

No. 3894139

**The Companies Act 1985**

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**Company Limited By Shares**

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**ARTICLES OF ASSOCIATION**  
**of**  
**NATIONAL GRID GOLD LIMITED**

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**Incorporated the 9<sup>th</sup> day of December 1999**

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**INTERPRETATION**

- 1 In these Articles:-

"The Act" means the Companies Act 1985;

"Table A" means Table A in the Schedule to the Companies (Tables A to F)

Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985.

- 2 The Regulations contained in Table A shall apply to the Company except in so far as they are excluded by or are inconsistent with these Articles.
- 3 Regulations 8, 24, 41, 59, 64, 65, 73 to 78, 80, 94 and 118 of Table A shall not apply to the Company.

## SHARE CAPITAL

- 4 The share capital of the Company as at the date of the latest amendment to these Articles of Association is £10,000 and Euro1,000, divided into 10,000 Ordinary Shares of £1 each and 1,000 Redeemable Preference Shares of Euro1 each.

### RIGHTS OF REDEEMABLE PREFERENCE SHARES

The rights attributable to the Redeemable Preference Shares and the limitations and restrictions to which they are subject are as follows:

#### Income

- (a) The Redeemable Preference Shares shall confer upon the holders thereof as a separate class the right in priority to any payment by way of dividend of the Company to receive a preferential dividend (the "Preferential Dividend") calculated in accordance with Article 4(b).
- (b) The Preferential Dividend shall in respect of each Redeemable Preference Share be an amount calculated at an annual rate of 5.2% on an amount in Euros equal to the aggregate of share capital and share premium for the time being paid up on such Redeemable Preference Share, such capital and premium being calculated, if paid up in any currency other than Euros, at the exchange rate as shall have applied on the date of payment of the capital or premium, in Euros exclusive of any imputed tax credit available to shareholders, in respect of (as to the first such dividend) the period commencing on the date of issue of the relevant Redeemable Preference Share and ending on 10 June 2000, and thereafter (as to the second such dividend) the period commencing on 11 June 2000 and ending on 10 December 2000, (as to the third such dividend) the period commencing on 11 December 2000 and ending on 20 April 2001, (as to the fourth such dividend) the period commencing on 21 April 2001 and ending on 10 December 2001, and (as to each subsequent such dividend) in respect of every period of 6 months thereafter until redemption of the relevant Redeemable Preference Share, and proportionately for any part of a 6 month period from the date of issue.

- (c) Subject to the provisions of the Act the Preferential Dividend shall:
- (i) be paid in Euros on 10 June 2000, 10 December 2000, 20 April 2001, 10 December 2001 and thereafter on 10 June and 10 December in each year beginning with 10 June 2002 and ending on redemption of the relevant Redeemable Preference Share; and
  - (ii) without any resolution of the Directors of the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A) accrue from day to day and on 10 June 2000, 10 December 2000, 20 April 2001, 10 December 2001 and thereafter on 10 June and 10 December in each year, beginning with 10 June 2002 and ending on redemption of the relevant Redeemable Preference Share, become a debt due from and immediately payable by the Company to the holders of the Redeemable Preference Shares pro rata according to the number of Redeemable Preference Shares held by each such shareholder, as the case may be.

### **Redemption**

- (d) Subject to the Act, the Redeemable Preference Shares shall be redeemed by the Company as follows:
- (i) upon the Company giving prior notice in writing to the holder of the relevant Redeemable Preference Shares at any time on or after 20 April 2001 but not later than 10 December 2004; or
  - (ii) without notice, on 10 December 2004.
- (e) Where Redeemable Preference Shares are to be redeemed by prior written notice given by the Company or by the holder of the relevant Redeemable Preference Shares the notice to be given (the "Redemption Notice") shall specify the particular Redeemable Preference Shares the subject of the notice and the date (which shall be in accordance with the provisions of the Act) fixed for their redemption.

- (f) Where the Company has given a Redemption Notice, the Company shall be entitled to withdraw it upon giving a further notice to that effect to the relevant holder of the Redeemable Preference Shares at any time before the redemption takes place.
- (g) Where a Redemption Notice has been duly given and has not been withdrawn, or where Redeemable Preference Shares are to be redeemed in accordance with 4(d)(ii) above, the Company shall be obliged, subject to having sufficient available profits or other monies which may be lawfully applied for such redemption, to redeem in full the relevant number of Redeemable Preference Shares on the date fixed for their redemption and to pay to the relevant holder of the relevant Redeemable Preference Shares an amount in Euros (the "Redemption Monies") equal to the Euro capital and premium paid up, and such amounts shall, subject to the Company having available profits or other monies which may be lawfully applied for such redemption, at that time become a debt due from and immediately payable by the Company to the holders of such Redeemable Preference Shares. If and to the extent that the debt so constituted is not paid in full on the due date, the unpaid amount shall carry interest at an annual rate of 2% above the Euro base rate from time to time of Barclays Bank Plc in respect of the period from and including the due date down to and including the date of actual payment.
- (h) If the Company is unable, because of having insufficient available profits or other monies which may be lawfully applied for such redemption, to redeem in full the relevant number of Redeemable Preference Shares on the date fixed for redemption, the Company shall redeem as many of such Redeemable Preference Shares as can lawfully and properly be redeemed and (unless the Redemption Notice is first withdrawn in respect of the remaining Redeemable Preference Shares) the Company shall redeem the balance as soon as it is lawfully and properly able to do so.
- (i) On the date fixed for redemption, each of the holders of Redeemable Preference Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such Redeemable Preference Shares (or an indemnity, in a form reasonably

satisfactory to the Board, in respect of any lost certificate(s)) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder (or, in the case of any joint holders, to the holder whose name stands first in the Company's register of members in respect of such Redeemable Preference Shares) the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption monies.

### **Capital**

- (j) On a return of capital on winding-up or capital reduction or otherwise, the holders of the Redeemable Preference Shares shall be entitled, in priority to any payment to the holders of any other class of shares, to payment of an amount in Euros equal to the Euro capital and premium paid up, on each such Redeemable Preference Share together with a sum equal to all arrears or accruals (if any) of the Preferential Dividend irrespective of whether or not such dividend has been declared or earned or become due and payable, to be calculated down to and including the date of commencement of the winding-up (in the case of a winding-up) or the return of capital (in any other case). The holders of the Redeemable Preference Shares shall not be entitled to any further right of participation in the assets of the Company.

### **General Meeting**

- (k) The holders of the Redeemable Preference Shares shall, by virtue of and in respect of their holdings of Redeemable Preference Shares, have the right to receive notice of, attend, speak and vote at a General Meeting of the Company only if a resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the holders of the Redeemable Preference Shares (in which case they shall only be entitled to vote on such resolution).
- (l) Except in the circumstances set out above, the holders of the Redeemable Preference Shares shall not have the right to receive notice of, attend, speak or vote at any General Meeting of the Company.

## **Voting**

- (m) *Whenever the holders of the Redeemable Preference Shares are entitled to vote on a resolution at a General Meeting of the Company, on a show of hands, every such holder who is present in person or (being a corporation) by a representative shall have one vote and, on a poll, every such holder who is present in person or by proxy shall have one vote in respect of each fully-paid Redeemable Preference Share registered in the name of such holder."*
- 5 Subject to any direction to the contrary which may be given by the Company in General Meeting, the directors are unconditionally authorised to allot, create deal with or otherwise dispose of relevant securities (within the meaning of section 80(2) of the Act) to such persons (including any director) on such terms and at such time or times as they think fit, provided that no shares shall be issued at a discount.
- 6 The maximum nominal amount of share capital which the directors may allot or otherwise dispose of in accordance with Article 5 shall be the nominal amount of unissued shares at the date of incorporation of the company or such other amount as shall be authorised by the Company in General Meeting.
- 7 The authority conferred on the directors by Articles 5 and 6 shall remain in force for a period of five years from the date of incorporation of the Company and thereafter provided the authority is renewed from time to time by the Company in General Meeting in accordance with Section 80 of the Act.
- 8 The provision of Section 89(1) of the Act shall not apply to the Company.

## **CLASS RIGHTS**

- 9 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation or a winding up, only with the consent in writing of the holder of 75 per cent of the issued shares of that class. Without prejudice to the generality of this clause, the special rights attached to the Redeemable Preference Shares shall be deemed to be varied:

- (a) by the Company or the Company's board of directors, as appropriate:
  - (i) altering its memorandum or articles of association; or
  - (ii) varying in any way (whether directly or indirectly) the rights attached to any of the shares in the capital of the Company; or
  - (iii) applying by way of capitalisation any sum in or towards paying up any share or loan capital of the Company; or
  - (iv) entering into a contract to purchase any of its own shares; or
  - (v) redeeming any of its Shares; or
  - (vi) passing a resolution that it be wound up;
- (b) by the Company or any of its subsidiaries for the time being:
  - (i) altering, increasing, reducing, sub-dividing or consolidating its authorised or issued share capital; or
  - (ii) granting any option or other right to subscribe for shares; or
  - (iii) disposing of its undertaking or any substantial part thereof; or
  - (iv) disposing of or acquiring any interest in any share in the capital of any company; or
  - (v) calling a meeting to effect or approve any matter which would by virtue of this clause by a variation of the class rights of the Redeemable Preference Shares."

## **CALLS ON SHARES**

- 10 The first sentence of article 12 shall be deleted and shall be replaced by the following wording:

“Subject to the terms of allotment, the directors may:

- (a) at any time, by giving notice to the respective members not later than 4 January 2000, make a call upon the members to pay on 5 January 2000 the sum of £231,000,000 in aggregate in respect of any monies unpaid on their holding of Redeemable Preference Shares (whether in respect of nominal value or premium);
- (b) at any time, by giving not less than five business days' notice to the respective members, make a call upon the members to pay not later than 31 March 2000 a sum not exceeding £750,000,000 in aggregate in respect of any monies unpaid on their holding of Redeemable Preference Shares (whether in respect of nominal value or premium); and
- (c) at any time, by giving not less than three business days' notice to the respective members, make a call upon the members in respect of any and all monies unpaid on any shares.

and subject to having received notice from the directors in accordance with the provisions of this Article, each member shall pay to the Company as required by the notice the amount called on his shares.”

### **LIEN**

- 11 The Company shall have a first and paramount lien on every share for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a first and paramount lien on all shares registered in the name of any person (whether solely or jointly with others) for all monies owing to the Company from him or his estate either alone or jointly with any other person whether as a member or not and whether such monies are presently payable or not. The directors may at any time declare any share to be wholly or partly exempt from the provisions of this Article. The Company's lien on a share shall extend to any amount payable in respect of it.

### **TRANSFER OF SHARES**

- 12 The directors may, in their absolute discretion and without giving any reason therefor, decline to register any transfer or any share whether or not it is a fully paid share.

### **PROCEEDINGS AT GENERAL MEETINGS**

- 13 If a quorum is not present within half an hour of the time appointed for a General Meeting, the meeting, if convened on the requisition of members, shall be dissolved; in any other case it shall stand adjourned to such day and at such time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.
- 14 A poll may be demanded at any General Meeting by any member entitled to vote thereat. Regulation 46 of Table A shall be modified accordingly.
- 15 On a show of hands or on a poll votes may be given either personally or by proxy.

#### **NUMBER OF DIRECTORS**

- 16 Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum and the minimum number of directors shall be one.

#### **DELEGATION OF POWERS**

- 17 The following sentence shall be inserted after the first sentence of Regulation 72 of Table A:

"Any committee of directors shall have the power unless the directors direct otherwise to appoint as a member or as members of the committee for any specific purpose any person or persons who are not directors of the Company".

#### **ALTERNATE DIRECTORS**

- 18 Any director (other than an alternate director) may appoint any person to be an alternate director and may remove from office an alternate director so appointed by him.
- 19 When an alternate director is also a director or acts as an alternate director for more than one director, such alternate director shall have one vote for every director so represented by him (in addition to his own vote if he is himself a director) and when so acting shall be considered as two directors for the purpose of making a quorum if the quorum exceeds two.

#### **APPOINTMENT AND RETIREMENT OF DIRECTORS**

- 20 The directors shall not be subject to retirement by rotation and accordingly the final two sentences of Regulation 79 of Table A shall not apply to the Company.
- 21 The Company may by ordinary resolution appoint a person who is willing to act as a director either to fill a vacancy or as an additional director.
- 22 Any member or members holding a majority in nominal amount of the issued share capital which confers the right to attend and vote at General Meetings may at any time appoint any person to be a director, whether as an additional director or to fill a vacancy, and may remove from office any director howsoever appointed. Any such appointment or removal shall be effected by notice in writing to the Company signed by the member or members making the same or in the case of a corporate member signed by any director thereof or by any person so authorised by resolution of the directors or of any other governing body thereof. Any such appointment or removal shall take effect when the notice effecting the same is delivered to the registered office or to the secretary of the Company, or is produced at a meeting of the directors. Any such removal shall be without prejudice to any claim which a director may have under any contract between him and the Company.
- 23 There shall be no age limit for directors of the Company.
- 24 A director shall not be required to hold any qualifications shares in the Company.

#### **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

- 25 Regulation 81 of Table A shall be amended by substituting for paragraphs (c) and (e) thereof the following provisions:

"(c) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as a director; or"

"(e) he is otherwise duly removed from office."

#### **REMUNERATION OF DIRECTORS**

- 26 Regulation 82 of Table A shall be amended by the addition of the following:

"Such remuneration shall be divided between the directors in such proportion and manner as the directors may unanimously determine or in default of such determination equally, except that the director holding office for less than a year or other period for which remuneration is paid shall rank in such division in proportion to the fraction of such year or other period during which he has held office. Any director who, at the request of the directors, performs special services or goes or resides abroad for any purpose of the Company may receive such extra remuneration by way of salary, commission or participation in profits, or partly in one way and partly in another, as the directors may determine."

### **PROCEEDING OF DIRECTORS**

- 27 Regulation 88 of Table A shall be amended by substituting for the sentence:

"It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom".

the following sentence:

"Notice of every meeting of directors shall be given to each director or his alternate director, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company their address outside the United Kingdom".

- 28 If and so long as the minimum number of directors specified under these Articles is one, a sole director may exercise all the powers conferred on the directors by these Articles, and shall do so by written resolution under his hand and, so long as there is such sole director, Regulations 88 to 90 of Table A shall not apply to the Company and Article 23 of these Articles shall have no effect.
- 29 Any director (including an alternate director) may participate in a meeting of the directors or a committee of directors of which he is a member by means of a conference telephone or similar communicating equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting.

- 30 Subject to such disclosure as is required by Section 317 of the Act a director shall be entitled to vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with interests of the Company.

### **THE SEAL**

- 31 In accordance with Section 39 of the Act the Company may have an official seal for use in any territory, district or place elsewhere than in the United Kingdom.

### **NOTICES**

- 32 Any notice required by these Articles to be given by the Company may be given by any visible form on paper, including telex, facsimile and electronic mail, and a notice communicated by such forms of immediate transmission shall be deemed to be given at the time it is transmitted to the person to whom it is addressed. Regulations 111, and 112 of Table A shall be amended accordingly.

### **INDEMNITY**

- 33 Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director, secretary, auditor or other officer of the Company shall be entitled to be indemnified by the company against all losses and liabilities sustained or incurred by him in the execution of his duties or in the exercise of his powers or otherwise in connection with his office including, but without prejudice to the generality of the foregoing, and liability incurred by him (a) in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding or admission of any material breach of duty on his part, or (b) in connection with any application in which relief is granted to him by the Court from liability in respect of any act or omission done or alleged to be done by him as an officer or employee of the Company.

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**NAME AND ADDRESS OF SUBSCRIBER**

**Number of Shares taken by  
subscriber**

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National Grid Holdings Limited  
185 Park Street  
London  
SE1 9DY

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Signed by Stephen Box

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Dated this 8 day of December, 1999

Witness to the above Signature: J Brooke

National Grid House  
Kirby Corner Road  
Coventry, CV4 8JY