


TESCO HOME SHOPPING LIMITED

WRITTEN RESOLUTION OF THE SHAREHOLDERS OF THE COMPANY

We, the undersigned, together holding the whole of the issued share capital of the Company, hereby pass the following resolution and agree that the said resolution shall, for all purposes, be valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

RESOLUTION

That the regulations contained in the printed document annexed to this resolution be and are hereby adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company.



Dated: 18 January 1999/2000

**Director duly authorised for and
on behalf of Tesco Plc**



Dated: 18 January 1999/2000

**Director duly authorised for and
on behalf of Grattan Plc**



Company No 3639975

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

TESCO HOME SHOPPING LIMITED

(Adopted on 18 January 2000)

1. **INTERPRETATION**

In these articles:

"**Table A**" means Table A of the Companies (Tables A-F) Regulations 1985, as amended before the adoption of these articles;

references to a "**regulation**" are to a regulation in Table A;

the "**Act**" means the Companies Act 1985, as amended from time to time; and

words and phrases used in these articles shall have the meanings given to them in Table A.

2. **ADOPTION OF TABLE A**

2.1 The regulations in Table A shall apply to the Company (except where they are excluded or modified by these articles) and, together with these articles, shall constitute the articles of the Company.

2.2 Regulations 2, 24, 26, 39, 40, 41, 50, 54, 57, 58, 60 to 62 (inclusive), 64, 65-69 (inclusive), 73 to 80 (inclusive), 81(e), 84, 88 to 91 (inclusive), 94, 95 to 98 (inclusive), 112, 115 and 118 shall not apply to the Company.

3. **SHARE CAPITAL**

3.1 The share capital of the Company at the date of the adoption of these articles is £1,000,000, divided into 400,000 A shares of £1 each ("A Shares") and 600,000 B shares of £1 each ("B Shares").

3.2 No share in the capital of the Company nor any right to subscribe for or convert any security into shares shall be issued or allotted without the prior written consent of all the holders of the A Shares and all the holders of the B Shares. The provisions of section 89(1) and sections 90(1) to (8) inclusive of the Act shall not apply to an allotment of equity shares where each such holder has so consented.

4. **SHARE RIGHTS**

Regulation 2 shall not apply to the Company. The rights and restrictions attaching to the A Shares and the B Shares shall be as follows:

4.1 As regards income:

Any profits which the Company may determine to distribute (in any event not exceeding the amount recommended by the Directors) in respect of any accounting period shall be paid as to 40% to the holders of the A Shares and as to 60% to the holders of the B Shares.

4.2 As regards capital:

On a return of assets whether in a winding-up or reduction of capital or otherwise (except in the case of the redemption of Shares of any class or the purchase by the Company of its own Shares) the assets and retained profits of the Company available for distribution among the Members shall be distributed as to 40% to the holders of the A Shares and as to 60% to the holders of the B Shares.

4.3 As regards voting:

4.3.1 On a show of hands and on a poll those Members present holding A Shares shall be entitled to 50 per cent of the votes cast and those Members present holding B Shares shall be entitled to 50 per cent of the votes cast in each case pro rata to their holdings of such Shares.

4.3.2 The Chairman shall not be entitled to a second or casting vote at any general meeting.

5. **LIEN**

The lien conferred by regulation 8 shall also attach to fully paid Shares, and the Company shall also have a first and paramount lien on all Shares, whether fully paid or not, standing registered in the name of any Member, whether he is their sole registered holder or is one of two or more joint holders, for all money presently payable by him or his estate to the Company. Regulation 8 shall be modified accordingly.

6. **TRANSFER OF SHARES**

- 6.1 No Member shall, (subject to the provisions of these articles) dispose of any interest in or create or permit to subsist any pledge, lien or charge over or grant any option or other right over all or any of the Shares held or beneficially owned by him or renounce or assign any right to receive or subscribe for any Shares provided that a Share may be transferred to any subsidiary, holding company or subsidiary of a holding company (as the terms are defined in Section 736 of the Act) of a Member (a "Transferee") and, subject to article 10, the Directors shall not refuse to register such a transfer.
- 6.2 If, following the transfer of shares to a Transferee, the Transferee ceases to be a subsidiary, holding company or subsidiary of a holding company of the Member which transferred the shares to the Transferee (the "Original Member"), it shall immediately transfer its shares to the Original Member or to some other company (a "New Transferee") which is at the that time a subsidiary, holding company or subsidiary of a holding company of the Original Member and the provisions of this article shall apply to the New Transferee.
- 6.3 The Directors may refuse to register a transfer of a share unless it is lodged at the registered office or such other place as the Directors may appoint and is accompanied (if the Directors so require) by the relative share certificate(s) or such other evidence of title as the Directors may reasonably require.

7. GENERAL MEETINGS

- 7.1 Notice of any general meeting need not be given to any Director in his capacity as a Director. Regulation 38 shall be modified accordingly.
- 7.2 No business shall be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 7.3 A quorum shall be two Members present, of whom one shall be a Member holding A Shares and the other a Member holding B Shares.
- 7.4 A Member shall be treated as present if his proxy is present or if, being a corporation, his duly authorised representative is present.
- 7.5 If within thirty minutes (or such longer time as all the persons present agree to wait) from the time appointed for a general meeting a quorum is not present, the meeting shall be dissolved. Regulation 41 shall be modified accordingly.

8. **PROXIES**

8.1 An instrument appointing a proxy shall:

8.1.1 be in writing, executed by or on behalf of the appointor, and in any common form or in any form approved by Directors;

8.1.2 be deemed to include authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit; and

8.1.3 unless the contrary is stated in it, be valid for any adjournment of the meeting as well as for the meeting to which it relates.

8.2 The instrument appointing a proxy and (if required by the Directors) any authority under which it is executed or a copy of the authority, certified notarially or in any other manner approved by the Directors, shall only be valid if it is delivered to the registered office (or to some other place specified or agreed by the Directors):

8.2.1 in the case of a meeting or adjourned meeting, before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to act; or

8.2.2 in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, before the time appointed for the taking of the poll.

8.3 The Directors may at their discretion treat a faxed or other machine-made copy of an instrument appointing a proxy as such an instrument.

8.4 A poll may be demanded by any member present in person or by proxy or by its duly authorised representative. Regulation 46 shall be modified accordingly.

9. **DIRECTORS**

9.1 The Company shall have up to seven Directors (six of whom shall be appointed pursuant to Articles 9.2 and 9.3 and who shall have full voting rights and one of whom may be appointed pursuant to Article 9.4 and who shall act as non-voting Chairman of the board).

9.2 The holder of the A Shares may from time to time appoint up to three persons to be Directors of the Company, which Directors are called in these articles "A Directors".

The holder of the A Shares shall have the exclusive right to remove and replace an A Director so that his office is vacated.

9.3 The holder of the B Shares may from time to time appoint up to three persons to be Directors of the Company, which Directors are called in these articles "B Directors". The holder of the B Shares shall have the exclusive right to remove and replace a B Director so that his office is vacated.

9.4 The Directors appointed by the holders of the "A" Shares and "B" Shares pursuant to articles 9.2 and 9.3 shall be entitled at any time to appoint (and thereafter (without prejudice to any compensation the Company may therefore become liable to pay whether for breach of contract or otherwise) remove) an additional Director to act as non-executive Chairman of the board provided that any Director so appointed shall have all the rights and obligations of a director save that he shall not be entitled to vote on any resolution put to a meeting of the Directors.

9.5 No A Shares shall confer any right to vote upon a resolution for the removal from office of a B Director and no B Shares shall confer any right to vote upon a resolution for the removal from office of an A Director.

9.6 Any appointment or removal of a Director pursuant to articles 9.2 or 9.3 shall be by a *memorandum in writing, signed by the relevant members which shall be served on each other member and on the Company by being sent to or left at the Company's registered office. Any such appointment or removal shall take effect when the memorandum is lodged at the registered office or, if later, with effect from the time and date stated in the memorandum.*

9.7 No Director shall be required to retire or vacate his office and no person shall be ineligible for appointment as a Director by reason of his having obtained any particular age. No shareholding qualification for Directors is required.

10. **DIRECTORS' MEETINGS**

10.1 A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors. Notice shall be given to a Director in writing at least 7 days before a meeting of Directors.

10.2 The quorum for a Directors' meeting shall throughout the meeting be two including at least one A Director and one B Director

- 10.3 Subject to these articles, the Directors may regulate their proceedings as they think fit.
- 10.4 All business arising at any meeting shall be determined only by resolution and no resolution shall be effective unless all the A Directors who are present at the meeting shall have voted in favour of it and all the B Directors who are present at the meeting shall have voted in favour of it.
- 10.5
- 10.5.1 Subject to article 10.6.2, a Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company (within the meaning of section 317 of the Act) shall declare the nature of his interest at a meeting of the Directors in accordance with that section. Subject to such disclosure, a Director may vote (and shall be counted in the quorum) at a meeting of Directors or of a committee of Directors on any resolution concerning that contract or proposed contract.
- 10.5.2 A Director shall not be obliged to declare his interest in any contract or proposed contract in which he shall be interested only by virtue of his being an officer of or a holder of shares in the capital of the shareholder appointing him or any associated company (within the meaning of section 416 Income and Corporation Taxes Act 1988) of such shareholder and in relation to all such contracts or proposed contracts a Director may vote (and shall be counted in the quorum) at a meeting of Directors or of a committee of Directors on any resolution concerning that contract or proposed contract.
- 10.6 All or any members of the board of Directors may participate in a meeting by means of a conference telephone or other audio communication equipment which allows all persons participating to hear each other. A person participating shall be deemed to be present in person at the meeting and shall be entitled to be counted in the quorum and vote. The meeting shall be deemed to take place where the largest group of participants is assembled, or, if there is no such group, where the chairman of the meeting then is.
- 10.7 If by reason of any unfilled vacancy in the office of a Director, whether such vacancy falls to be appointed by the holder of the A Shares or the holder of the B Shares, there shall not be a valid quorum of Directors, the remaining Directors shall have power to pass transfers in accordance with these articles and to convene general

meetings but shall not exercise any of the other powers conferred on the Directors by these articles.

11. DELEGATION OF DIRECTORS' POWERS

No committee of Directors may be formed or may act unless it consists of an equal number of A Directors and B Directors. Regulation 72 shall be modified accordingly.

12. CAPITALISATION OF PROFITS AND RESERVES

Any sum resolved to be capitalised to the members pursuant to regulation 110 may only be appropriated to the members holding A Shares and B Shares as to 40% of the holders of the A Shares and as to 60% to the holders of B Shares (in each case pro rata their holdings of such Shares) and Regulation 110 shall be restricted accordingly.

13. NOTICES

13.1 Any notices to be given pursuant to the articles may be given personally, or be sent by post to the member at its registered address or last known address or by fax to the fax number maintained by the addressee.

13.2 A notice or other document:

13.2.1 sent by first class pre-paid post shall be deemed to have been given 24 hours after posting;

13.2.2 delivered to or left at a registered address otherwise than by post, shall be deemed to have been given at the time it was so delivered or left; and

13.2.3 sent by fax shall be deemed to have been properly given at the time shown on the answerback or transmission report received by the sender.

14. INDEMNITY

Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which in such capacity he may sustain or incur in or about or otherwise in relation to the execution of the duties of his office, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 727 of the Act in which relief is granted to him by the Court, and

no Director or other officer shall be liable for any loss, damage or misfortune which may happen to be incurred by the Company in the execution of the duties of his office or in relation thereto, provided that this article shall only have effect in so far as its provisions are not avoided by section 310 of the Act.

15. **ACCOUNTS**

A member shall be entitled, on giving reasonable notice, to inspect during business hours any accounting records. Regulation 109 shall not apply.