of the holder entered into the register in respect of the shares

therein specified.

- (D) A Share Warrant shall entitle the bearer thereof to the shares included in it, and such shares may be transferred by the delivery of the Share Warrant, and the provisions of these articles with respect to the issue of certificates for all the transfer and transmission of shares shall not apply to shares for which Share Warrants have been issued.
- (E) The holder of a Share Warrant shall hold such warrant subject to the conditions for the time being in force with regard to Share Warrants whether made before or after the issue of such Warrants.
- (F) The Company shall comply with the provisions of the Statutes with respect to the details required to be maintained in respect of the issue of Share Warrants.

UNTRACED SHAREHOLDERS

- 50. (A) The Company shall be entitled to sell at the best price reasonably obtainable at the time of sale the shares of a member or the shares to which a person is entitled by transmission on death or bankruptcy if and provided that:
  - (i) for a period of twelve years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the Member or to the person entitled by transmission to the share or stock at his address on the Register or other the last known address given by the Member or the person entitled by transmission has been cashed and no communication has been received by the Company from the Member or the person entitled by transmission provided that in any such period of

twelve years to which cheques and warrants are to be sent the Company has paid at least three dividends whether interim or final and no such dividend has been claimed; and

(ii) the Company has at the expiration of the said period of twelve years by advertisement in both a leading London daily newspaper and in a newspaper circulating in the area in which the address referred to in paragraph (i) of this Article is located given notice of its intention to sell such share or stock; and

(iii) the Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Member or person entitled by transmission; and

(iv) the Company has first given notice in writing to the Quotations Department of the London Stock Exchange of its intention to sell such shares or stock.

(B) To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of such share or stock and such instrument of transfer shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such share or stock. The Company shall account to the Member or other person entitled to such share or stock for the net proceeds of such sale by carrying all monies in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such Member or other person. Monies carried to such separate

account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company if any) as the Board may from time to time think fit.

#### GENERAL MEETINGS

51. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Board. All other General Meetings shall be called Extraordinary General Meetings.
52. The Board may whenever it thinks fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.
53. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any Director or, if there is no Director within the United Kingdom, any two members of the Company, may convene an extraordinary general meeting in the same manner as nearly possible as that in which meetings may be convened by the Directors.
54. 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 may consist of several instruments in the like form and executed by or on behalf of one or more members.

### NOTICE OF GENERAL MEETINGS

55. An Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereinafter mentioned to all members other than such as are not under the provisions of these Articles entitled to receive such notices from the Company: Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving the right.

Provided also that the accidental omission to give notice to or non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

56. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or

proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

57. Every notice calling a General Meeting shall specify the general nature of the business to be transacted; and if any resolution is to be proposed as an Extraordinary Resolution or as a Special Resolution, the notice shall contain a statement to that effect.

#### PROCEEDINGS AT GENERAL MEETINGS

58. The Chairman of the Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Board present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.
59. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.
60. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such other day and such time and place as may have been specified for the purpose in the notice convening

the meeting or (if not so specified) as the chairman of the meeting may determine and in the latter case not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. At the adjourned meeting any two members present in person or by proxy shall be a quorum.

61. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Board. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
62. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
63. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special or Extraordinary Resolution no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
64. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show

of hands) demanded by:

- (a) the chairman of the meeting; or
- (b) not less than three members present in person or by proxy and entitled to vote; or
- (c) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) a member or members present in person or by proxy and holding shares in the Company 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.

65. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

66. In the case of an equality of votes, whether on a show of

hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.

67. A poll demanded on the choice of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

#### VOTES OF MEMBERS

68. Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.
69. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which names stand in the Register of Members in respect of the share.
70. Where in England or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Board may in its absolute discretion, upon or subject to

production of such evidence of the appointment as the Board may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.

71. (A) The Board may by notice in writing (in this Article called a "Disclosure Notice") require any member or other person appearing to be interested or appearing to have been interested in any shares of the Company to disclose to the Company in writing such information as the Board shall, pursuant to any provision of the Statutes, be entitled to require relating to the ownership of or interests in the shares in question and, in the event of such a failure to comply with a Disclosure Notice as is referred to in paragraph (C) of this Article, the Board may, without prejudice to any other rights and remedies available to the Company in respect of such non-compliance, impose any or all of the sanctions set out in paragraph (D) of this Article.
- (B) The Board may cause a Disclosure Notice to be given pursuant to paragraph (A) of this Article at any time and more than one such notice may be given to the same member or other person in respect of the same shares.
- (C) Where a member or other person on whom a Disclosure Notice has been served has not supplied to the Company the information thereby required in respect of any shares (in this Article called the "Relevant Shares") the Board may impose sanctions on the registered holder of the Relevant Shares (the "Relevant Member") in accordance with paragraph (D) of this Article in the following cases:
- (a) if the Relevant Shares represent not less than

0.25% in number of the issued shares of any class of the Company and a period of 14 days has elapsed from the date of service or deemed service of the Disclosure Notice; or

(b) in any other case if a period of 28 days has elapsed from the date of service or deemed service of the Disclosure Notice.

(D) Where, pursuant to the provisions of this Article, the Board may impose sanctions such sanctions may include all or any of the following:

(a) In a case falling within paragraph (C)(b) of this Article:

(1) provision that in respect of the Relevant Shares the Relevant Member shall have no right to attend or vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of any class or to exercise any other right in relation to any meeting of the Company or any class of shareholders thereof;

(2) provision that in respect of the Relevant Shares the Relevant Member shall have no right to receive any dividend until the sanctions have ceased to apply; and

(3) provision that the Board may decline to register any transfer of the Relevant Shares other than a transfer made in respect of a dealing (not being a put-through) on a recognised investment exchange (as defined in the Financial Services Act 1986) or other recognised market on which securities of the

same class as the Relevant Shares are regularly traded or in respect of an acceptance of a take-over offer which complies with the City Code on Take-overs and Mergers; and

- (b) in a case falling within paragraph (C)(a) of this Article the sanctions referred to in sub-paragraph (a)(1) above.

The Board shall have no obligation to impose any sanctions pursuant to this Article and any imposition of sanctions may, subject to the provisions of this Article, be made on such terms and subject to such conditions as the Board may think fit. Notice in writing of the imposition of any sanctions pursuant to this Article shall be given to the registered holder of the Relevant Shares and to any other person whose failure to comply with a Disclosure Notice was taken into account by the Board in determining to impose such sanctions, but the non-receipt of such notice by any person entitled thereto shall not invalidate the sanctions.

- (E) Any sanctions imposed pursuant to this Article shall cease to apply to any relevant Member in the event of:
  - (a) a determination of the Board to that effect; or
  - (b) a disposal of the Relevant Shares by a dealing (not being a put-through) on a relevant investment exchange (as defined in the Financial Services Act 1986) or other recognised market on which securities of the same class as the Relevant Shares are regularly traded or pursuant to an acceptance of a take-over offer complying with the City Code on Take-overs and Mergers.

Where the Company has withheld payment of any dividend in respect of any Relevant Shares pursuant to sanctions imposed in accordance with paragraph (D)(a)(2) of this Article, such dividend shall be paid to the member who would but for such sanctions have been entitled thereto not later than 14 days after the sanctions shall have ceased to apply, but the Company shall not be obliged to account for any interest thereon whether or not such interest has been earned.

(F) Where any securities are issued pursuant to any rights issue or capitalisation issue in right of any Relevant Shares, the Board may determine that the Relevant Member is subject to sanctions in respect of such securities as if those securities were Relevant Shares.

(G) In the event of any conflict between the provisions of this Article and any other Article, the provisions of this Article shall prevail.

72. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

73. On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

74. A proxy need not be a member of the Company.

75. An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Board may approve and:

- (a) in the case of an individual shall be signed by the appointor or his attorney; and
- (b) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
76. The signature on an instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument may be treated as invalid.
77. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of notice or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Transfer Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well as for any adjournment of the meeting as for the meeting to which it relates. Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.
78. A vote given or poll demanded by proxy or by the duly

authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

#### CORPORATIONS ACTING BY REPRESENTATIVES

79. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

#### DIRECTORS

80. Unless otherwise determined by ordinary resolution, the number of Directors (other than alternate directors) shall not be subject to any maximum but shall be not less than two.
81. A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

82. Each of the Directors as may from time to time be determined by the Board shall be paid a fee at such rate as the Board shall determine provided that the aggregate of such fees shall not in any year exceed £100,000 or such other sum as shall be determined by the Company in general meeting.
83. Any Director who holds any executive office (including for this purpose the office of Chairman or Deputy Chairman whether or not such office is held in an executive capacity), or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Board may determine.
84. The Board may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.
85. The Board shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (and to any person in respect of) any Director or ex-Director and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.
86. Subject to the provisions of the Act, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office:
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;

- (b) may be 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
- (c) 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.

87. For the purposes of Article 86:

- (a) a general notice given to the Board 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
- (b) 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.

88. (A) The Board may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of Chairman or Deputy Chairman) on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

- (B) The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Managing Director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (C) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (D) A Managing Director shall not be subject to retirement by rotation.

89. The Directors may entrust to and confer upon any Director holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

#### APPOINTMENT AND RETIREMENT OF DIRECTORS

90. The Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Without prejudice thereto the Directors shall have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with these Articles. Any person so appointed by the Directors shall

hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

91. The Company may in accordance with and subject to the provisions of the Statutes by Ordinary Resolution of which special notice has been given remove any Director from office (notwithstanding any provision of these Articles or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of such agreement) and appoint another person in place of a Director so removed from office and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy.

92. The office of a Director shall be vacated in any of the following events, namely:

- (a) If he ceases to be a Director by virtue of any provision in the Statutes or he otherwise shall become prohibited by law from acting as a Director;
- (b) If he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Board shall resolve to accept such offer;
- (c) If he shall become bankrupt or shall compound with his creditors generally;
- (d) If in England or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the

ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;

(e) If he shall for more than six consecutive months have been absent without permission of the Board from meetings of Directors held during that period and the Board resolve that his office be vacated;

(f) If he shall be removed from office by notice in writing served upon him signed by all his co-Directors, but so that:

(i) this power shall not be exercisable at any time when the number of Directors holding office is less than six; and

(ii) if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

93. Subject to Article 88(D) at each Annual General Meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation.

94. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who shall

have been longest in office since their last re-election or appointment and so that as between persons who become or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

95. The Company at the meeting at which a Director retires under any provision of these Articles may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases:

- (a) Where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost;
- (b) Where such Director has given notice in writing to the Company that he is unwilling to be re-elected;
- (c) Where the default is due to moving of a resolution in contravention of the next following Article;
- (d) Where such Director has attained any retiring age applicable to him as Director.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the Meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

96. A resolution for the appointment of two or more persons as

Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void.

97. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any General Meeting unless not less than seven nor more than forty-two days (inclusive of the date on which the notice was given) before the date appointed for the meeting there shall have been lodged at the Office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

#### ALTERNATE DIRECTORS

98. (A) Any Director may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Board, appoint any person (including another Director) to be his alternate Director and may in like manner any time terminate such appointment. Such appointment, unless previously approved by the Board, shall have effect only upon and subject to being so approved.
- (B) The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if his appointor ceases to be a Director.
- (C) An alternate Director shall (except when absent from the United Kingdom) be entitled to receive notices of

meetings of the Board and shall be entitled to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he (instead of his appointor) were a Director. If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill health or disability his signature to any resolution in writing of the Board shall be as effective as the signature of his appointor.

- (D) An alternate Director shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- (E) Save as otherwise provided in these Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.

#### MEETINGS AND PROCEEDINGS OF DIRECTORS

99. Subject to the provisions of these Articles the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors. Notice of any meeting of the Directors may be given by telephone, facsimile or telex. It shall not be necessary to give notice of a meeting of the Directors (or any

committee of the Directors) to any Director (or, as the case may be, any member of such committee) who is for the time being absent from the United Kingdom unless such Director or member has provided the Company with an address or telephone number to which notice is to be given. Any Director may waive notice of any meeting other than one to be held by telephone or other telecommunications link and any such waiver may be retroactive.

100. A Director or a member of a committee of the Directors shall be treated as present at a meeting of the Directors or such committee notwithstanding that he is not physically present if he is in communication with the meeting by telephone or other telecommunications link. The quorum necessary for the transaction of business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number shall be two. A Director or member of a committee who is in communication by telephone or other telecommunications link for the purposes of a meeting of the Directors or such committee shall be counted as part of the quorum for such meeting. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

101. Meetings of the Directors (and of any committee of the Directors) may be held from time to time in any part of the world and, for the purpose of these Articles meetings of the Directors (and of any committee of the Directors) shall include meetings held by telephone or any other form of telecommunications link provided that:

- (i) subject to Article 99, all Directors (or, as the case may be, members of the committee) have received notice of the meeting and the means of communication to be employed therefor; and
- (ii) the telephone or telecommunications link is so arranged

that it is possible for each Director (or, as the case may be, each member of the committee) to hear and be heard by each other person participating in the meeting.

and the terms "meetings" and "meet" shall be construed accordingly.

102. Questions arising at any meeting of the Board shall be determined by a majority of votes. In case of an equality of votes the chairman of the meeting shall have a second or casting vote.

103. (A) Save as otherwise provided by these Articles, a Director shall not vote at a meeting of the Directors or of a committee of the Directors in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(B) Subject to the provisions of the Statutes, a Director shall (in the absence of some material interest other than one indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution at such meeting concerning any of the following matters, namely:

(i) The giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) The giving of any security or indemnity to a third

party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (iii) Any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof for subscription, purchase or exchange;
- (iv) Any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him within the meaning of Section 346 of the Act) is not the holder of or beneficially interested in one per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- (v) Any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefit scheme or Employee Share Scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes;
- (vi) Any arrangement for the benefit of employees of

the Company or of any of its subsidiaries under which the Director benefits in a similar manner to the employees and that does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates.

- (vii) Any proposal concerning any insurance which the Company is empowered to purchase or maintain for or for the benefit of any Directors of the Company or for persons who include Directors of the Company provided that for the purposes of this paragraph insurance shall mean only insurance against liability incurred by a Director in respect of any such act or omission by him as is referred to in Article 153(B) or any other insurance which the Company is empowered to purchase or maintain for or for the benefit of any groups of persons consisting of or including Directors of the Company.

- (C) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph (B)(iv) of this Article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

- (D) If any question shall arise at any time as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain

from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive and in case the Director be the chairman of the meeting the decision of the other Directors shall be final and conclusive except in a case where the nature or extent of the interests of such Director has not been fairly disclosed.

- (E) The Company may by Ordinary Resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

104. The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors or Director may act for the purpose of filling such vacancies or of summoning General Meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two members may summon a General Meeting for the purpose of appointing Directors.

105. (A) The Board may elect from their number a Chairman or Deputy Chairman (or two or more Deputy Chairmen) and determine the period for which each is to hold office. If no Chairman or Deputy Chairman shall have been appointed or if at any meeting of the Board no Chairman or Deputy Chairman shall be present within five minutes after the time appointed to hold the meeting, the Directors present may choose one of their number to be chairman of the meeting.

- (B) If at any time there is more than one Deputy Chairman the right in the absence of the Chairman to preside at a meeting of the Directors of the Company shall be

determined as between the Deputy Chairmen present (if more than one) by seniority in length of appointment or as otherwise resolved by the Board.

106. A resolution in writing signed by all the Directors for the time being shall be as effective as a resolution duly passed at a meeting of the Board and may consist of several documents in the like form signed by one or more Directors.
107. The Board may delegate any of their powers or discretions to committees consisting of one or more members of their body and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Board. Any such regulation may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee but so that (a) the number of co-opted members shall be less than one-half of the total number of members of the committee and (b) no resolution of the committee shall be effective unless a majority of the members of the committee who vote in favour of the resolution are Directors.
108. The meetings and proceedings of any such committee consisting of two or more members shall be governed mutatis mutandis by the provisions of these Articles and by the Statutes regulating the meetings and proceedings of the Board, so far as the same are not superseded by any regulations made by the Board under the last preceding Article.
109. All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that

there was some defect in the appointment of any of the persons acting as aforesaid, or that any such persons were disqualified 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 or member of the committee and had been entitled to vote.

POWER TO PAY PENSIONS AND TO PROVIDE FOR EMPLOYEES

110. (A) The Board may establish, maintain or participate in or procure the establishment and maintenance of, or participation in, any non-contributory or contributory pension of superannuation or death, disablement, sickness or other benefit, funds, schemes or arrangements for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, benefits or emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company or who are or were at any time Directors or officers of the Company, or of any subsidiary of the Company, and holding any employment or office in the Company or any subsidiary of the Company and the wives, widows, families and dependants of any such persons. The Board may also establish and subsidise or subscribe to any instructions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well being of the Company or of any subsidiary of the Company, or of any such person as aforesaid, and make payments for or towards the insurance of any such persons as aforesaid, prescribe for or guarantee money for charitable or benevolent objects or do any public, general or useful object and for any other matters aforesaid either alone or in conjunction with any subsidiary of the Company.
- (B) Subject always, if the Statutes shall so require, to

particulars with respect to the proposed payment being disclosed to the members of the Company and of the proposal being approved by the Company, a Director of holding or who has held any such employment or office shall be entitled to participate in and retain for his own benefit any such emolument. A Director or former Director shall not be accountable to the Company or the Members for any benefit of any kind conferred under or pursuant to this Article and the receipt of any such benefit shall not disqualify any such person from being or becoming a Director of the Company.

- (C) The Board is hereby authorised to exercise, by resolution of a meeting of the Board (the power conferred upon the Company by Section 719 (1) of the Act) to make provision out of the profits of the Company available for dividend, for the benefit of any persons employed or formerly employed by the Company or any of its subsidiaries, being a provision in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or subsidiaries.

#### EMPLOYEE SHARE SCHEMES

- 11.1. The Board may establish and maintain any Employee Share Scheme, share option or share incentive scheme approved by ordinary resolution whereby selected employees, Directors (including non-executive Directors) and officers of the Company or of any company which is a subsidiary of the Company are given the opportunity of acquiring shares in the capital of the Company on the terms and subject to the conditions set out in such scheme and establish and (if any such scheme so provides) contribute to any scheme for the purchase by or transfer, allotment or issue to trustees of shares in the Company or its holding Company to be held for the benefit of the employees, Directors (including non-

executive Directors) and officers of the Company or of any company which is a subsidiary of the Company and, subject to the Statutes, lend money to such trustees or employees to enable them to purchase such shares, provided that if any shares are to be issued to employees or trustees under the provisions of any such scheme pursuant to which rights attaching to such shares shall be altered or varied, then any such scheme shall be approved by special resolution and these Articles shall be deemed to be altered so far as appropriate by the special resolution approving such scheme.

#### BORROWING POWERS

112. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities.
113. No lender or other person dealing with the Company shall be concerned to see or inquire whether the provisions of this Article have been complied with. No debt incurred or security given in respect of moneys borrowed in excess of the limit hereby imposed shall be invalid or ineffectual except in the case of express notice to the lender or other person concerned at the time when the debt was incurred or security given that the limit hereby imposed has been exceeded.

#### GENERAL POWERS OF DIRECTORS

114. The business and affairs of the Company shall be managed by the Board, who may exercise all such powers of the Company as are not by the Statutes or by these Articles required to

be exercised by the Company in General Meeting subject nevertheless to any regulations of these Articles, to the provisions of the Statutes and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Ordinary Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

115. The Board may establish any local boards or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Board, with powers to sub-delegate, and may authorise the members of any local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any persons so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

116 The Board may from time to time and at any time by power of attorney or otherwise appoint a company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as they

may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may authorised any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

117. The Board may from time to time elect a President of the Company and may determine the period for which he shall hold office. Such President may be either honorary or paid such remuneration as the Board in their discretion shall think fit, and need not be a Director but shall, if not a Director, be entitled to receive notice of and attend and speak, but not to vote, at all meetings of the Directors.

118. Subject to and to the extent permitted by the Statutes, the Company, or the Board on behalf of the Company, may cause to be kept in any territory a branch register of members resident in such territory, and the Board may make and vary such regulations as they may think fit respecting the keeping of any such register.

119. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

#### SECRETARY

120. The Secretary shall be appointed by the Board on such terms and for such period as they may think fit. Any Secretary so appointed may at any time be removed from office by the Board, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. If thought fit two or more persons may be

appointed as Joint Secretaries. The Directors may also appoint from time to time on such terms as they may think fit one or more Assistant Secretaries.

#### THE SEAL

121. (A) The Board shall provide for the safe custody of the Seal and any Securities Seal and neither shall be used without the authority of the Board or of a committee authorised by the Board in that behalf.
- (B) Every instrument to which the Seal shall be affixed shall be signed autographically by one Director and the Secretary or by two Directors save that as regards any certificates of shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature.
- (C) The Securities Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Any such securities or documents sealed with the Securities Seal shall not require to be signed.
122. The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.
123. Subject to the Statutes, the Company may dispense with the need for the Common Seal and, whether it does or does not dispense with Common Seal, a document signed by a Director and the secretary or by any two Directors and expressed (in whatever form of words) to be executed by the Company shall have the same effect as if executed under the Common Seal, and a document executed by the Company which makes it clear

on its face that it is intended to be a deed shall have effect upon delivery as a deed.

#### AUTHENTICATION OF DOCUMENTS

124. Any Directors or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid. A document purporting to be a copy of a resolution, or an abstract from the minutes of a meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution had been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

#### RESERVES

125. The Board may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Board, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Board may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds

into which the reserve may have been divided. The Board may also without placing the same to reserve carry forward any profits. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Statutes.

#### DIVIDENDS

126. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Board.
127. If and so far as in the opinion of the Board the profits of the Company justify such payments, the Board may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
128. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro-rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purpose of this Article no amount paid on a share in advance of calls shall be treated as paid on the share.
129. No dividend shall be paid otherwise than out of the profits available for distribution under the provisions of the Statutes.
130. Subject to the provisions of the Statutes, where any asset,

business or property is bought by the Company as from a past date (whether such date be before or after the incorporation of the Company) the profits and losses thereof as from such date may at the discretion of the Board in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Board be treated as revenue, and it shall not be obligatory to capitalise the same or any part thereof.

131. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

132. (A) The Board may retain any dividends or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Board may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

133. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

134. The payment by the Board of any unclaimed dividend or other

moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof and any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall if the Board so resolves be forfeited and shall revert to the Company.

135. The Company may upon the recommendation of the Board by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid up shares or debentures of any other company). Where any difficulty arises in regard to such distribution, the Board may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution for such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Board.

136. Any dividend or other moneys payable in cash on or in respect of any share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto (or, if two or more persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to

the money represented thereby.

137. If two or more persons are registered as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

138. Any resolution declaring a dividend on shares of any class whether a resolution of the Company in General Meeting or a resolution of the Board, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution was passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

139. The Board may, with the prior sanction of an Ordinary Resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of all or part of such dividend or dividends as are specified by such resolution. The following provisions shall apply:

(A) The resolution may specify all or part of a particular dividend or may specify all or any dividends (or any part of such dividends) declared or to be declared or paid within a specified period, or until the Company shall by Ordinary Resolution otherwise determine.

(B) The entitlement of each holder of Ordinary Shares to new Ordinary Shares shall be such that the Relevant Value thereof shall be as nearly as possible equal to

(but not in excess of) the cash amount (disregarding any associated tax credit) that such holders would have received by way of dividend. For this purpose the "Relevant Value" of an ordinary share shall be the average of the middle market quotations for the Company's Ordinary Shares on the Stock Exchange, as derived from the Daily Official List, on the day when the Ordinary Shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or an amount determined in such other manner as may be determined by or in accordance with the resolution. A certificate or report by the Auditor as to the amount of the Relevant Value in respect of any dividend shall be conclusive evidence of that amount.

- (C) The basis of allotment shall be such that no member may receive a fraction of a share. The Board may make such provisions as they think fit for any fractional entitlements, including provisions whereby, in whole or in part, the benefit thereof accrues to the Company.
- (D) The Board, after determining the basis of allotment, shall notify the holders of Ordinary Shares in writing of the right of election offered to them, and shall send with, or following, such notification, forms of election and specify the procedure to be followed and the place at which, and the latest date and time by which, duly completed forms of election must be lodged in order to be effective.
- (E) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable in cash on Ordinary Shares in respect of which the election has been duly made ("the elected Ordinary Shares") and instead thereof additional Ordinary Shares shall be allotted to the holders of the elected Ordinary Shares on the basis of allotment

determined as aforesaid. For such purpose the Board shall capitalise out of such of the sums standing to the credit of any of the Company's reserves (including without limitation share premium account capital redemption reserve or other undistributable reserve) or any sum standing to the credit of profit and loss account as the Board may determine, a sum equal to the aggregate nominal amount of the additional Ordinary Shares for allotment and distribution to and amongst the holders of the elected Ordinary Shares.

- (F) The additional Ordinary Shares so allotted shall rank pari passu in all respects with the fully paid Ordinary Shares then in issue save only that they will not be entitled to participation in the relevant dividend.
- (G) The Board may undertake and do such acts and things as they may consider necessary or expedient for the purpose of giving effect to the provisions of this Article.
- (H) The Board may on any occasion determine that rights of election hereunder shall be subject to such exclusions, restrictions or other arrangements as the Board may deem necessary or expedient in relation to legal or practical problems under the laws of, or the requirements of any recognised regulating body or any stock exchange in, any territory.
- (I) This Article shall have effect without prejudice to the other provisions of these Articles and such provisions shall also have effect without prejudice to the provisions of this Article.

#### CAPITALISATION OF PROFITS AND RESERVES

40 Subject to the Statutes the Board may, with the sanction of

an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including without limitation any share premium account, capital redemption reserve or other undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the holders of Ordinary Shares on the Register at the close of business on the date of the Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of Ordinary Shares and applying such sum on their behalf and paying up in full unissued Ordinary Shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Board may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Board to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

#### ACCOUNTS

- (41) Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office, or at such other place as the Board think fit, and shall always be open to inspection by the officers of the Company. Subject as

aforesaid no member of the Company or other person shall have any right of inspecting any account or book or documents of the Company except as conferred by statute or ordered by a court of competent jurisdiction or authorised by the Board.

142. A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or of these Articles. Provided that this Article shall not require a copy of these documents to be sent to more than one of joint holders or to any member or holder of debentures who (not having a registered address within the United Kingdom) has not supplied to the Company an address within the United Kingdom for the service of notices but any member or holder of debentures to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. If all or any of the shares or debentures of the Company shall for the time being be listed or dealt in on the Stock Exchange, there shall be forwarded to the appropriate officer of the Stock Exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

#### AUDITORS

43. Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment

not qualified for appointment or subsequently became disqualified.

144. An Auditor shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting which any member is entitled to receive and to be heard at any General Meeting on any part of the business of the meeting which concerns him as Auditor.

#### NOTICES

145. Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address, or (if he has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the Company as his address for the service of notices, or by delivering it to such address addressed as aforesaid. In the case of a member registered on a branch register any such notice or document may be posted either in the United Kingdom or in the territory in which such branch register is maintained. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the expiration of twenty-four hours after the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, prepaid and posted.

146. Any notice given to that one of the joint holders of a share whose name stands first on the Register of Members in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose a joint holder having no registered address in the United Kingdom and not having supplied an address within the United

Kingdom for the service of notices shall be disregarded.

147. A person entitled to a share in consequence of the death or bankruptcy of a member upon supplying to the Company such evidence as the Board may reasonably require to show his title to the share, and upon supplying also an address within the United Kingdom for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document to all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any member in pursuance of these Articles shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company has notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such member as sole or first-named joint holder.

148. A member who (having no registered address within the United Kingdom) has not supplied to the Company an address within the United Kingdom for the service of notices shall not be entitled to receive notices from the Company.

149. If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a General Meeting by notices sent through the post, a General Meeting may be convened by a notice advertised on the same date in at least two leading national daily newspapers with appropriate circulation and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any case the Company shall send

confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

150. Nothing in any of the preceding five Articles shall affect any requirement of the Statutes that any particular offer, notice or other document be served in any particular manner.

#### WINDING UP

151. Subject to the proviso in Article 152 the Board shall have power in the name and on behalf of the Company to present a petition to the Court for the Company to be wound up.

152. If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of an Extraordinary Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authorisation shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability. Provided that so long as the Company holds an appointment under the Water Act 1989 as a water undertaker for any area, this Article 152 and Article 151 shall be read and construed subject to the provisions of the Water Act 1989.

### INDEMNITY

- 152 (A) Subject to the provisions of and so far as may be consistent with the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and/or discharge of his duties and/or exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.
- (B) Without prejudice to the provisions of Article 153(A), the Board shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers or employees of the Company, or any company in which the Company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or any such other company, or who are or were at any time trustees of any retirement benefits scheme or employee benefits trust in which employees of the Company or any such company or subsidiary undertaking are interested, including (without prejudice to the generality of the

foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or retirement benefits scheme or employee benefits trust.