



THE COMPANIES ACT 1985 TO 1989

A COMPANY LIMITED BY SHARES

T. W. H. C.
SPLS

MEMORANDUM OF ASSOCIATION

OF

Lattice Group plc

Incorporated on 29 December 1999

- 1 The Company's name is Lattice Group plc.
- 2 The Company is to be a public company.
- 3 The Company's registered office is to be situate in England and Wales.
- 4 The Company's objects are:-
 - 4.1 To carry on all or any of the businesses of a holding company and to co-ordinate all or any part of the businesses and operations of any and all companies, firms and businesses controlled directly or indirectly by the Company or in which the Company is interested, whether as a shareholder or otherwise and whether directly or indirectly, and to acquire and hold, either in the name of the Company or in that any nominee or trustee, shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company, corporation or undertaking wherever incorporated or carrying on business and to co-ordinate the policy management and administration of any companies, corporations or undertakings in which the Company is a member or participant or which are controlled by or associated with the Company in any manner;
 - 4.2 To carry on business as an investment holding company and to acquire, invest in and hold by way of investment, shares, stocks, debenture stock, bonds, bills, notes, obligations, certificates of deposit, mortgages, policies of assurance and securities of all kinds created, issued or guaranteed by any company association or partnership, whether with limited or unlimited liability, constituted or carrying on business in any part of the world, or by any individual person, or by any government, sovereign, ruler, commissioners, public body or

authority, supreme, municipal, local or otherwise, in any part of the world, units of and participants in any trust, scheme, mutual fund or collective investment scheme in any part of the world;

- 4.3 To carry on all or any of the businesses of transporters, suppliers, distributors, developers, producers, manufacturers, refiners, distillers, processors, converters, storers, carriers, importers and exporters of, explorers and prospectors for, and dealers in, natural and other gases, petroleum and other hydrocarbons, coal and other minerals, chemicals, products derived from or connected with any of them, electricity and all other forms of energy.
- 4.4 To acquire (whether by purchase, lease, concession, grant or otherwise), establish, develop, exploit, operate and maintain land, claims, wells, mines, licences, concessions, drilling and mining rights, exploration and production rights, and rights and interests of all descriptions in or relating to the same, which may seem to the Company capable or possibly capable of affording a supply of natural or other gas, petroleum or other hydrocarbons, coal or other minerals, other forms of energy, chemicals or revenue derived directly or indirectly from any of them.
- 4.5 To construct, lay, operate, use, inspect, maintain, improve, enlarge, alter, protect, repair, replace and remove, and to carry out works in respect of, pipelines and equipment and facilities ancillary to the operation or use of pipelines.
- 4.6 To install in any premises or place and to operate, use, inspect, maintain, repair, replace and remove meters or other devices for assessing the quantity or quality of supplies of gas and other substances and forms of energy and for other purposes connected with such supplies.
- 4.7 To do anything which a public gas transporter is empowered or required to do under or by virtue of, or under an authorisation granted under, the Gas Act 1986, as amended by the Gas Act 1995, or any statutory modification or re-enactment of it, or any other enactment.
- 4.8 To locate, establish, construct, equip, operate, use, manage and maintain production, treatment and storage facilities (including underground storage facilities), refineries, factories, works, plants, platforms, derricks, rigs, warehouses, depots, offices and other buildings, compressor stations, laboratories, research stations, wharves, jetties, terminals, transport facilities, loading facilities, roads, railways, structures, installations and facilities of all kinds, whether for the purposes of the Company or for sale or hire to, or in return for any consideration from, any person, and to purchase or otherwise acquire, lease, charter and take or let on hire any of the same.
- 4.9 To carry on all or any of the businesses of suppliers, distributors, designers, developers, manufacturers, installers, fitters, repairers, maintainers, importers and exporters of, and dealers in, gas appliances, kitchen equipment and fittings, and all kinds of goods, equipment, fittings, machinery, materials and installations connected with the use of gas for domestic, industrial, commercial or other purposes or with the conservation of gas or other forms of energy.
- 4.10 To carry on all or any of the businesses of inspectors, maintainers, repairers, reconditioners, servicers, coaters, designers, developers, manufacturers, constructors, installers, layers, fitters, hirers, letters on hire, suppliers, distributors, importers and exporters of, and dealers in, pipes, pipelines, equipment ancillary to the operation or use of pipes and pipelines, platforms, derricks, rigs, installations and facilities of all kinds, tools

and machinery of every description, engineering and other equipment, plant, components, accessories and supplies of every description.

- 4.11** To carry on all or any of the businesses of consultants, advisers and suppliers of management, personnel and training services, whether generally or in respect of one or more of the types of business or activity which the Company has power to carry on, and to provide training and educational courses, instruction and materials, of every description, for employees of the Company and for other persons.
- 4.12** To carry on all or any of the businesses of, and provide services associated with, engineers (including, without limitation, gas, petroleum, drilling, mechanical, electrical, heating, ventilation, civil, chemical and telecommunications engineers), mechanics, technicians, geologists, draughtsmen, designers, surveyors, architects, builders and decorators.
- 4.13** To carry on all or any of the businesses of wholesalers, retailers and traders, whether generally or in relation to particular goods or commodities, advertisers, advertising agents, sales promoters, public relations agents and marketing agents.
- 4.14** To carry on all or any of the businesses of bankers, financiers, factors, debt collectors, dealers in securities, underwriters, insurers, brokers of any kind, developers of and dealers in property, storage contractors, freight contractors, carriers by land, water and air of freight and passengers forwarding agents, shipping agents and agents of any other kind.
- 4.15** To carry on all or any business of running, operating, managing and/or supplying telecommunications systems of any kind for:

 - 4.15.1** conveying, receiving, storing, processing or transmitting in any way sounds, visual images, signals, messages and communications of any kind;
 - 4.15.2** processing data; and
 - 4.15.3** retrieving information.
- 4.16** To carry on any business of operating, managing, supplying or otherwise dealing with:

 - 4.16.1** facilities and services for communications of any kind.
 - 4.16.2** facilities and services which incorporate, use or are used in connection with or ancillary to any of the telecommunications systems described in paragraph 4.15 above; and
 - 4.16.3** telecommunications equipment comprised in any of the telecommunications systems described in paragraph 4.15 above.
- 4.17** To carry on all or any business of selling, hiring or otherwise supplying any telecommunications equipment, products or services.
- 4.18** To establish, acquire, dispose of, invent, design, develop, construct, demolish, produce, test, alter, maintain, repair, operate, use, manage, supply or otherwise deal with:

 - 4.18.1** telecommunications equipment for communications of any kind and anything capable of being used for, in connection with or ancillary to any of these things;
 - 4.18.2** telecommunications equipment, facilities, products and recordings used or designed for use for receiving, transmitting, making, producing, recording, replaying or reproducing in any way, programmes, sounds, visual images and signals of any kind;

- 4.18.3** offices, exchanges, telecommunications systems, repeater stations, radio stations, satellite tracking stations, earth stations, roads, railways and other structures, installations and facilities or any kind.
- 4.19** To provide:
- 4.19.1** remotely located:
- (a) office telecommunications systems and services; or
 - (b) telecommunications systems and services for the control or machinery using telecommunications or data processing facilities;
- 4.19.2** services in connection with the reception, processing or forwarding of signals and information in any way;
- 4.19.3** services in connection with the processing, ordering, paying for, despatching or delivering in any way of products and services of any kind.
- 4.20** To carry on all or any of the businesses of running, operating, managing, supplying and dealing in data processing and information retrieval systems, computers, computer programs and software, computer bureaux, databases and services, facilities and equipment ancillary to, or for use in connection with, the same.
- 4.21** To carry on all or any of the businesses of suppliers, distributors, manufacturers, producers, processors, importers and exporters of, and dealers in chemicals, pharmaceuticals, fertilisers and foodstuffs, funeral undertakers, operators of crematoria, builders, painters and decorators.
- 4.22** To carry on business as inventors, researchers and developers, to conduct, promote and commission research and development in connection with the activities of the Company and its subsidiaries, to establish and maintain research stations, laboratories, workshops, testing and proving grounds, facilities and establishments and installations and to exploit and turn to account the results of any research and development carried out by or for it.
- 4.23** To invent, design, develop, construct, manufacture, produce, erect, assemble, test, alter, install, maintain, repair, renovate, refurbish, recondition, utilise, operate, manage, purchase, sell, hire, hire out, import, export, supply and otherwise deal in all kinds of equipment, apparatus, plant, machinery, appliances, articles, furniture, things, accessories, components, fittings, tools, materials, substances, products, systems, computers, computer programs and software which are required or are likely to be required by the Company for the purposes of, or in connection with, any of its businesses, or by other persons, or which in the opinion of the Company may be conveniently or advantageously dealt with by the Company in connection or association with any of its objects or the objects of any of its subsidiaries.
- 4.24** To purchase, charter, lease, take or let on hire, operate, use, employ or turn to account, build, equip, service, repair, maintain, supply and deal in tankers and other ships and vessels and craft of every description (including, without limitation, submersible craft), hovercraft, motor vehicles, aircraft, airships, railway locomotives, wagons, trucks and any means of transport and parts and accessories of all kinds for any of the same.
- 4.25** To enter into, carry on and participate in financial transactions and operations of all kinds and to undertake, carry on and execute all kinds of financial, commercial, trading, trust, agency and other operations.

- 4.26** To establish, acquire, produce, transmit, broadcast, publish, print and reproduce in any form whatsoever (including, without prejudice to the generality of the foregoing, visual or audible form and forms capable of being used by, in, or in connection with, computers), and to buy, sell, supply and otherwise deal in brochures, manuals, journals, periodicals, magazines, newspapers, books, pictures, photographs, stationery and other documents, sound and visual recordings, tapes, films, and programmes for radio, television, cinema and other means of communication.
- 4.27** To carry on any other business or activity which the Directors consider is, or may be, capable of being carried on directly or indirectly for the benefit of the Company.
- 4.28** To acquire by any means and hold and deal with any real or personal property or rights whatsoever and, without prejudice to the generality of the foregoing, to purchase, take on lease or in exchange, hire or otherwise acquire and hold any real property and any estate or interest in such property, including without limitation any lands, buildings, installations, structures, servitudes, easements, rights, privileges and concessions and to exploit and develop the same.
- 4.29** To acquire by any means the whole or any part of the assets, and to undertake the whole or any part of the liabilities, of any person carrying on or proposing to carry on any business which the Company is authorised to carry on or which can be carried on in connection with any such business, and to acquire an interest in, amalgamate or enter into any arrangement for sharing profits, or for co-operation, or for mutual assistance, with any such person and to give or accept, for any of the acts or things aforesaid or property acquired, such consideration as the Company thinks fit, including, without limitation, any shares, whether fully or partly paid up, debentures, or other securities or rights.
- 4.30** To apply for and take out, purchase or otherwise acquire any patents, patent rights, inventions, secret processes, designs, copyrights, trade marks, service marks, commercial names and designations, know-how, formulae, licences, concessions and the like (and any interest in any of them) or any exclusive or non-exclusive or limited right to use, or any secret or other information as to, any invention or secret process of any kind and to use, exercise, develop, or grant licences in respect of, or otherwise turn to account or deal with, the property, rights or information so acquired.
- 4.31** To subscribe for, underwrite, purchase or otherwise acquire, and to hold, and deal with, any shares, stocks, debentures, bonds, notes and other securities, obligations and other investments of any nature whatsoever and any options or rights in respect of them; and otherwise to invest and deal with the money and assets of the Company.
- 4.32** To borrow or raise money or secure or discharge any debt or obligation (whether of the Company or of any other person) in such manner as the Company thinks fit and in particular (but without prejudice to the generality of the foregoing) by the creation or issue, upon such terms as to priority or otherwise as the Company thinks fit, of securities of any kind or mortgages or charges (fixed or floating) founded or based upon all or any part of the undertaking, property, assets and rights (present and future) of the Company, including its uncalled capital, or without any such security; and to receive money on deposit and advance payments with or without allowance of interest thereon.
- 4.33** To enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the

Company or by both such methods or in any other manner, the performance of any contracts, obligations or commitments of, and the repayment or payment of the principal amounts of and any premiums, interest, dividends and other moneys payable on or in respect of any securities or liabilities of, any person, including (without prejudice to the generality of the foregoing) any company which is a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company and whether or not any consideration or advantage is received by the Company.

- 4.34** To advance, lend or deposit money, and to give credit or financial accommodation to any person on such terms as may be thought fit by the Company.
- 4.35** To draw, make, accept, endorse, discount, negotiate, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- 4.36** To accept securities of any person or any property or interest therein of whatsoever nature in payment or part payment for any services rendered or for any sale or supply made to, or debt owing from, any such person.
- 4.37** To insure any property, asset, matter or interest and against any potential liability or loss of the Company or of any other person and the life or health of any person for the benefit of the Company.
- 4.38** To enter into and carry into effect any arrangement for partnership or joint working or joint venture in business or for the sharing of profits or for amalgamation with any other person.
- 4.39** To apply for, promote and obtain any Act of Parliament, charter, privilege, concession, licence or authorisation of any government, state, municipality, department or other authority for enabling the Company to carry any of its objects into effect or for extending any of the Company's powers or for effecting any modification of the Company's constitution, or for any other purpose which may seem expedient, and to oppose any actions, steps, proceedings or applications which may seem calculated directly or indirectly to prejudice the interests of the Company or of its members.
- 4.40** To enter into any arrangement with any governments or authorities (national, municipal, local, international, or otherwise), or any corporations, companies, or persons that may seem conducive to the Company's objects or any of them, and to obtain from any such government, authority, corporation, company or person any charters, contracts, decrees, rights, privileges and concessions which the Company may think desirable, and to carry out, exercise and comply with any such charters, contracts, decrees, rights, privileges and concessions.
- 4.41** To do all or any of the following, namely:-
 - 4.41.1** to establish, provide, carry on, maintain, manage, support, purchase and contribute to any pension, superannuation, retirement, redundancy, injury, death benefit or insurance funds, trusts, schemes or policies for the benefit of, and to give or procure the giving of pensions, annuities, allowances, gratuities, donations, emoluments, benefits of any description (whether in kind or otherwise), incentives, bonuses, assistance (whether financial or otherwise) and accommodation in such manner and on such terms as the Company thinks fit to, and to make payments for or towards the insurance of (and to the extent as may be permitted by law

otherwise to indemnify or to exempt any such person against or from any such liability) -

- (i) any individuals who are or were at any time in the employment of, or directors or officers of (or held comparable or equivalent office in), or acted as consultants or advisers to or agents for -
 - (a) the Company or any company which is or was its holding company or is or was a subsidiary of the Company or any such holding company; or
 - (b) any person to whose business the Company or any subsidiary of the Company is, in whole or in part, a successor directly or indirectly (including without prejudice to the generality of the foregoing the British Gas Corporation and any subsidiary of it); or
 - (c) any person otherwise allied to or associated with the Company;
- (ii) any other individuals whose service has been of benefit to the Company or who are or were at any time members, or eligible to be members, of a scheme established under section 36 of the Gas Act 1972 or who the Company considers have a moral claim on the Company; and
- (iii) the spouses, widows, widowers, families and dependants of any such individuals as aforesaid; and

4.41.2 to establish, provide, carry on, maintain, manage, support and provide financial assistance to welfare, sports and social facilities, associations, clubs, funds and institutions which the Company considers likely to benefit or further the interests of any of the aforementioned individuals, spouses, widows, widowers, families and dependants.

4.42 To establish, maintain, manage, support and contribute to any schemes for the acquisition of Shares in the Company or its holding company by or for the benefit of any individuals who are or were at any time in the employment of, or directors or officers of -

4.42.1 the Company;

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

4.42.3 any other company or former company connected or associated in any way with the Company or with the whole or any part of its undertaking,

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

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

4.44 To pay and discharge all or any expenses, costs and disbursements, to pay commissions and to remunerate any person for services rendered or to be rendered in connection with

the underwriting or placing or issue at any time of any securities of the Company or of any other person.

- 4.45** To issue, allot and grant options over securities of the Company for cash or otherwise or in payment or part payment for any real or personal property or rights therein purchased or otherwise acquired by the Company or any services rendered to, or at the request of, or for the benefit of, the Company or as security for, or indemnity for, or towards satisfaction of, any liability or obligation undertaken or agreed to be undertaken by or for the benefit of the Company, or in consideration of any obligation (even if valued at less than the nominal value of such securities) or for any other purpose.
- 4.46** To procure the Company to be registered or recognised in any part of the world.
- 4.47** To promote any other company for the purpose of acquiring all or any of the property or undertaking any of the liabilities of the Company, or both, or of undertaking any business or operations which may appear likely to assist or benefit the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares, debentures or other securities of any such company.
- 4.48** To dispose by any means of the whole or any part of the assets of the Company or of any interest therein.
- 4.49** To distribute in specie or otherwise by way of dividends or bonus or reduction of capital all or any of the property or assets of the Company among its members and particularly, but without prejudice to the generality of the foregoing, securities of any other company formed to take over the whole or any part of the assets or liabilities of the Company or any proceeds of sale or other disposal of any property or assets of the Company.
- 4.50** To do all or any of the above things in any part of the world, and either as principal, agent, trustee, contractor or otherwise, and either alone or in conjunction with others, and either by or through agents, trustees, sub-contractors or otherwise.
- 4.51** To do all such other things as may be deemed, or as the Company considers, incidental or conducive to the attainment of the above objects or any of them.
- 4.52 AND IT IS HEREBY DECLARED** that in this clause 3:-
- (a) unless the context otherwise requires, words in the singular include the plural and vice versa;
 - (b) unless the context otherwise requires, a reference to a person includes a reference to a company, and a reference to a person or company includes a reference to a firm, partnership, corporation, government or other authority (municipal, local or otherwise), undertaking, organisation, association, statutory, public or other body and any other legal entity, whether resident, domiciled or situated (in any such case) in the United Kingdom or elsewhere;
 - (c) references to "other" and "otherwise" shall not be construed *eiusdem generis* where a wider construction is possible;
 - (d) the words "subsidiary" (except in paragraph (e) below) and "holding company" have the same meaning as in section 736 of the Companies Act 1985 or any statutory modification or re-enactment of it;
 - (e) the objects specified in each of the foregoing paragraphs of this clause shall be separate and distinct objects of the Company and accordingly shall not be in any

way limited or restricted (except so far as otherwise expressly stated in any paragraph) by reference to or inference from the terms of any other paragraph or the order in which the paragraphs occur or the name of the Company, and none of the paragraphs shall be deemed merely subsidiary or incidental to any other paragraph.

- 5 The liability of the members is limited.
- 6 The share capital of the Company is £1,000, divided into 1,000 shares of £1 each¹.

¹ By an ordinary resolution passed on 29 August 2000, the 1,000 Ordinary Shares of £1 each were subdivided into 10,000 Ordinary Shares of 10p each and the authorised share capital of the Company was increased to £500,000,000.10 by the creation of 4,999,490,000 Ordinary Shares of 10 pence each, one Special Share of 10 pence and one redeemable preference share of £50,000.

WE, the subscribers to this memorandum of association, wish to be formed into a company pursuant to this memorandum and we agree to take the number of shares shown opposite our respective names.

Names and Addresses of Subscribers

Number of shares taken by
each Subscriber

1. Emanuel Cohen
2nd Floor
80 Great Eastern Street
London
EC2A 3JL

One

2. Violet Cohen
2nd Floor
80 Great Eastern Street
London
EC2A 3JL

One

Dated 21 December 1999

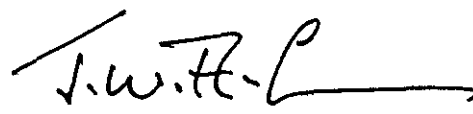

Witness to the above signatures:-

RM Company Services Limited
2nd Floor
80 Great Eastern Street
London
EC2A 3JL

Company Number: 3900804

Lattice Group plc

ARTICLES OF ASSOCIATION

LINKLATERS
One Silk Street
London EC2Y 8HQ
Tel: (44-20) 7456 2000

Ref: NYG

The Companies Act 1985

Public Company Limited by Shares

ARTICLES OF ASSOCIATION

(Adopted on 29 August 2000 pursuant to a Special Resolution passed on 29 August 2000)

of

Lattice Group plc

PRELIMINARY

1 Table A and other standard regulations do not apply

The regulations in Table A of the Companies (Tables A to F) Regulations 1985, and any similar regulations in any other legislation relating to companies, do not apply to the **Company**.

2 The meaning of the Articles

- 2.1** The following table gives the meaning of certain words and phrases as they are used in these **Articles**. However the meaning given in the table does not apply if that is inconsistent with the context in which a word or phrase appears. After the **Articles** there is a glossary which explains various words and expressions. The glossary also explains some of the words in the Memorandum. But the Glossary is not part of the Memorandum or **Articles**, and it does not affect their meaning. The words which are explained in the **Articles** are printed in **bold** and those which are explained in the Glossary are printed in *italics*.

Words	Definitions
alternate director	Has the meaning set out in Article 120.1.
amount (of a share)	This refers to the <i>nominal value</i> of the share.
Articles	The Company's Articles of Association, including any changes made to them.
class meeting	Has the meaning set out in Article 37.1.
clear days	In relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.

Companies Act	The Companies Act 1985 as amended by the Companies Act 1989.
company	Includes any corporate body.
company representative	This is defined in Article 80.
Company Secretary	Any person appointed by the Directors to do work as the company secretary including any assistant or deputy secretary.
the Company	Lattice Group plc.
CREST Regulations	The Uncertificated Securities Regulations 1995.
electronic mail	Includes any electronic transmission in any form through any medium (including transmission through the internet or by fax).
Equal Ranking Shares	Has the meaning set out in Article 39.
equity securities	The meaning of equity securities is given in Section 94 of the Companies Act .
equity shares	Shares in the capital of the Company which are regarded as equity share capital pursuant to Section 744 of the Companies Act .
existing shares (of any kind)	Shares which are in <i>issue</i> at the relevant time.
the Group	The Company and any subsidiary or subsidiaries of the Company.
legislation	The Companies Act , and all other laws and regulations applying to the Company .
London Stock Exchange	The London Stock Exchange Limited.
non equity securities	<i>Securities</i> which are not equity securities .
Operator	CRESTCO Limited or any other operator of a <i>relevant system</i> under the CREST Regulations .
Ordinary Shareholder	A holder of the Company's Ordinary Shares .
Ordinary Shares	Ordinary shares of 10 pence each in the Company .
paid-up share or other security	Includes a share or other security which is treated (credited) as <i>paid up</i> .
pay	Includes any kind of reward or payment for services.
recognised clearing house	A clearing house granted recognition under the Financial Services Act 1986.
recognised investment exchange	An investment exchange granted recognition under the Financial Services Act 1986.

recognised person	A recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange .
Register	The Company's register of <i>members</i> .
Registered Office	The Company's registered office.
relevant securities	The meaning of relevant securities is given in Section 80 of the Companies Act .
relevant system	Has the meaning set out in the CREST Regulations .
Seal	The Company's Common Seal, or any official seal kept by the Company under Section 40 of the Companies Act (called a Securities Seal).
shareholder	A holder of the Company's shares.
shareholder's meeting	Includes both a General Meeting of the Company and a meeting of any class of holders of the Company's shares.
the Special Share	the one special rights preference share of 10 pence.
the Special Shareholder	the holder of the Special Share .
subsidiary or subsidiary undertaking	A " <i>subsidiary undertaking</i> ", as defined in Section 258 of the Companies Act.
terms of a share	The terms on which a share was issued.
UK Listing Authority	The Financial Services Authority acting in its capacity as the competent authority for the purposes of the Financial Services Act 1986.
United Kingdom	Great Britain and Northern Ireland.

- 2.2 References to a **debenture** include **debenture stock** and references to a **debenture holder** include a **debenture stockholder**.
- 2.3 Where the **Articles** refer to a person who is automatically entitled to a share by law, this includes a person who is entitled to the share as a result of the death, or bankruptcy, of a shareholder.
- 2.4 Words which refer to a single number also refer to plural numbers, and the other way around.
- 2.5 Words which refer to males also refer to females, and to companies and so on.
- 2.6 References to **other** and **otherwise** are not to be construed as if they apply only to things which are of the same kind or nature as the particular things which precede the reference to **other** or **otherwise**.
- 2.7 References to a **person** or **people** include companies, *unincorporated associations* and so on.
- 2.8 Any headings in these **Articles** are only included for convenience. They do not affect the meaning of the **Articles**.
- 2.9 When an Act, or a section of an Act, is referred to, this includes any amendment to the Act or section, as well as its inclusion in a later Act.

- 2.10 When an Act or the **Articles** is referred to, the version which is current at any particular time will apply.
- 2.11 Where the **Articles** give any power or authority to anybody, this power or authority can be used on any number of occasions, unless the way in which the word is used does not allow this meaning.
- 2.12 Any word which is defined in the **Companies Act** or the **CREST Regulations** means the same in the **Articles**, unless the **Articles** define it differently, or the way in which the word is used is inconsistent with the definition given in the **Companies Act** or the **CREST Regulations**.
- 2.13 Where the **Articles** say that anything can be done by passing an *ordinary resolution*, this can also be done by passing a *special resolution* or an *extraordinary resolution*.
- 2.14 Where the **Articles** refer to changing the amount of shares this means doing any or all of the following:
- *subdividing* the shares into other shares with a smaller nominal amount;
 - *consolidating* the shares into other shares with a larger nominal amount; and
 - dividing shares which have been *consolidated* into shares with a larger *nominal amount* than the original shares had.
- 2.15 Where the **Articles** refer to any document being **made effective** this means being signed, sealed or *executed* in some other legally valid way.
- 2.16 Where the **Articles** refer to **months** or **years**, these are calendar months or years.
- 2.17 Articles which apply to *fully-paid* shares can also apply to *stock*. References in those **Articles** to **share** or **shareholder** include *stock* or stockholder.
- 2.18 Where the **Articles** refer to shares in **certificated form** this means that ownership of the shares can be transferred using a written transfer document (rather than in accordance with the **CREST Regulations**) and that a share certificate is usually issued to the owner.
- 2.19 Where the **Articles** refer to shares in **uncertificated form** this means that ownership of the shares can be transferred in accordance with the **CREST Regulations** without using a written transfer document and that no share certificate is issued to the owner.
- 2.20 References to **officers** include Directors, Managers and the Company Secretary, but not the **Company's** auditors.

SHARE CAPITAL

3 Form of the Company's share capital

- 3.1 The **Company's** share capital at the date when these **Articles** are adopted is £500,000,000.10. This consists of 4,999,500,000 Ordinary Shares of 10 pence each, one redeemable preference share of £50,000 (the "**Redeemable Preference Share**") and one special rights preference share of 10 pence.
- 3.2 The rights and restrictions attaching to the **Special Share** are set out in Article 10.
- 3.3 The rights attaching to any of the **Redeemable Preference Shares** in issue prior to the re-registration of the **Company** as a public limited company are set out below.

3.4 Rights to income and capital

- 3.4.1 The **Redeemable Preference Shares** shall carry no rights to receive any of the profits of the **Company** available for distribution by way of dividend or otherwise.
- 3.4.2 If there is a return of capital on winding-up or otherwise the *assets* of the **Company** available for distribution among the *members* shall be applied first in repaying in full the holders of the **Redeemable Preference Shares** the amount *paid up* on such shares.
- 3.4.3 Except as provided above the **Redeemable Preference Shares** shall not carry any right to participate in profits or *assets* of the **Company**.

3.5 As regards redemption

- 3.5.1 Subject to the provisions of the **Companies Act** the **Company** may *redeem* the **Redeemable Preference Shares** at their *nominal amount* at any time up to and including 31 December 2000 specified by the Directors PROVIDED ALWAYS that if the **Company** shall at any time be unable, in compliance with the provisions of the **Companies Act**, to *redeem* the **Redeemable Preference Shares** on the date specified by the directors of the **Company** then the **Company** shall *redeem* such shares as soon as it is able to comply with such provisions of the **Companies Act**.
- 3.5.2 In the event that the **Redeemable Preference Shares** are not *redeemed* in accordance with Article 3.5.1 by 31 December 2000, the holders of the **Redeemable Preference Shares** may *redeem* the shares held by them at any time thereafter.
- 3.5.3 On the *redemption* of any **Redeemable Preference Shares** the *nominal amount* of such **Redeemable Preference Shares** comprised in the authorised share capital of the **Company** shall thereafter be *sub-divided* and converted into **Ordinary Shares** of 10 pence each without any further resolution or consent.
- 3.5.4 Subject to the provisions of the **Companies Act** above any notice of *redemption* served shall specify the date fixed for *redemption* and upon such date the holders of the **Redeemable Preference Shares** shall be bound to present the certificate in respect thereof in order that the same may be cancelled. Upon such delivery the **Company** shall pay to such holders the amount due to them in respect of such *redemption*.

3.6 As regards voting

The holders of the **Redeemable Preference Shares** shall not be entitled to receive notice of or attend and vote at any General Meeting of the **Company** unless a resolution is to be proposed:

- 3.6.1 to wind up the **Company**; or
- 3.6.2 which varies, modifies, alters or *abrogates* any of the *rights* attaching to the **Redeemable Preference Shares**.

3.7 Redeemable Shares

Subject to the provisions of the **Companies Act** and to any *rights* previously conferred on the holders of any other shares, any share may be issued which is to be *redeemed*, or is liable to be *redeemed* at the option of the **Company** or the holder.

CHANGING CAPITAL

4 The power to increase capital

The **Company's shareholders** can increase the **Company's** share capital by passing an *ordinary resolution*. The resolution must fix the amount of the increase and the *nominal value* of the new shares and the currency or currencies of the shares.

5 Application of the Articles to new shares

The provisions of the **Articles** about *allotment*, payment of *calls*, transfer, *automatic entitlement by law*, *forfeiture*, *lien* and all other things apply to new shares under Article 4 in the same way as if they were part of the **Company's** existing share capital.

6 The power to change capital

The **shareholders** can pass *ordinary resolutions* to do any of the following:

- to *consolidate*, or *consolidate* and then divide, all or any of the **Company's** share capital into new shares of a larger *nominal value* than the existing shares;
- to cancel any shares which have not been taken, or agreed to be taken, by any person at the date of the resolution, and reduce the amount of the **Company's** share capital by the amount of the cancelled shares;
- to divide some or all of its shares into shares which are of a smaller *nominal value* than is fixed in the **Memorandum**. This is subject to any restrictions under the **legislation**. The resolution may provide that, as between the holders of the divided shares, different *rights* and restrictions which the **Company** can apply to new shares may apply to all or any of the different divided shares.

7 Fractions of shares

7.1 If any shares are *consolidated* or divided, the Directors have the power to deal with any fractions of shares which result. If the Directors decide to sell any shares representing fractions, they can do so for the best price reasonably obtainable and distribute the net proceeds of sale among *members* in proportion to their fractional entitlements in accordance with their rights and interests. The Directors can sell to any person (including the **Company**, if **legislation** allows this) and can authorise any person to transfer those shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any steps to see how any money he is paying is used. Nor will his ownership be affected if the sale was irregular or invalid in any way.

7.2 So far as **legislation** allows, when shares are *consolidated* or divided, the Directors can treat a **shareholder's** shares which are held in **certificated form** and in **uncertificated form** as separate shareholdings. The Directors can also arrange for any shares which result from a *consolidation* or division and which represent rights to fractions of shares to be entered in the **Register** as shares in **certificated form** where this makes it easier to sell them.

8 The power to reduce capital

The **Company's shareholders** can pass a *special resolution* to:

- reduce the **Company's** share capital in any way; or

- reduce any *capital redemption reserve*, *share premium account*, or other undistributable *reserve* in any way.

This is subject to any restrictions under the **Companies Act**.

9 Buying back shares

The **Company** can buy back, or agree to buy back in the future, any shares of any class (including *redeemable* shares), if the **legislation** allows this. However, if the **Company** has **existing shares** which are admitted to the official list maintained by the **UK Listing Authority** and which are convertible into other shares which are **equity shares**, then the **Company** can only buy back **equity shares** of that class if:

- either the terms of issue of the convertible shares permit the **Company** to buy back the **equity shares**; or
- the buy-back or agreement to buy back has been approved by an *extraordinary resolution* passed by the holders of the convertible shares at a separate **class meeting**.

10 The Special Share

10.1 The **Special Share** may only be issued to, held by and transferred to one of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury or any other person acting on behalf of the Crown.

10.2 Notwithstanding any provision in these **Articles** to the contrary, each of the following matters except (d) to (h) to the extent necessary or expedient to enable the **Company** to effect a Qualifying Reorganisation or disposal as provided in Articles 10.4 and 10.5 below shall be deemed to be a variation of the *rights* attaching to the **Special Share** and shall accordingly be effective only with the consent in writing of the **Special Shareholder** and without such consent shall not be done or caused to be done:-

(a) the amendment or removal or the alteration of the effect of (which, for the avoidance of doubt, shall be taken to include the ratification of any breach of) all or any of the following:-

- (i) in Article 2, the definitions of the **Special Share** and the **Special Shareholder** and a **recognised person**;
- (ii) this Article; and
- (iii) Article 40;

(b) the creation or issue of any shares in the **Company** with voting rights attached, not being:-

- (i) shares comprised in the relevant share capital (as defined in Section 198(2) of the **Companies Act**) of the **Company**; or
- (ii) shares which do not constitute equity share capital (as defined in section 744 of the **Companies Act**) and which, when aggregated with all such other such shares, carry the right to cast less than 15 per cent. of the maximum number of votes capable of being cast on a *poll* at any general meeting of the **Company** (in whatever circumstances and for whatever purpose the same may have been convened);

- (c) the variation of any voting rights attached to any shares in the **Company** (and, for the avoidance of doubt, the creation or issue of shares falling within sub-paragraph (b)(i) or (ii) above shall not be regarded as a variation for the purposes of this sub-paragraph);
- (d) the giving by the **Company** of any consent or agreement to (including, without limitation, the casting of any vote in favour of) any amendment, removal or alteration of the effect of article 10 of the Articles of Association of BG Transco plc (company number 2006000) as such article is altered pursuant to a *special resolution* passed at the Extraordinary General Meeting of BG Transco plc convened for on or about 10 November 1999 or at any adjournment thereof or of the equivalent article in the Articles of Association of each **Relevant Subsidiary**;
- (e) the giving by the **Company** (or any **Relevant Subsidiary**) of any consent or agreement to (including, without limitation, the casting of any vote in favour of) the creation or issue of any shares in the capital of BG Transco plc (or any **Relevant Subsidiary**) other than an issue of such shares following which the **Company** will own (directly or through any **Relevant Subsidiary**) the full legal and beneficial interest in, and control, shares in the capital of BG Transco plc carrying at least 85 per cent. of the voting rights exercisable at general meetings of BG Transco plc;
- (f) the disposal by the **Company** (or any **Relevant Subsidiary**) of any of the shares in BG Transco plc held by it (or any **Relevant Subsidiary**) or of any rights or interests therein or the entering into by the **Company** (or any **Relevant Subsidiary**) of any agreement or arrangement with respect to, or to the exercise of any voting or other rights attaching to, such shares such that the **Company** would cease (directly or through any **Relevant Subsidiary**) to own the full legal and *beneficial interest* in, and control, shares in the capital of BG Transco plc carrying at least 85 per cent. of the voting rights exercisable at general meetings of BG Transco plc. For the purposes of this paragraph, "disposal" shall include any sale, gift, lease, licence, loan, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist (other than a floating charge over the whole of the **Company's** or **Relevant Subsidiary's** assets), or any other disposition to a third party;
- (g) the giving by the **Company** (or any **Relevant Subsidiary**) of any consent or agreement to (including, without limitation, the casting of any vote in favour of) any *abrogation*, variation, waiver or modification of any of the rights or privileges attaching to any shares of any class in BG Transco plc (or any **Relevant Subsidiary**) such that the **Company** would cease (directly or through any **Relevant Subsidiary**) to own the full legal and beneficial interest in, and control, shares in the capital of BG Transco plc carrying at least 85 per cent. of the voting rights exercisable at general meetings of BG Transco plc; and
- (h) without limitation to any of the foregoing, any act or omission to act by the **Company** or the Directors (or by any **Relevant Subsidiary** or its directors) which results in the **Company** ceasing (directly or through any **Relevant Subsidiary**) to own the full legal and *beneficial interest* in, and control, shares in the capital of BG Transco plc carrying at least 85 per cent. of the voting rights exercisable at general meetings of BG Transco plc.

10.3 The **Special Shareholder** shall be entitled to receive notice of, and to attend and speak at, any general meeting or any separate meeting of the holders of any class of shares, but the **Special Share** shall carry no right to vote nor any other rights at any such meeting.

- 10.4 In a distribution of capital in a *winding up* of the **Company**, the **Special Shareholder** shall be entitled to repayment of the capital paid up or treated for the purposes of the Act as paid up on the **Special Share** in priority to any repayment of capital to any other *member*. Save as provided below, the **Special Share** shall confer no other right to participate in the capital, and no right to participate in the profits, of the **Company**. On a **Qualifying Reorganisation** the **Special Shareholder** shall receive a share in the ultimate *holding company* of the **Company** or, in the case of a **Qualifying Reorganisation** which results in a separation of different parts of the **Group**, in each ultimate *holding company* (other than the **Company**) of the separate parts of the **Group**. In the case of any such company which is the ultimate *holding company* of BG Transco plc, such share shall be a special share which shall have substantially the same rights, *mutatis mutandis*, as the **Special Share** and the Articles of Association will have provisions substantially the same as those contained in this Article 10 and Article 40 limiting the aggregate interests of shareholders in shares. In the case of any other ultimate *holding company*, such share shall be an ordinary share with the same rights as other ordinary shares.
- 10.5 The **Company** (or any **Relevant Subsidiary**) shall be entitled to dispose of shares in BG Transco plc or any company which is a *holding company* of BG Transco plc so that 85 per cent. or less of the share capital in BG Transco plc is owned directly or indirectly by the **Company** if BG Transco plc or, as the case may be, such *holding company* is, or the disposal is to a company which is, admitted to the official list maintained by the **UK Listing Authority** (or listed on a **recognised investment exchange**) and the listed company permits the **Special Shareholder** to subscribe a share with rights (*mutatis mutandis* and as appropriate) which are the same in all material respects as those attaching to the **Special Share** and, for the avoidance of doubt, such rights must be enforceable to the same extent and in substantially the same manner as those attaching to the **Special Share**, and contains in its Articles of Association provisions, *mutatis mutandis*, the same as those contained in these **Articles** limiting the interest of any person in the **Relevant Share Capital** of that company to less than 15 per cent. and containing provisions which are the same in all material respects as those in the provisions of these **Articles** for ensuring that at least 85 per cent. of the voting rights *exercisable* at General Meetings of BG Transco plc is owned (directly or through **Relevant Subsidiaries**) by such listed company.
- 10.6 The **Special Shareholder** may, after consulting the **Company** and subject to the provisions of the Act, require the **Company** to redesignate the **Special Share** as an Ordinary Share of 10 pence at any time by giving notice to the **Company** and delivering to it the relevant share certificate. Upon such redesignation of the **Special Share** the provisions of this article shall cease to have effect and the redesignated Special Share shall be an Ordinary Share with the same rights as other Ordinary Shares. In circumstances where the **Company** shall become a *subsidiary* of another company in respect of which the **Special Shareholder** shall have been issued with a special share in accordance with paragraph (4) above or shall have ceased to be a *holding company* of BG Transco plc, the **Company** shall be entitled to redesignate the **Special Share** as an Ordinary Share of 10 pence by giving notice to the **Special Shareholder**. Upon such redesignation of the **Special Share** the provisions of this article shall cease to have effect and the redesignated Special Share shall be an Ordinary Share with the same rights as other Ordinary Shares.
- 10.7 References in this Article 10 to a "**Relevant Subsidiary**" shall mean any company which is a *subsidiary* of the **Company** and both (i) is a *holding company* of BG Transco plc and (ii) contains in its Articles of Association a provision equivalent to article 10 of the Articles of Association of BG Transco Holdings plc (company number 3675375). References in this Article to percentages of voting rights *exercisable* at general meetings of BG Transco plc owned by

the **Company** shall be calculated by multiplying the percentage of the share capital in BG Transco plc carrying votes at its general meetings owned by its immediate *holding company* by the percentage of such capital in such immediate *holding company* owned by its immediate *holding company* and so on until the immediate *holding company* is the **Company** Provided that if any such intermediate *holding company* is not a **Relevant Subsidiary** the percentage of such share capital in such *holding company* owned by its immediate *holding company* or the **Company** shall be deemed to be nil.

- 10.8 References in this Article 10 to a “**Qualifying Reorganisation**” means any reorganisation, reconstruction or arrangement of the **Company** or the **Group**, including, without prejudice to the generality thereof, the super-imposition of a new *holding company* above the **Company** or the transferring of part of the **Group** in whatever form to shareholders of the **Company**, including, without prejudice to the generality thereof, a demerger, capital reduction or other return of capital, dividend or distribution, so that, in each case, immediately after such reorganisation, reconstruction or arrangement the ultimate ownership of the company or the companies then owning the **Company** or the **Group** shall be substantially the same (except to the extent such ownership cannot be substantially the same because by reason of the law of a country or territory outside the **United Kingdom** such ownership or an offer of shares in the transaction is precluded or is precluded except after compliance by the **Company** or any of the issuers with conditions with which the **Company** or any of such issuers is unable to comply or which it regards as unduly onerous) as the ultimate ownership of the **Company** immediately before such transaction.

SHARES

11 The special rights of new shares

- 11.1 If the **Company** *issues* new shares, the new shares may have any rights or restrictions attached to them. The rights can take priority over the rights of **existing shares**, or **existing shares** can take priority over them, or the new shares and the **existing shares** can *rank* equally. These rights and restrictions can apply to sharing in the **Company's** profits or *assets*. Other rights and restrictions can also apply, for example on the right to vote.
- 11.2 The rights and restrictions referred to in Article 11.1 can be decided by an *ordinary resolution* passed by the **shareholders**. The Directors can also take these decisions if they do not conflict with any resolution passed by the **shareholders**.
- 11.3 If the **legislation** allows this, the rights of any new shares can include rights for the holder and/or the **Company** to have them *redeemed*.
- 11.4 The ability to attach particular rights and restrictions to new shares may be restricted by *special rights* previously given to holders of any **existing shares**.

12 The Directors' power to deal with shares

- 12.1 The Directors can decide how to deal with any shares which have not been *issued*. The Directors can:
- *allot* them on any terms, which can include the right to transfer the *allotment* to another person before any person has been entered on the **Register**. This is known as the right to **renounce** the *allotment* (see also Article 15) ;
 - grant options to give people a choice to acquire shares in the future; or

- dispose of the shares in any other way.
- 12.2 The Directors are free to decide who they deal with, when they deal with the shares, and the terms on which they deal.
- 12.3 For the purposes of Article 12.1, the Directors must comply with:
- the provisions of the **legislation** relating to authority, *pre-emption rights* and other matters; and
 - any resolution of a General Meeting which is passed under the **legislation**.

13 The Directors' authority to allot "relevant securities" and "equity securities"

- 13.1 This Article regulates the authority of the Directors to *allot relevant securities* and their power to *allot equity securities* for cash.
- 13.2 The Directors are authorised, generally and without conditions, under Section 80 of the **Companies Act**, to *allot relevant securities*. They are authorised to *allot* them for any **prescribed period**. The maximum amount of *relevant securities* which the Directors can *allot* in each **prescribed period** is the **Section 80 Amount**.
- 13.3 Under the Directors' general authority in Article 13.2, they have the power to *allot equity securities*, entirely paid for in cash, free of the restriction in Section 89(1) of the **Companies Act**. They have the power to *allot* them for any **prescribed period**. There is no maximum amount of *equity securities* which the Directors can *allot* when the *allotment* is in connection with a **rights issue**. In all other cases, the maximum amount of *equity securities* which the Directors can *allot* is the **Section 89 Amount**.
- 13.4 During any **prescribed period**, the Directors can make offers and enter into agreements which would, or might, require shares or other *securities* to be *allotted* after that period has ended.
- 13.5 For the purposes of this Article:
- **rights issue** means an offer of *equity securities* which is open for a period decided on by the Directors to the people who are registered on a particular date (chosen by the Directors) as holders of:
 - (i) **Ordinary Shares**, in proportion to their holdings of **Ordinary Shares**; and
 - (ii) other classes of *equity securities* or **non equity securities** which give them the right to receive the offer in accordance with their rights.

However, the Directors can do the following things (and the issue will still be treated as a **rights issue** for the purpose of this Article if they do so):

- sell any fractions of *equity securities* to which people would be entitled and keep the net proceeds for the **Company's** benefit or make other appropriate arrangements to deal with such fractions;
- make the **rights issue** subject to any limits or restrictions which the Directors think are necessary or appropriate to deal with legal or practical problems under the laws of any territory, or under the requirements of any recognised regulatory body, or stock exchange, in any territory or as a result of shares being represented by **American Depositary Shares**; or

- treat a **shareholder's** holdings in **certificated form** and **uncertificated form** as separate shareholdings.
- **prescribed period** means in the first instance the period ending on the date of the Annual General Meeting in 2005 or on 29 August 2005, whichever is earlier. After this, the **prescribed period** means a period of no more than five years fixed by the **shareholders** by passing a resolution at a General Meeting. The **shareholders** can, by passing further resolutions, renew or extend this power (including the first **prescribed period**), for periods of no more than five years each. Such resolutions can take the form of:
 - an *ordinary resolution* fixing a period under Article 13.2; or
 - a *special resolution* fixing a period under Article 13.3; or
 - a *special resolution* fixing identical periods under Article 13.2 and under Article 13.3; or
 - a *special resolution* fixing different periods under Article 13.2 and under Article 13.3.
- The **Section 80 Amount** for the first **prescribed period** is £115,000,000. For any subsequent **prescribed period** the **Section 80 Amount** is that stated in a relevant resolution passed by the **shareholders** at a General Meeting.
- The **Section 89 Amount** for the first **prescribed period** is £15,000,000. For any subsequent **prescribed period** the **Section 89 Amount** is that stated in a relevant **special resolution** passed by the **shareholders** at a General Meeting.
- In working out any maximum amounts of *securities* referred to in this Article, the *nominal value* of rights to *subscribe for shares*, or to convert any *securities* into shares, will be taken as the *nominal value* of the shares which would be *allotted* if the *subscription* or conversion takes place.

14 Power to pay commission and brokerage

- 14.1 The **Company** can use all the powers given by the **legislation** to pay commission or *brokerage* to any person who:
- applies, or agrees to apply, for any new shares; or
 - gets anybody else to apply, or agree to apply for, any new shares.
- 14.2 The rate per cent. or amount of the commission paid or agreed to be paid must be disclosed and made as required by the **legislation** and may be paid in either cash, by the *allotment* of fully or *partly paid up shares*, any combination of the two or in any other way allowed by the **legislation**.

15 Renunciations of allotted but unissued shares

Where a share has been *allotted* to a person but that person has not yet been entered on the **Register**, the Directors can recognise a transfer (called a **renunciation**) by that person of his right to the share in favour of some other person. The ability to *renounce allotments* only applies if the terms on which the share is *allotted* are consistent with **renunciation**. The Directors can impose terms and conditions regulating **renunciation** rights.

16 No trusts or similar interests recognised

- 16.1** The **Company** will only be affected by, or recognise, a current and absolute right to whole shares. The fact that any share, or any part of a share, may not be owned outright by the registered owner is not of any concern to the **Company**, for example if a share is held on any kind of *trust*.
- 16.2** The only exception to what is said in Article 16.1 is for any right:
- which is expressly given by these **Articles**; or
 - which the **Company** has a legal duty to recognise.

SHARES IN UNCERTIFICATED FORM

17 Shares without certificates, and shares which can be transferred without transfer forms

- 17.1** The **Company** can *issue* shares, and other *securities*, which do not have certificates. The **Company** can also allow **existing shares**, and other *securities*, to be held without certificates. Evidence of ownership of these shares and *securities* does not involve a certificate. The **Company** can also allow any shares, or other *securities*, to be transferred without using a transfer form. All this applies so far as the **legislation** allows.
- 17.2** These shares and other *securities* can, for example, be transferred by using a **relevant system**, as defined in the **CREST Regulations** which can be transferred in this way are called **uncertificated shares**.
- 17.3** Immediately before any of the **Company's** shares become **uncertificated shares**, the **Articles** will only apply to those shares so far as they are consistent with:
- holding those shares as **uncertificated shares**;
 - transferring ownership of those shares by using a **relevant system**; and
 - any of the provisions of the **CREST Regulations**.
- 17.4** The Directors can also lay down regulations:
- which govern the issue, holding and transfer, and where appropriate, the mechanics of conversion and *redemption*, of these shares and *securities*;
 - which govern the mechanics for payments involving a **relevant system**; and
 - which make any other provisions which the Directors consider are necessary to ensure that these **Articles** are consistent with the **CREST Regulations**, and with any rules or guidance of an operator of a **relevant system** under the **CREST Regulations**.

These regulations will, if they say so, apply instead of the other provisions in the **Articles** relating to certificates, and the transfer, conversion and *redemption* of shares and other *securities*, and any other provisions which are not consistent with the **CREST Regulations**. If the Directors do make any regulations under this Article 17.4, Article 17.3 will still apply to the **Articles**, read with those regulations.

SHARE CERTIFICATES

18 Certificates

- 18.1 When a **shareholder** is first registered as the holder of any class of shares in **certificated form**, he is entitled, free of charge, to a separate share certificate for each class of shares he holds in **certificated form**. If he holds shares of more than one class in **certificated form**, he is entitled to receive a separate share certificate for each class.
- 18.2 The **Company** must also observe any requirements of the **CREST Regulations** when issuing share certificates. Where the **legislation** allows, the **Company** does not need to issue share certificates.
- 18.3 If a **shareholder** receives more shares in **certificated form** of any class he is entitled, without charge, to another certificate for the extra shares.
- 18.4 If a **shareholder** transfers part of his shares covered by a certificate, he is entitled, free of charge, to a new certificate for the balance if the balance is also held in **certificated form**. The old certificate will be cancelled.
- 18.5 The **Company** does not have to issue more than one certificate for any share in **certificated form**, even if that share is held jointly.
- 18.6 When the **Company** delivers a certificate to one joint **shareholder** holding shares in **certificated form**, this is treated as delivery to all of the joint **shareholders**.
- 18.7 The **Company** can deliver a certificate to a broker or *agent* who is acting for a person who is buying the shares in **certificated form**, or who is having the shares transferred to him in **certificated form**.
- 18.8 The Directors can decide how share certificates are made effective. For example, they can be:
- signed by one or more Directors;
 - sealed with the **Seal** (or in the case of shares on a branch register, an official seal for use in the relevant territory); or
 - printed, in any way, with a copy of the **Seal** or with a copy of the signature of one or more Directors. The copy can be made or produced mechanically, electronically or in any other way the Directors approve as long as it complies with the **legislation**.
- 18.9 A share certificate must state the number and class of shares to which it relates their *nominal value* and the amount **paid up** on those shares. It cannot be for shares of more than one class.
- 18.10 The time limit for the **Company** to provide a share certificate in **certificated form** under this Article 18 is:
- one month after the *allotment* of a new share (or any longer period provided by its terms of issue);
 - five business days after a transfer of *fully-paid shares* is presented for registration; or
 - two months after a transfer of *partly-paid shares* is presented for registration.
- 18.11 Share certificates will also be prepared and sent earlier where the **UK Listing Authority** requires it.

19 Replacement share certificates

- 19.1 If a **shareholder** has two or more share certificates for shares of the same class which are in **certificated form**, he can ask the **Company** for these to be cancelled and replaced by a single new certificate. The **Company** must comply with such request, without making a charge for doing so.
- 19.2 A **shareholder** can ask the **Company** to cancel and replace a single share certificate with two or more certificates, for the same total number of shares. The **Company** may comply with such request and the Directors may require the shareholder to pay a reasonable sum to the **Company** for doing so.
- 19.3 A **shareholder** can ask the **Company** for a new certificate if the original is:
- damaged or defaced; or
 - said to be lost, stolen, or destroyed.
- 19.4 If a certificate has been damaged or defaced, the **Company** can require the certificate to be delivered to it before issuing a replacement. If a certificate is said to be lost, stolen or destroyed, the **Company** can require satisfactory evidence, and an *indemnity*, before issuing a replacement.
- 19.5 The Directors can require the **shareholder** to pay the **Company's** exceptional out of pocket expenses for issuing any share certificates under Article 19.3.
- 19.6 Any one joint **shareholder** can request replacement certificates under this Article 19.

CALLS ON SHARES

20 The Directors can make calls on shares

The Directors can *call* on **shareholders** to pay any money which has not yet been paid to the **Company** for their shares. This includes both the *nominal value* of the shares and any *premium* which may be payable. They can also make calls on people who are *automatically entitled to shares by law*. If the terms of issue of the shares allow this, the Directors can:

- make *calls* as often, and whenever, they think fit;
- decide when and where the money is to be paid;
- decide that the money may be paid by instalments;
- wholly or partly *revoke* or postpone any *call*.

A *call* is treated as having been made as soon as the Directors pass a resolution authorising it.

21 The liability for calls

A **shareholder** who has received at least 14 days' notice giving the amount called, the time (or times) and place for payment must pay the *call* as required by the notice. Joint **shareholders** are *liable jointly and severally* to pay any money *called* for. A **shareholder** who transfers shares after a *call* is made on them remains liable for that *call*.

22 Interest and expenses on unpaid calls

If the person due to pay any money *called* for in this way does not pay it by the day that it is due, he is liable to pay interest on the money and any expenses incurred by the **Company** because of his failure to pay the *call* on time. This interest will run from the day the money is due until it has actually been paid. The yearly interest rate is that fixed by the Directors (subject to a maximum of 15 per cent) or, if no rate is fixed, at the appropriate rate (as defined by the **Companies Act**) but the Directors can decide to forgo any or all of this interest or expenses.

23 Sums which are payable when a share is allotted are treated as a call

If the **terms of a share** require any money to be paid at the time the share is *allotted*, or at any fixed date, then this money will be treated in the same way as a valid *call* for money on shares which is due on the same date. If this money is not paid, everything in the **Articles** relating to non-payment of *calls* applies. This includes **Articles** which allow the **Company** to *forfeit* or sell shares and to claim interest.

24 Calls can be for different amounts

On or before an *issue* of shares, the Directors can decide that **shareholders** may be called on to pay different amounts, or that they may be called on at different times.

25 Paying calls early

25.1 The Directors can accept payment in advance of some or all of the money due from a **shareholder** before he is called on to pay the money and liability on the shares in respect of which the payment is made shall be extinguished to the extent of that payment. The Directors can agree to pay interest on money paid in advance (up to a maximum yearly interest rate of 15 per cent.) until it would otherwise be due to the **Company** at a rate fixed by the Directors.

25.2 The money which is paid in advance in this way shall not be included in calculating the dividend payable on the shares in respect of which the money paid in advance has been paid.

FORFEITING SHARES AND LIENS OVER SHARES

26 Notice following non-payment of a call

Articles 26 to 36 apply if a **shareholder** fails to pay the whole amount of a *call*, or an instalment of a *call*, by the day that it is due. They also apply in the same way to a person who is *automatically entitled to a share by law*. The Directors can serve a notice on him any time after the date it is due, if the whole amount immediately due has not been paid. This notice must comply with Article 27.

27 Contents of the notice

The notice referred to in Article 26 must:

- demand payment of the amount immediately payable, plus any interest and any of the **Company's** expenses caused by the failure to pay;
- give a date by when the total referred to immediately above must be paid, but this must be at least fourteen **clear days** after the notice is served on the **shareholder**;

- state where the payment must be made; and
- state that if the full amount demanded is not paid by the time and place stated, the **Company** can *forfeit* the shares on which the *call* or instalment was due.

28 Forfeiture if the notice is not complied with

If the notice is not complied with, the shares that it relates to can be *forfeited* at any time while any amount (including interest and expenses) is still outstanding. This is done by the Directors passing a resolution stating that the shares have been *forfeited*. The Directors can accept the surrender of any share that would otherwise be *forfeited*.

29 Forfeiture will include unpaid dividends

All dividends which are due on (and other amounts payable in respect of) the *forfeited* shares, but not yet paid, will also be *forfeited*.

30 Dealing with forfeited shares

30.1 A share *forfeited* or surrendered under Article 28 belongs to the **Company**. The Directors can sell, dispose of or *re-allot* any *forfeited* share on any terms, and in any way that they decide. This can be with, or without, a credit for any amount previously *paid up* for the share. It can be sold or disposed of to any person, including the previous **shareholder**, or the person who was previously *automatically entitled by law* to the share. The Directors can, if necessary, authorise any person to transfer a *forfeited* share.

30.2 The new **shareholder's** ownership of the share will not be affected if the steps taken to *forfeit* the share, or the sale or disposal of the share, were invalid or irregular, or if anything that should have been done was not done, and the new **shareholder** is not obliged to enquire as to how the purchase money (if any) is used.

31 Cancelling forfeiture

31.1 After a share has been *forfeited*, the Directors can cancel the *forfeiture*. But they can only do this before the share has been sold, *re-allotted* or disposed of. This can be on any terms that they decide.

31.2 If a share has not been sold, *re-allotted* or disposed of after three years from the date of *forfeiture*, the Directors must cancel the share.

32 The position of shareholders after forfeiture

32.1 A **shareholder** loses all rights in connection with *forfeited* shares. If the shares are in **certificated form**, he must surrender any certificate for those shares to the **Company** for cancellation. A shareholder is still liable to pay *calls* which had been made, but not paid, before the *forfeiture* of his shares. He must also pay interest on the unpaid amount at the rate which was payable before the *forfeiture*, until it is paid. The Directors can fix the rate of interest, but it must not be more than 15 per cent a year.

32.2 The **shareholder** continues to be liable for all claims and demands which the **Company** could have made relating to the *forfeited* share. He is not entitled to any credit for the value of the share when it was *forfeited* or for money received by the **Company** under Article 30, unless

the Directors decide to allow credit for all or any of that value. The Directors may also decide to waive any payment due either completely or in part.

33 The Company's lien on shares

The **Company** has a *lien* on all *partly paid shares*. This *lien* has priority over claims of others to the shares and extends to all dividends and other money payable on the shares or in respect of them. This *lien* is for any money owed to the **Company** for the shares. The Directors can decide to give up any *lien* which has arisen or that any share for a specified period of time be entirely or partly exempt from this Article. They can also decide to suspend any *lien* which would otherwise apply to particular shares.

34 Enforcing the lien by selling the shares

If the Directors want to enforce the *lien* referred to in Article 33, they can sell some or all of the shares in any way they decide. The Directors can authorise any person to transfer the shares sold. But they cannot sell the shares until all of these conditions are met:

- the money owed by the **shareholder** must be immediately payable;
- the Directors must have given a written notice to the **shareholder**. This notice must say how much is due. It must also demand that this money is paid, and say that the **shareholder's** shares will be sold if the money is not paid;
- the notice just referred to must have been served on the **shareholder**, or on any person who is *automatically entitled to the shares by law*. This notice can be served in any way that the Directors decide; and
- the money has not been paid by at least 14 **clear days** after the notice has been served.

35 Using the proceeds of the sale

If the Directors sell any shares under Article 34, the net proceeds will first be used to pay off the amount which is then payable to the **Company**. The Directors will pay any money left over to the former **shareholder**, or to any person who would otherwise be *automatically entitled to the shares by law*. But the **Company's lien** will also apply to any money left over, to cover any money still due to the **Company** which is not yet payable: the **Company** has the same rights over this money as it had over the shares immediately before they were sold. If the shares are in **certificated form**, the **Company** need not pay over anything left under this Article 35 until the certificate representing the shares sold has been delivered to the **Company** for cancellation.

36 Evidence of forfeiture or sale

A Director, or the **Company Secretary**, can make a *statutory declaration* which declares:

- that he is a Director or the **Company Secretary** of the **Company**;
- that a share has been properly surrendered, *forfeited* or sold to satisfy a *lien* under the **Articles**; and
- when the share was surrendered, *forfeited* or sold.

This will be evidence of these facts which cannot be disputed. If this declaration is delivered to the new holder of a share, with any completed transfer form which is required, this gives the buyer good title to the share. Nor does the new holder of the share need to take any steps to see how any money he may be paying for the share is used. The new **shareholder's** ownership of the share will not be affected if the steps taken to surrender or *forfeit* the share, or the sale or disposal of the share, were invalid or irregular, or if anything that should have been done was not done.

CHANGING SHARE RIGHTS

37 Changing the special rights of shares

- 37.1 The **Company's** share capital is split into different classes of share, and if the **legislation** allows this and unless the **Articles** or rights attached to any class of share say otherwise, the *special rights* which are attached to any of these classes can be varied or *abrogated* in such manner as may be provided by those rights or if this is approved by an *extraordinary resolution*. This must be passed at a separate meeting of the holders of the relevant class of shares. This is called a **class meeting**. Alternatively, the holders of at least three-quarters of the **existing shares** of the class (by *nominal value*) can give their consent in writing.
- 37.2 The *special rights* of a class of shares can be varied or *abrogated* while the **Company** is a going concern, or while the **Company** is being *wound up*, or if this is being considered.
- 37.3 This Article 37 also applies to the variation or *abrogation* of *special rights* of shares forming part of a class. Each part of the class which is being treated differently is viewed as a separate class in operating this Article 37.

38 Class meetings

All the **Articles** relating to General Meetings apply, with any necessary changes, to a **class meeting**, but with the following adjustments:

- At least two people who hold (or who act as *proxies* for) at least one third of the total *nominal value* of the **existing shares** of the class are a *quorum*. However, if this *quorum* is not present at an *adjourned* meeting, one person who holds shares of the class, or his *proxy*, is a *quorum*.
- Any holder of shares of that class who is personally present, or who is represented by a *proxy*, can demand a *poll*.
- On a *poll*, the holders of shares will have one vote for every share of the class which they hold.

This is subject to any *special rights* or restrictions which are attached to any class of shares by the **Articles**, or when rights are attached to shares in some other way under the **Articles**.

39 More about the special rights of shares

The *special rights* of **existing shares** are not regarded as varied or *abrogated* if:

- new shares are created, or *issued*, which *rank* equally with or subsequent to any other **existing shares** in sharing in profits or assets of the **Company** (**Equal Ranking Shares**); or

- the **Company** *redeems* or buys back its own shares.

But this does not apply if the terms of the **existing shares** expressly say otherwise.

SPECIAL SHARE

40 Special Share

- 40.1 The purpose of this Article is to prevent, until the date of *redemption* of the **Special Share** pursuant to Article 10(5), any person (other than a **Permitted Person**) directly or indirectly owning or controlling the right to cast on a poll 15 per cent or more of the votes at General Meetings of the **Company**.

This Article shall remain in force until the date of *redemption* of the **Special Share** pursuant to Article 10(5) notwithstanding any provision in the **Articles** to the contrary. Thereafter this Article shall be and shall be deemed to be of no effect (save to the extent that the provisions of this Article are referred to in other **Articles**), the separate register required under paragraph (3) of this Article shall no longer be required to be maintained by the **Company** and any notice by the **Company** calling for a **Required Disposal** (whether given before or after the date of *redemption* of the **Special Share**) and the powers of the Directors under this Article in respect of a **Required Disposal** shall cease to have effect; but the validity of anything done under this Article before that date shall not otherwise be affected and any actions taken under this Article before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

40.2 In this Article:

- (a) **ADR Depositary** means a custodian or depositary or a nominee thereof, approved by the Directors, under contractual arrangements with the **Company** by which it or that nominee holds shares in the **Company** and issues **American Depositary Receipts** evidencing **American Depositary Shares** which represent rights in relation to those shares or a right to receive them;
- (b) **Additional Interest** means any such interest as is referred to in paragraph (d)(ii) below;
- (c) **Holder** means a person who has an interest in shares of the **Company** evidenced by **American Depositary Receipts**;
- (d) **Interest**, in relation to shares, includes-
 - (i) any interest which would be taken into account in determining for the purposes of Part VI of the **Original Act** whether a person has a notifiable interest (including any interest which he would be taken as having for those purposes); and
 - (ii) any interest (an **Additional Interest**) mentioned in section 209(1)(a), (b), (d) or (e) of the **Original Act** (except that of a bare or custodian trustee under the laws of England and Wales and of a simple trustee under the laws of Scotland) or mentioned in section 208(4)(b) of the **Original Act** (but on the basis that the entitlement there referred to could arise under an agreement within the meaning in section 204(5) and (6) of that Act), and **interested** shall be construed accordingly;

- (e) the **Original Act** means the Companies Act 1985 as in force at the date of adoption of this **Article** and notwithstanding any repeal, modification or re-enactment thereof after that date (including for the avoidance of doubt, any amendment, replacement or repeal by regulations made by the Secretary of State pursuant to section 210A of that Act to the definition of relevant share capital in section 198(2) or to the provisions as to what is taken to be an interest in shares in section 208 or as to what interests are to be disregarded in section 209 or the percentage giving rise to a notifiable interest in section 199(2));
- (f) **Permitted Person** means:-
- (i) an **ADR Depositary**, acting in his capacity as such;
 - (ii) a **recognised person** acting in its capacity as such;
 - (iii) the chairman of a meeting of the **Company** or of a meeting of the holders of **Relevant Share Capital** or of any class thereof when exercising the voting rights conferred on him under paragraph (8) below;
 - (iv) a trustee (acting in that capacity) of any employees' share scheme of the **Company**;
 - (v) the Crown or one of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury and any other person acting on behalf of the Crown;
 - (vi) any person who has an interest but who, if the incidents of his interest were governed by the laws of England and Wales, would in the opinion of the Directors be regarded as a bare trustee of that interest only;
 - (vii) an underwriter in respect of interests in shares which exist only by virtue of a contingent obligation to purchase or subscribe for such shares pursuant to underwriting or sub-underwriting arrangements approved by the Directors or, for a period of three months, in respect of interests in shares purchased or subscribed for by it pursuant to such an obligation;
 - (viii) any other person who (under arrangements approved by the Directors) subscribes or otherwise acquires **Relevant Share Capital** (or interests therein) which has been allotted or issued with a view to that person (or purchasers from that person) offering the same to the public, for a period not exceeding three months from the date of the relevant allotment or issue (and in respect only of the shares so subscribed or otherwise acquired);
 - (ix) any depositary (including, without limitation, Depositary Trust Company) and/or its nominee acting in the capacity of a clearing agency in respect of dealings in **American Depositary Receipts**;
 - (x) any person who has an interest, and who shows to the satisfaction of the Directors that he has it, by virtue only either of being entitled to exercise or control the exercise (within the meaning of section 203(4) of the **Original Act**) of one-third or more of the voting power at general meetings of a company which is a **Permitted Person** within (i) to (xi) above or of that company or its Directors being accustomed to act in accordance with that person's directions or instructions; or

- (xi) a **CREST** member acting as trustee of shares in respect of which no other person (other than a **Permitted Person**) is or becomes a **Relevant Person** (including, without limitation, by virtue of being deemed to be one);
- (g) **Relevant Person** means any person (whether or not identified) who has, or who appears to the Directors to have, an interest in shares which carry the right to cast 15 per cent or more of the total votes attaching to **Relevant Share Capital** of all classes (taken as a whole) and capable of being cast on a poll, or who is deemed for the purposes of this **Article** to be a **Relevant Person**, except in either case a person (or a subsidiary of a person) in whose share capital the **Special Shareholder** shall be or shall have been entitled to receive a share pursuant to Article 10(4);
- (h) **Relevant Share Capital** means the relevant share capital (as defined in section 198(2) of the **Original Act**) of the **Company**;
- (i) **Relevant Shares** means all shares comprised in the **Relevant Share Capital** in which a **Relevant Person** has, or appears to the Directors to have, an interest or which are deemed for the purposes of this Article to be **Relevant Shares**; and
- (j) **Required Disposal** means a disposal or disposals of such a number of **Relevant Shares** or interests therein as will cause a **Relevant Person** to cease to be a **Relevant Person**, not being a disposal to another **Relevant Person** (other than a **Permitted Person**) or a disposal which constitutes any other person (other than a **Permitted Person**) a **Relevant Person**;

and, for the purposes of this Article, where the Directors resolve that they have made reasonable enquiries and that they are unable to determine -

- (i) whether or not a particular person has an interest in any particular shares comprised in **Relevant Share Capital**, or
- (ii) who is interested in any particular shares so comprised,

the shares concerned shall be deemed to be **Relevant Shares** and all persons interested in them to be **Relevant Persons**.

40.3 Subject to paragraphs (4), (14), (15) and (16) below and without prejudice to Article 73, the provisions of Part VI of the **Original Act** shall apply in relation to the **Company** as if -

- (a) those provisions extended to **Additional Interests**; and
- (b) where any percentage prescribed by regulations under section 201 of the **Original Act** exceeds three per cent, the notifiable percentage for the purpose of section 199(2) of the **Original Act** remained three per cent, and accordingly the rights and obligations arising under that Part shall apply in relation to the **Company**, its members and all persons interested in **Relevant Share Capital**, as extended by this paragraph; but so that **Additional Interests** shall, when disclosed to the **Company**, be entered in a separate register kept by the **Company** for that purpose. The rights and obligations created by this paragraph in respect of interests in shares (including, but not limited to, **Additional Interests**) are in addition to and separate from those arising under Part VI of the Act.

40.4 Sections 210(3) to (6), 211(10), 213(3) (so far as it relates to section 211(10)), 214(5), 215(8), 216(1) to (4), 217(7), 218(3), 219(3) and (4), 454, 455, 732 and 733 of the **Original Act** shall not apply in respect of **Additional Interests**.

40.5 If, to the knowledge of the Directors, any person other than a **Permitted Person** is or becomes a **Relevant Person** (including, without limitation, by virtue of being deemed to be one), the Directors shall give notice to all persons (other than persons referred to in paragraph (10) below) who appear to the Directors to have **interests** in the Relevant Shares and, if different, to the holder(s) of those shares. The notice shall set out the restrictions referred to in paragraph (8) below and call for a **Required Disposal** to be made within 21 days of the giving of the notice to such person(s) or holder(s) or such longer period as the Directors consider reasonable. If the **Relevant Shares** are held by the **ADR Depositary**, the notice shall also state that:

- (a) a specified **Holder** or specified **Holders** (the **Relevant Holder(s)**), as the case may be, is or are believed to be or deemed to be a **Relevant Person** or **Persons** or is or are persons through whom a **Relevant Person** or **Persons** is or are believed or deemed to be interested in shares of the Company in either case as specified in the notice; and
- (b) the **Relevant Holder(s)** or the **Relevant Person** or **Persons**, as the case may be, is or are believed or deemed to be interested in the number of shares of the Company specified in relation to that person in the notice.

The **Directors** may extend the period in which any such notice is required to be complied with and may withdraw any such notice (whether before or after the expiration of the period referred to) if it appears to them that there is no **Relevant Person** in relation to the shares concerned. After the giving of such a notice, and save for the purpose of a **Required Disposal** under this or the following paragraph, no transfer of any of the **Relevant Shares** may be registered until either the notice is withdrawn or a **Required Disposal** has been made to the satisfaction of the **Directors** and registered.

40.6 If a notice given under paragraph (5) above has not been complied with in all respects to the satisfaction of the Directors and has not been withdrawn, so far as they are able, the Directors shall make a **Required Disposal** (or procure that a **Required Disposal** is made) and shall give written notice of the disposal to those persons on whom the notice was served. The **Relevant Person** or **Persons** and the holder of the shares to be disposed of shall be deemed to have irrevocably and unconditionally authorised the Directors to make such **Required Disposal**. The manner, timing and terms of any such **Required Disposal** made or sought to be made by the Directors (including but not limited to the price or prices at which the same is made and the extent to which assurance is obtained that no transferee, except a **Permitted Person**, is or would become a **Relevant Person**) shall be such as the Directors determine, based on advice from bankers, brokers, or other appropriate persons consulted by them for the purpose, to be reasonably practicable having regard to all the circumstances, including but not limited to the number of shares to be disposed of and the requirement that the disposal be made without delay and the Directors shall not be liable to any person for any of the consequences of reliance on such advice. If, in relation to a **Required Disposal** to be made by the Directors, **Relevant Shares** are held by more than one holder (treating joint holders of any **Relevant Shares** as a single holder) the Directors shall cause as nearly as practicable the same proportion of each holding (so far as known to them) of the **Relevant Shares** to be sold.

40.7 For the purpose of effecting any **Required Disposal**, the Directors may authorise in writing any officer or employee of the **Company** to execute any necessary transfer on behalf of any holder and may enter the name of the transferee in the register of members in respect of the transferred shares notwithstanding the absence of any share certificate and may issue a new certificate to the transferee and an instrument of transfer executed by such person shall be as effective as if it had been executed by the registered holder of the transferred shares and the

title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of the disposal shall be received by the **Company** whose receipt shall be a good discharge for the purchase money, and shall be paid (without any interest being payable in respect of it and after deduction of any expenses incurred by the Directors in the sale) to the former holder (or, in the case of joint holders, the first of them named in the register) together with, if appropriate, a new certificate in respect of the balance of the **Relevant Shares** to which he is entitled upon surrender by him or on his behalf of any certificate in respect of the **Relevant Shares** sold and formerly held by him.

- 40.8 A holder of a **Relevant Share** on whom a notice has been given under (and complying with) paragraph (5) above shall not in respect of that share be entitled, until such time as the notice has been complied with to the satisfaction of the Directors or withdrawn, to attend or vote at any general meeting of the **Company** or meeting of the holders of **Relevant Share Capital** or of any class thereof, or to exercise any other right conferred by membership in relation to any such meeting; and the rights to attend (whether in person or by representative or proxy), to speak and to demand and vote on a poll which would have attached to the **Relevant Share** had it not been a **Relevant Share** shall vest in the chairman of any such meeting. The manner in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The chairman of any such meeting shall be informed by the Directors of any share becoming or being deemed to be a **Relevant Share**.
- 40.9 Without prejudice to the provisions of the **Companies Act** the Directors may assume without enquiry that a person is not a **Relevant Person** unless the information contained in the registers kept by the **Company** under Part VI of the **Companies Act** or under Part VI of the **Original Act** (as applied and extended by this **Article**), including the separate register to be kept under paragraph (3) above, appears to the Directors to indicate to the contrary or the Directors have reason to believe otherwise, in which circumstances the Directors shall make reasonable enquiries to discover whether any person is a **Relevant Person**.
- 40.10 The Directors shall not be obliged to give any notice required under this Article to be given to any person if they do not know either his identity or his address. The absence of such a notice in those circumstances and any accidental error in or failure to give any notice to any person to whom notice is required to be given under this Article shall not prevent the implementation of, or invalidate, any procedure under this Article.
- 40.11 If any Director has reason to believe that a person (not being a **Permitted Person**) is a **Relevant Person**, he shall inform the other Directors.
- 40.12 Save as otherwise provided in this paragraph, the provisions of the **Articles** applying to the giving of notice of meetings to members shall apply to the giving to a member of any notice required by this Article. Any notice required by this Article to be given to a person who is not a member, or who is a member whose registered address is not within the **United Kingdom** and who has not given to the **Company** an address within the **United Kingdom** at which notices may be given to him, shall be deemed validly served if it is sent through the post in a prepaid envelope addressed to that person at the address (or if more than one, at one of the addresses), if any, at which the Directors believe him to be resident or carrying on business or his last known address as shown on the register or on the lists of **Holders** maintained by the **ADR Depository**. The notice shall in such a case be deemed to have been given on the day following that on which the envelope containing the same is posted, unless it was sent by second class post or there is only one class of post, in which case it shall be deemed to have been given on the day next but one after it was posted. Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given.

- 40.13** Any resolution or determination of, or decision or exercise of any discretion or power by, the Directors or any Director or by the chairman of any meeting under or pursuant to the provisions of this Article (including without prejudice to the generality of the foregoing as to what constitutes reasonable enquiry or as to the manner, timing and terms of any **Required Disposal** made by the Directors under paragraph (6) above) shall be final and conclusive; and any disposal or transfer made, or other thing done, by or on behalf of, or on the authority of, the Directors or any Director pursuant to the foregoing provisions of this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article.
- 40.14** Paragraph (3) above shall not apply to an **ADR Depositary** in his capacity as such. A **Holder** shall be deemed for the purposes of this Article to have an interest in the number of shares in the **Company** in respect of which rights are evidenced by an **American Depositary Receipt** and not (in the absence of any other reason why he should be so treated) in the remainder of the shares in the **Company** held by the **ADR Depositary**.
- 40.15** Paragraph (3) above shall not apply to a **recognised person** acting in its capacity as such, nor shall it apply to a **CREST** member acting as trustee. Where in that capacity interests in shares in the **Company** are held by a **recognised person** or a **CREST** member acting as trustee under arrangements recognised by the **Company** for the purposes of this Article any person who has rights in relation to shares in the **Company** in which such a **recognised person** or **CREST** member has such an interest shall be deemed to be interested in the number of shares in the **Company** for which such **recognised person** is or may become liable to account to him and any interest which (by virtue of his being a tenant in common in relation to interests in shares in the **Company** so held by such a **recognised person** or **CREST** member) he would otherwise be treated for the purposes of this Article as having in a larger number of shares in the **Company** shall (in the absence of any other reason why he should be so treated) be disregarded.
- 40.16** This Article shall apply notwithstanding any provision in any other of the **Articles** which is inconsistent with or contrary to it.

TRANSFERRING SHARES

41 Transfer forms

- 41.1** Unless the **Articles** or terms of issue of any shares say otherwise, any **shareholder** can transfer some or all of his shares to another person. Every transfer of shares in **certificated form** must be in writing, and either in the usual standard form, or in any other form approved by the Directors.
- 41.2** Transfers of uncertificated shares are to be carried out using a **relevant system** and must comply with the **CREST Regulations**.

42 More about transfers of shares in certificated form

- 42.1** The transfer form for shares in **certificated form** must be delivered to the office where the **Register** is kept (or any other place the Directors may decide). The transfer form must have with it:

- the share certificate for the shares to be transferred; and
- any other evidence which the Directors ask for to prove that the person wishing to make the transfer is entitled to do this.

42.2 However, if a transfer is by a **recognised clearing house** or its nominee or by a **recognised investment exchange**, a share certificate is only needed if a certificate has been issued for the shares in question.

42.3 A share transfer form must be signed, or made effective in some other way, by the person making the transfer. It need not be made effective by using a seal of that person.

42.4 A share transfer form must also be signed, or made effective in some other way, by the person to whom the share is being transferred, if the share is not a **fully paid-up share**. It need not be made effective by using a seal of that person.

42.5 The person making a transfer will be treated as continuing to be the **shareholder** until the name of the person to whom a share is being transferred is put on the **Register** for that share.

42.6 If the **Company** registers a transfer or where the Directors have any grounds for suspecting fraud, it may keep the transfer form. Otherwise, if the Directors refuse to register a transfer the transfer instrument will be returned, when notice of refusal is given, to the person lodging it.

42.7 A transfer form cannot be used to transfer more than one class of shares. Each class needs a separate form.

42.8 No fee is payable to the **Company** for transferring shares or registering changes relating to the ownership of shares.

42.9 Transfers may not be in favour of more than four joint holders.

42.10 A transfer form must be properly stamped (for payment of stamp duty) where this is required.

43 The Company can refuse to register certain transfers

43.1 The Directors can refuse to register a transfer of any shares in **certificated form** which are not **fully paid-up**. They do not have to give any reasons for refusing. But, if any of those shares are admitted to the official list maintained by the **UK Listing Authority**, the Directors cannot refuse to register a transfer if this would stop dealings in the shares from taking place on an open and proper basis.

43.2 If the Directors decide not to register a transfer of a share, they must notify the person to whom the shares were to be transferred. This must be done no later than two months after the **Company** receives the transfer (in the case of a share in **certificated form**) or the instruction from the operator of the **relevant system** (in the case of a share in **uncertificated form**).

44 Closing the Register

The Directors can decide to suspend the registration of transfers by closing the **Register**. This can be for part of a day, a day, or more than a day. Suspension periods can vary between different classes of shares. But the **Register** cannot be closed for more than 30 days a year. In the case of shares in **uncertificated form**, the **Register** must not be closed without the consent of the **Operator** of a **relevant system**.

45 Overseas branch registers

The **Company** can use all the powers that the **legislation** gives to keep an overseas branch register. The Directors can make and change any regulations they decide on relating to this register, as long as the **legislation** allows this.

PERSONS AUTOMATICALLY ENTITLED TO SHARES BY LAW

46 When a shareholder dies

46.1 When a sole **shareholder** dies (or a **shareholder** who is the last survivor of joint **shareholders** dies), his legal *personal representatives* will be the only people who the **Company** will recognise as being entitled to his shares.

46.2 If a **shareholder** who is a joint **shareholder** dies, the remaining joint **shareholder** or **shareholders** will be the only people who the **Company** will recognise as being entitled to his shares.

46.3 But this Article does not discharge the estate of any **shareholder** from any liability.

47 Registering personal representatives and so on

A person who becomes *automatically entitled to a share by law* can either be registered as the **shareholder**, or can select some other person to have the share transferred to. The person who is *automatically entitled by law* must provide any evidence of his entitlement which is reasonably required by the Directors.

48 A person who wants to be registered must give notice

If a person who is *automatically entitled to shares by law* wants to be registered as a **shareholder**, he must deliver or send a notice to the **Company** saying that he has made this decision. He must sign this notice, and it must be in the form and accompanied by any other documents which the Directors require. This notice will be treated as a transfer form. All of the provisions of these **Articles** about registering transfers of shares apply to it except that the shares will only be treated as being presented for registration under Article 18.10 when the **Company** receives the notice in the form, and accompanied by any other documents, required by the Directors. The Directors have the same power to refuse to register the automatically entitled person as they would have had in deciding whether to register a transfer by the person who was previously entitled to the shares.

49 A person who wants to have another person registered must use a transfer form

If a person who is *automatically entitled to a share by law* wants the share to be transferred to another person, he must do the following:

- for a share in **certificated form** sign a transfer form to the person he has selected; and
- for a share in **uncertificated form** transfer such share using a **relevant system**.

The Directors have the same power to refuse to register the person selected as they would have had in deciding whether to register a transfer by the person who was previously entitled to the shares.

50 The rights of people automatically entitled to shares by law

- 50.1 A person who is *automatically entitled to a share by law* is entitled to any dividends or other money relating to the share, even though he is not registered as the holder of that share. But the Directors can withhold the dividend and other money until a person has been properly registered as the shareholder as laid down in the **Articles**. They can also withhold the dividend if the person who was previously entitled to the share could have had his dividend withheld.
- 50.2 Unless and until he is registered as the holder of the share the person *automatically entitled to a share by law* is not entitled:
- to receive notices of, or
 - attend or vote at meetings; and
 - (subject to Article 50.1) to any of the other rights and benefits of being a **shareholder**.

SHAREHOLDERS WHO CANNOT BE TRACED

51 Shareholders who cannot be traced

- 51.1 The **Company** can sell any shares at the best price reasonably obtainable if:
- during the 12 years before the earliest of the advertisements referred to in the next paragraph, at least three dividends have been payable and none has been claimed;
 - after this 12-year period, the **Company** announces that it intends to sell the shares by placing an advertisement in a national newspaper and in a newspaper appearing in the area which includes the address held by the **Company** for serving notices relating to the shares; and
 - during this 12-year period, and for three months after the last advertisement appears, the **Company** has not heard from the **shareholder** or any person who is *automatically entitled to the shares by law*.
- 51.2 To sell any shares in this way, the **Company** can appoint any person to transfer the shares. This transfer will be just as effective as if it had been signed or made effective in some other way by the registered holder of the shares, or by a person who is *automatically entitled to the shares by law*. The ownership of the person to whom the shares transferred will not be affected even if the sale is irregular or invalid in any way. Nor does the new holder of the shares need to take any steps to see how any money he may be paying for the shares is used.
- 51.3 The net sale proceeds belong to the **Company** until claimed under this Article 51, but it must pay these to the **shareholder** who could not be traced, or to the person who is *automatically entitled to his shares by law*, if that **shareholder**, or that other person, asks for it.
- 51.4 The **Company** must record the name of that **shareholder**, or the person who was *automatically entitled to the shares by law*, as a creditor for this money in its accounts. The money is not held on *trust*, and no interest is payable on the money. The **Company** can keep any money which it has earned on the net sale proceeds. The **Company** can use the money for its business, or it can invest the money in any way that the Directors decide. But the money cannot be invested in the **Company's** shares, or in the shares of any *holding company* of the **Company**.

- 51.5 In the case of **uncertificated shares**, this Article is subject to any restrictions which apply under the **CREST Regulations**.

GENERAL MEETINGS

52 The Annual General Meeting

Except as provided in the **legislation** each year the **Company** must hold an Annual General Meeting, in addition to any other General Meetings which are held in the year. The notice calling the meeting must say that the meeting is the Annual General Meeting. There must not be a gap of more than 15 months between one Annual General Meeting and the next. The Directors will decide when and where to hold the Annual General Meeting.

53 Extraordinary General Meetings

If a General Meeting is not an Annual General Meeting, it is called an Extraordinary General Meeting.

54 Calling an Extraordinary General Meeting

- 54.1 The Directors can decide to call an Extraordinary General Meeting at any time. Extraordinary Meetings must be called promptly in response to a *requisition* by **shareholders** under the **legislation**. If an Extraordinary General Meeting is not called in response to such a request by **shareholders**, it can be called by the **shareholders** who requested the Extraordinary General Meeting in accordance with the **legislation**. Any Extraordinary General Meeting *requisitioned* in this way by **shareholders** shall be called in the same manner as nearly as possible to that in which General Meetings are called by the Directors. The Directors must decide when and where to hold an Extraordinary General Meeting.
- 54.2 If there are insufficient Directors within the **United Kingdom** to call a General Meeting any Director may call a General Meeting. If there are no Directors within the **United Kingdom** any member of the **Company** may call a General Meeting.

55 Notice of General Meetings

- 55.1 At least 21 **clear days'** notice in writing (or, where the **legislation** permits, by **electronic mail**) must be given for every Annual General Meeting and for any other meeting where it is proposed to pass a *special resolution* or to pass some other resolution of which *special notice* under the **Companies Act** has been given to the **Company**. For every other General Meeting at least 14 **clear days'** notice in writing must be given.
- 55.2 Any notice of General Meeting must:
- say where the meeting is to be held;
 - give the date and time of the meeting;
 - give the general nature of the business of the meeting;
 - say if any resolution will be proposed as a *special resolution* or *extraordinary resolution*;
 - say that a **shareholder** who can attend and vote can appoint one or more *proxies* (who need not be **shareholders**) to vote for him on a *poll*; and

- state whether the meeting is an Annual or Extraordinary General Meeting.
- 55.3** Notices of meetings must be given to the **shareholders**, except in cases where the **Articles** or the rights attached to shares state that the holders are not entitled to receive them from the **Company**. Notice must also be given to the **Company's** auditors. The day when the notice is served (see Article 144), or is treated as served, and the day of the meeting do not count towards the period of notice.
- 55.4** In relation to any class of shares some of which are in **uncertificated form**, the **Company** can decide that only people who are entered on the **Register** at the close of business on a particular day are entitled to receive such a notice. That day shall be a day chosen by the **Company** and falling not more than 21 days before the notice is sent.
- 55.5** If the **Company** cannot effectively call a General Meeting by sending notices through the post, because the postal service is suspended or restricted in the **United Kingdom**, the Directors can call the meeting by publishing a notice in at least two **United Kingdom** national newspapers. Notice published in this way will be treated as being properly served on **shareholders** who are entitled to receive it on the day when the advertisement appears. If it becomes possible to use the postal service again more than seven days before the meeting, the **Company** must send confirmation of the notice through the post.
- 55.6** Unless the **Companies Act** does not require it, the **Company** must, on the requisition in writing of such number of **shareholders** as is specified in the **Companies Act**, send to **shareholders**:
- entitled to receive notice of the next Annual General Meeting notice of any resolution which may properly be proposed and is intended to be proposed at that meeting; and
 - entitled to receive notice of any General Meeting any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Notice of any resolution shall be given, and any such statement shall be circulated, to **shareholders** of the **Company** entitled to have notice of the General Meeting sent to them. The cost of this, unless the **Company** decides otherwise, must be borne by the *requisitionists*.

56 A General Meeting can be moved at short notice

If the Directors consider that it is impractical, or unreasonable, to hold a General Meeting at the place stated in the notice calling the meeting, they can move or postpone the meeting, or do both of these things. If the Directors do this, an announcement of the date, time and place of the rearranged meeting will, if practical, be published in at least two **United Kingdom** national newspapers. Notice of the business of the meeting does not need to be given again. The Directors must take reasonable steps to ensure that any shareholder trying to attend the meeting at the original time and place is informed of the new arrangements. If a meeting is rearranged in this way, *proxy forms* can be delivered, in the way required by Article 77, until 48 hours before the rearranged meeting. The Directors can also move or postpone the rearranged meeting, or both, under this Article 56.

PROCEEDINGS AT GENERAL MEETINGS

57 The chairman of a Meeting

- 57.1 The Chairman of the Directors will be the chairman at every General Meeting, if he is willing and able to take the chair.
- 57.2 If the **Company** does not have a Chairman, or if the Chairman is not willing and able to chair the meeting, a Deputy Chairman will chair the meeting if he is willing and able to take the chair.
- 57.3 If the **Company** does not have a Chairman or a Deputy Chairman, or if neither the Chairman or any Deputy Chairman are willing and able to chair the meeting, after waiting 15 minutes from the time that a meeting is due to start, the Directors who are present will choose one of themselves to act as chairman. If there is only one Director present, he will be chairman, if he agrees.
- 57.4 If there is no Director willing and able to be chairman, or if no Director is present within 15 minutes of the time fixed for the meeting, then the **shareholders** who are personally present at the meeting and entitled to vote will decide which one of them is to be chairman.
- 57.5 To avoid any doubt, nothing in the **Articles** restricts or excludes any of the powers, or rights of a chairman of a meeting which are given by the general law.

58 Security, and other arrangements at General Meetings

Either the chairman of a meeting, or the **Company Secretary**, can take any action he considers appropriate for:

- the safety of people attending a General Meeting;
- proper and orderly conduct at a General Meeting; or
- the meeting to reflect the wishes of the majority.

59 Overflow meeting rooms

The Directors can arrange for any people who they consider cannot be seated in the main meeting room, where the chairman will be, to attend and take part in a General Meeting in an overflow room or rooms. Any overflow room will have appropriate links with the main room as required by the general law. The notice of the meeting does not have to give details of any arrangements under this Article 59. The Directors can decide on how to divide people between the main room and any overflow room. If any overflow room is used, the meeting will be treated as being held, and taking place, in the main room.

60 The quorum needed for meetings

Before a General Meeting starts to do business, there must be a *quorum* present. If there is not, the meeting cannot carry out any business. Unless the **Articles** say otherwise, a *quorum* for all purposes is two people who are entitled to vote. They can be personally present or *proxies* for **shareholders** or **company representatives** or a combination of **shareholders**, *proxies* and **company representatives**.

61 The procedure if there is no quorum

- 61.1** This Article 61 applies if a *quorum* is not present within 30 minutes of the time fixed for a General Meeting to start or within any longer period which the chairman may decide on or if during a meeting a *quorum* ceases to be present.
- 61.2** If the meeting was called by **shareholders** it is dissolved. Any other meeting is *adjourned* to any day, time and place stated in the notice of meeting. If the notice does not provide for this, the meeting is *adjourned* to a day, time and place decided on by the chairman.
- 61.3** If at the *adjourned* meeting a *quorum* is not present within 15 minutes of the time fixed for it, the meeting is dissolved.

62 Adjourning meetings

- 62.1** The chairman of a General Meeting can *adjourn* the meeting, before or after it has started, and whether or not a *quorum* is present, if he considers that:
- there is not enough room for the number of **shareholders** who wish to attend the meeting;
 - the behaviour of the people present prevents, or is likely to prevent, the business of the meeting being carried out in an orderly way; or
 - an *adjournment* is necessary for any other reason, so that the business of the meeting can be properly carried out.

The chairman does not need the consent of the meeting to *adjourn* it for any of these reasons to a time, date and place which he proposes. This includes an indefinite *adjournment*. The *adjournment* will be to another time, which may be later on the same day as the meeting, and can be to another place. The chairman will decide on these matters.

- 62.2** The chairman of a General Meeting can also *adjourn* a meeting which has a *quorum* present, if this is agreed by the meeting. This can be to a time, date and place proposed by the chairman. It includes an indefinite *adjournment*. The chairman must *adjourn* the meeting if the meeting directs him to. In these circumstances the meeting will decide how long the *adjournment* will be, and where it will *adjourn* to. If a meeting is *adjourned* indefinitely, the Directors will fix the time, date and place of the *adjourned* meeting.
- 62.3** General Meetings can be *adjourned* more than once. But if a meeting is *adjourned* for more than 28 days or indefinitely, at least seven **clear days'** notice must be given for the *adjourned* meeting in the same way as was required for the original meeting. If a meeting is *adjourned* for less than 28 days, there is no need to give notice about the *adjourned* meeting, or about the business to be considered there. Sufficient notice is given if it is given by an advertisement published in at least one national daily newspaper published in the **United Kingdom**.
- 62.4** An *adjourned* General Meeting can only deal with business that could have been dealt with at the original meeting before it was *adjourned*.

63 Amending resolutions

If the Chairman, acting in good faith, rules an amendment to a resolution out of order, any error in that ruling will not affect the validity of a vote on the original resolution.

VOTING PROCEDURES

64 How votes are taken

64.1 If a resolution is put to the vote at a General Meeting, it will be decided by a *show of hands*, unless a *poll* is demanded when, or before, the result of the *show of hands* is declared by the chairman. A *poll* can be demanded by:

- the chairman of the meeting;
- at least five **shareholders** at the meeting who are entitled to vote (including *proxies* of **shareholders** entitled to vote);
- one or more **shareholders** at the meeting who are entitled to vote and who have, between them, at least 10 per cent of the total votes of all **shareholders** who have the right to vote at the meeting (including *proxies* for **shareholders** entitled to vote); or
- one or more **shareholders** who have shares which allow them to vote at the meeting (including *proxies* of **shareholders** entitled to vote), where the total amount which has been *paid up* on these shares is at least 10 per cent of the total sum *paid up* on all shares which give the right to vote at the meeting.

64.2 A *proxy form* gives the *proxy* the authority to demand a *poll*, or to join others in demanding one. A demand for a *poll* made by a *proxy* for a **shareholder** is treated in the same way as a demand by the **shareholder** himself.

64.3 A demand for a *poll* can be withdrawn if the chairman agrees to this. If a *poll* is demanded, and this demand is then withdrawn, any declaration by the chairman of the result of a vote on that resolution by a *show of hands*, which was made before the *poll* was demanded, will stand.

65 How a poll is taken

65.1 If a *poll* is demanded in the way allowed by the **Articles**, the chairman of the General Meeting decides where, when and how it will be carried out. The result is treated as the decision of the meeting where the *poll* was demanded, even if the *poll* is carried out after the meeting.

65.2 The chairman can:

- decide that a ballot or voting papers or tickets will be used;
- appoint scrutineers (who need not be **shareholders**);
- *adjourn* the meeting to a day, time and place which he decides on for the result of the *poll* to be declared; or
- decide a time and place where the result of the *poll* will be declared.

65.3 If a *poll* is called, a **shareholder** can vote either personally or by his *proxy*. If a **shareholder** votes on a *poll*, he does not have to use all of his votes or cast all his votes in the same way.

66 Where there cannot be a poll

A *poll* is not allowed on a vote to elect a chairman of a General Meeting, nor is a *poll* allowed on a vote to *adjourn* a meeting, unless the chairman of the meeting demands a *poll*. Any such *poll* is to be taken immediately.

67 A meeting continues after a poll is demanded

A demand for a *poll* on a particular matter does not stop a meeting from continuing and dealing with other matters.

68 Timing of a poll

Subject to Article 66, any *poll* can either be taken immediately at the meeting or within 30 days and at a place decided on by the chairman. No notice is required for a *poll* which is not taken immediately if the time and place at which it is to be taken are announced at the General Meeting at which it is demanded. If the time and place at which the *poll* is to be taken is not announced at the meeting at which it is demanded seven **clear days**' notice must be given of the time and place at which the *poll* is to be taken.

69 The chairman's casting vote

If the votes are equal, either on a *show of hands* or a *poll*, the chairman of the General Meeting is entitled to a further, casting vote. This is in addition to any other votes which he may have as a **shareholder**, or as a *proxy*.

70 The effect of a declaration by the chairman

The following applies when there is a vote by a *show of hands*, and no *poll* is demanded, or any demand for a *poll* is withdrawn. Any declaration by the chairman on a point of order is conclusive. In addition, a corresponding entry in the minute book is conclusive proof of the following declarations by the chairman of the General Meeting:

- a resolution has been carried;
- a resolution has been carried unanimously;
- a resolution has been carried by a particular majority;
- has not been carried by a particular majority;
- a resolution has been lost; or
- a resolution has been lost by a particular majority.

There is no need to prove the validity, number, or proportion of votes recorded for or against a resolution.

VOTING RIGHTS

71 The votes of shareholders

71.1 When a **shareholder** is entitled to attend a General Meeting and vote, he has only one vote on a *show of hands*. A *proxy* cannot vote on a *show of hands*. Where there is a *poll*, a **shareholder** who is entitled to be present and to vote has one vote for every share which he holds. This is subject to any special rights or restrictions which are given to any class of shares by, or in accordance with, the **Articles**.

71.2 To decide who can attend or vote at a General Meeting and how many votes can be cast, the notice of the meeting can give a time by which people must be entered on the **Register**

in order to be entitled to attend or vote at the meeting. This time must not be more than 48 hours before the time fixed for the meeting.

72 Shareholders who owe money to the Company

Unless the **Articles** say otherwise, the only people who can attend or vote at General Meetings or to exercise any other right conferred by being a **shareholder** in relation to General Meetings, are **shareholders** who have paid the **Company** all *calls*, and all other sums, relating to their shares which are due at the time of the meeting. This applies both to attending a meeting personally and to attending by *proxy* or **company representative**.

73 Suspension of rights on non-disclosure of interest

73.1 This Article 73 applies if any **shareholder**, or any person appearing to be interested in shares held by such holder, has been properly served with a notice under Section 212 of the **Companies Act**, requiring information about interests in shares, and has failed for a period of 14 days from the date of the notice to supply to the **Company** the information required by that notice. Then (subject to the provisions of this Article 73 and unless the Directors otherwise decide) the **shareholder** is not (for so long as the failure continues) entitled to attend or vote either personally or by *proxy* or by a **company representative** at a **shareholders' meeting** or to exercise any other right in relation to **shareholders' meetings** as holder of:

- the shares in relation to which the default occurred (called **default shares**);
- any further shares which are *issued* in respect of **default shares**; and
- any other shares held by the **shareholder** holding the **default shares**.

73.2 Any person who acquires shares subject to restrictions under Article 73.1 is subject to the same restrictions, unless:

- the transfer was an **approved transfer** (see Article 73.9); or
- the transfer was by a **shareholder** who was not himself in default in supplying the information required by the notice under Article 73.1 and a certificate in accordance with Article 73.3 is provided.

73.3 Where the **default shares** represent 0.25 per cent or more of the **existing shares** of a class the Directors can in their absolute discretion by a notice (a **Section 212 Notice**) to the **shareholder** direct that:

- any dividend or part of a dividend or other money which would otherwise be payable on the **default shares** shall be retained by the **Company** (without any liability to pay interest when such money is finally paid to the **shareholder**); and/or
- the **shareholder** shall not be entitled to elect to receive shares in place of dividends withheld; and/or
- subject to Article 73.4 no transfer of any of the shares held by the **shareholder** shall be registered unless:
 - either the transfer is an **approved transfer** (see Article 73.9);
 - or the **shareholder** is not himself in default as regards supplying the information required; and (in this case)

- the transfer is of part only of his holding; and
- when presented for registration, the transfer is accompanied by a certificate by the **shareholder**. Such certificate must be in a form satisfactory to the Directors and state that after due and careful enquiry the **shareholder** is satisfied that none of the shares included in the transfer are **default shares**.

73.4 Any **Section 212 Notice** can treat shares of a **shareholder** in **certificated** and **uncertificated form** as separate shareholdings and either apply only to shares in **certificated form** or to shares in **uncertificated form** or apply differently to shares in **certificated** and **uncertificated form**. In the case of shares in **uncertificated form** the Directors can only use their discretion to prevent a transfer if this is allowed by the **CREST Regulations**.

73.5 The **Company** must send a copy of the **Section 212 Notice** to each other person who appears to be interested in the shares covered by the notice, but if it fails to do so, this does not invalidate such notice.

73.6 A **Section 212 Notice** has the effect which it states while the default resulting in the notice continues. It then ceases to apply when the Directors decide (which they must do within one week of the default being cured). The **Company** must give the **shareholder** written notice of the Directors' decision.

73.7 A **Section 212 Notice** also ceases to apply to any shares which are transferred by a **shareholder** in a transfer which would be permitted under Article 73.3 even where a **Section 212 Notice** restricts transfers.

73.8 For the purposes of this Article 73, a person is treated as appearing to be interested in any shares if the **shareholder** holding such shares has been served with a notice under Section 212 of the **Companies Act** and:

- the **shareholder** has named such person as being so interested; or
- (after taking into account the response of the **shareholder** to such notice and any other relevant information) the **Company** knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

73.9 For the purposes of this Article 73 a transfer of shares is an **approved transfer** if:

- it is a transfer of shares to an offeror or under an acceptance of a *take-over offer* (as defined in Section 428 of the **Companies Act**); or
- the Directors are satisfied that the transfer is made pursuant to a bona fide sale of the whole of the *beneficial ownership* of the shares to a party unconnected with the **shareholder** or with any person appearing to be interested in the shares. This includes such a sale made through the **London Stock Exchange** or any other stock exchange on which the **Company's** shares are normally traded. For this purpose any associate (as that term is defined in Section 435 of the Insolvency Act 1986) is included amongst the persons who are connected with the **shareholder** or any person appearing to be interested in the shares.

73.10 For the purposes of this Article 73 "interested" has the same meaning as in Section 212 of the **Companies Act**.

73.11 For the purposes of this Article 73 reference to a person having failed to give the **Company** the information required by a **Section 212 Notice**, or being in default as regards supplying such information, includes:

- reference to his having failed or refused to give all or any part of it;
- reference to his having given information which he knows to be false in a material way or having recklessly given information which is false in a material way.

73.12 This Article 73 does not restrict in any way the provisions of the **Companies Act** which apply to failures to comply with notices under Section 212 of the **Companies Act**.

74 Votes of shareholders who are of unsound mind

74.1 This Article 74 applies where:

- a **shareholder** is of unsound mind; and
- a court which claims jurisdiction to protect people who are unable to manage their own affairs has made an order detaining a **shareholder** or appointing a person to manage his property or affairs.

74.2 The person or people appointed to act for the **shareholder** can vote for the **shareholder** and exercise other rights at General Meetings. This includes appointing a *proxy*, voting on a *show of hands*, and voting on a *poll*. However, this Article 74 only applies if any evidence which the Directors may require of their authority to do these things is delivered to the office where the **Register** is kept (or at any other place which may be specified in accordance with these **Articles**) at least 48 hours before the relevant meeting (or *adjourned* meeting).

75 The votes of joint holders

Where a share is held by joint **shareholders** any one joint **shareholder** can vote at a General Meeting (either personally or by *proxy*). If more than one of the joint **shareholders** votes (either personally or by *proxy*), the only vote which will count is the vote of the person whose name is listed before the other voters on the **Register** for the share.

PROXIES

76 Completing proxy forms

76.1 A *proxy form* can be in any form which is commonly used, or in any other form which the Directors approve.

76.2 A *proxy form* must be in writing. A *proxy form* given by an individual must be signed by the **shareholder** appointing the *proxy*, or by an agent who has been properly appointed in writing. If a *proxy* is appointed by a **company**, the form should be either sealed with the **company's** seal or signed by an officer or an agent who is properly authorised to act on behalf of the **company**. Unless the contrary is shown, the Directors are entitled to assume that where a *proxy form* purports to have been signed by an officer or agent of a **company** that such officer or agent was duly authorised by such **company** without requiring any further evidence. Signatures need not be witnessed.

76.3 All notices convening General Meetings which are sent to **shareholders** entitled to vote at the General Meeting, must, at the expense of the **Company**, be accompanied by a *proxy form*.

The *proxy form* must make provision for two-way voting on all resolutions intended to be proposed, other than resolutions which are merely procedural.

76.4 The accidental omission to send out a *proxy form* to a **shareholder** entitled to it (or non receipt by him of the *proxy form*) will not invalidate any resolution passed or proceedings at the General Meeting to which the *proxy form* relates.

76.5 A **shareholder** may appoint more than one *proxy* to attend the same meeting. Deposit of the *proxy form* does not prevent a **shareholder** from attending and voting at the meeting or at any adjournment of it.

76.6 A *proxy* need not be a **shareholder**.

77 Delivering proxy forms

77.1 A *proxy form* must be delivered to the place stated in the notice of General Meeting, or in the *proxy form*, or, if no place is stated, to the office where the **Register** is kept or, if the Directors decide to accept *proxies* by **electronic mail**, in the way that they specify. It must be delivered at least:

- 48 hours before a General Meeting, or an *adjourned* meeting; or
- 48 hours before a *poll* is taken, if the *poll* is not taken on the same day as the General Meeting or *adjourned* meeting.

77.2 To the extent that the **legislation** permits, Directors can decide to accept *proxies* delivered by **electronic mail**, *subject to* any limitations, restrictions or conditions they decide to apply and Articles 76.1 and 76.2 may be disappplied in relation to a *proxy form* delivered in this way.

77.3 If a *proxy form* is signed by an agent, the *power of attorney* or other authority relied on to sign it, or a copy which has been certified, must be delivered with the *proxy form*, unless the *power of attorney* has already been registered with the **Company**.

77.4 If Article 77 is not complied with, the *proxy* will not be able to act for the person who appointed him.

77.5 Where two or more *proxy forms* are delivered for use by the same shares, the one which has been delivered last (regardless of when it was signed) shall be treated as replacing and *revoking* the others which have been delivered. If the **Company** can not decide which form was delivered last, none of the forms shall be valid.

77.6 Unless the *proxy form* says otherwise, it will be valid at an *adjourned* General Meeting as well as for the original General Meeting to which it relates.

77.7 A **shareholder** can attend and vote at a General Meeting on a *show of hands* or on a *poll* even if he has appointed a *proxy* to attend and vote at that meeting. However, if he votes in person on a resolution, then as regards that resolution his appointment of a *proxy* will not be valid.

78 Cancellation of a proxy's authority

78.1 Any vote cast in the way a *proxy form* authorises, or any demand for a *poll* made by a *proxy*, will be valid even though:

- the person who appointed the *proxy* has died or is of unsound mind;

- the *proxy form* has been *revoked*; or
- the authority of the person who signed the *proxy form* for the **shareholder** has been *revoked*.

78.2 However, this does not apply if notice of the fact has been received at the office where the **Register** is kept (or at such other place at which the *proxy* was validly deposited) before:

- the General Meeting or *adjourned* meeting starts; or
- the time fixed to take a *poll* on a later day,

when the *proxy form* is used.

79 Proxies speaking at meetings

A *proxy* may not speak at a General Meeting (except to demand a *poll*) without the permission of the chairman.

80 Representatives of companies

80.1 A **company** which is a **shareholder** can authorise any person to act as its representative at any General Meeting which it is entitled to attend. This person is called a **company representative**. The directors of that **company** must pass a resolution to appoint the **company representative**. If the governing body of that **company** is not a board of directors, the resolution can be passed by its governing body. A **company representative** can exercise all the powers on behalf of the **company** which the **company** could exercise if it were an individual **shareholder** present at the meeting in person. This includes the power to vote on a *show of hands* when the **company representative** is personally present at a meeting. A **company representative** may be counted in a *quorum*.

80.2 The Directors can require evidence of the authority of a **company representative**.

80.3 Any vote cast by a **company representative**, and any demand by him for a *poll*, is valid even though he is, for any reason, no longer authorised to represent the **company**. However, this does not apply if written notice of the fact that he is no longer authorised has been received at the office where the **Register** (or at such other place specified by the Directors) is kept before the deadline which applies to notice of cancellation of *proxies* under Article 78.

80.4 Any person authorised under section 3 of the Treasury Solicitor Act 1876 will be treated as if he is the **company representative** of the holder of the **Special Share**.

81 Challenging votes

Any objection to the right of any person to vote must be made at the General Meeting (or *adjourned* meeting) at which the vote is cast. This is also true of any objection about the counting of any vote or the failure to count any vote. If a vote is not disallowed at a meeting, it is valid for all purposes. Any objection must be raised with the chairman of the meeting. His decision is final.

DIRECTORS

82 The number of Directors

There must be at least two Directors until 1 September 2000, and, after that date, four Directors (other than **alternate directors**). But the **shareholders** can vary this minimum by passing an *ordinary resolution*. There is no maximum number of Directors.

83 Qualification to be a Director

A Director need not be a **shareholder**, but a Director who is not a **shareholder** can still attend and speak at **shareholders' meetings**.

84 Directors' fees

84.1 Each of the Directors may be paid a fee for his services. The Directors can decide on the amount, timing and manner of payment of Directors' fees, but the total of the fees paid to all of the Directors (excluding amounts paid as special **pay** under Article 85, amounts paid as expenses under Article 86 and any payments under Article 87) must not exceed:

- £300,000 a year; or
- any higher sum decided on by an *ordinary resolution* at a General Meeting.

84.2 Unless an *ordinary resolution* is passed saying otherwise, the fees will be divided between some or all of the Directors in the way that they decide. If they fail to decide, the fees will be shared equally by the Directors, except that any Director holding office as a Director for only part of the period covered by the fee is only entitled to a pro rata share covering that part of the period pay.

85 Special Pay

85.1 The Directors can award special pay to any Director who:

- acts in an executive capacity;
- acts as Chairman or Chief Executive Deputy Chairman (whether or not this office is executive or non-executive);
- serves on or acts as chairman to any committee of the Directors; or
- performs any other services which the Directors consider to extend beyond the ordinary duties of a Director.

85.2 Special **pay** can take the form of salary, commission or other benefits or can be paid in some other way (for example by issuing shares to the Directors). This is decided on by the Directors and may be a fixed sum or percentage of profits or otherwise.

85.3 Special **pay** is additional to fees paid under Article 84.1.

86 Directors' expenses

The **Company** can also repay to a Director all reasonable expenses incurred:

- to attend and return from **shareholders' meetings**;

- to attend and return from Directors' meetings;
- to attend and return from meetings of committees of the Directors; or
- in other ways in connection with the **Company's** business.

87 Directors' pensions and other benefits

87.1 It is entirely for the Directors to decide whether to award:

- pensions;
- annual payments;
- gratuities; or
- other allowances or benefits

to any people who are or were Directors of the **Company** or of any **subsidiary** of the **Company** or of any predecessor in business of the **Company** and to any member of his family (including a spouse, or former spouse) or to any person who is or was dependent on him.

87.2 The Directors can decide to contribute (before as well as after he ceases to receive a salary or occupy a position for which he receives any form of remuneration) to any scheme or fund or to pay premiums to a third party for these purposes. The Directors may make such payments while the intended beneficiary is a director of the **Company** or of any **subsidiary** of the **Company**. They may also make such payments while the person to whom any intended beneficiary is related, or on whom any intended beneficiary is or was dependent, is a director of the **Company** or of any **subsidiary** of the **Company**.

87.3 No Director or former Director is accountable to the **Company** or its **shareholders** for a benefit of any kind given in accordance with this Article 87. The receipt of a benefit of any kind given in accordance with this Article 87 does not prevent a person from being or becoming a Director.

88 Appointing Directors to various posts

88.1 The Directors can appoint any Director as Chairman, or as Chief Executive, or to any other executive office they decide on. So far as the **legislation** allows, they can decide on how long these appointments will be for, and on their terms. Subject to the terms of any contract with the **Company**, they can also vary or end such appointments.

88.2 A Director will automatically stop being Chairman or Chief Executive or the holder of such other executive office if he is no longer a Director. Other executive appointments will only stop if the contract or resolution appointing the Director to a post says so. If a Director's appointment ends by virtue of this Article 88.2, this does not prejudice any claim for breach of contract against the **Company** which may otherwise apply.

88.3 The Directors can give a Director appointed to an executive post any of the powers which they jointly have as Directors. These powers can be given on terms and conditions decided on by the Directors either in parallel with, or in place of, the powers of the Directors acting jointly. The Directors can change the basis on which such powers are given or withdraw such powers from the executive.

CHANGING DIRECTORS

89 Age limits

Provisions of the **legislation** which, read with these **Articles**, would restrict the appointment of a Director or require him to stop being a Director because he has reached a particular age do not apply to the **Company**. This includes restrictions and requirements involving special formalities once an age limit is reached.

90 Retiring Directors

90.1 At each Annual General Meeting any Director who was elected or last re-elected a Director at or before the Annual General Meeting held in the third calendar year before the current year shall automatically retire from office.

90.2 If the rule in Article 90.1 results in less than one third of the Directors retiring at an Annual General Meeting, then such further Directors shall retire by rotation as would bring the number retiring up to one-third of the number of Directors in office at the date of the notice of meeting (or, if one third is not a whole number, the number nearest to one-third).

91 Selection of Directors to retire by rotation

This Article states which Directors must retire by rotation at an Annual General Meeting under Article 90.2:

- First, any Director who wants to retire at the meeting, and who does not want to be re-elected;
- Secondly, those Directors who have been Directors longest since they were last elected. If there are Directors who were last elected on the same date, they can agree on who is to retire. If they do not agree, they must draw lots.

92 Eligibility for re-election

A retiring Director is eligible for re-election.

93 Re-electing a Director who is retiring

93.1 At the General Meeting at which a Director retires he may be re-elected (as long as the Director has not told the **Company** in writing that he does not wish to be re-elected) if the **shareholders** pass an *ordinary resolution* to re-elect the Director.

93.2 A Director retiring at a General Meeting retires at the end of that meeting or (if earlier) when a resolution is passed to appoint someone in his place. Where a retiring Director is re-elected (or treated as re-elected under Article 92.1) he continues as a Director without a break.

94 Election of two or more Directors

A single resolution for the election of two or more Directors is void unless the putting of the resolution in this form has been approved by an earlier procedural vote taken at the General Meeting, with no votes cast against.

95 People who can be Directors

95.1 Only the following people can be elected as Directors at a General Meeting:

- A Director who is retiring at the meeting.
- A person who is recommended by the Directors.
- A person who has been proposed by a **shareholder** who is entitled to attend and vote at the General Meeting.

95.2 A **shareholder** proposing a Director in accordance with Article 95.1 must deliver to the **Registered Office** at least seven days before the General Meeting, but not more than 42 days before the meeting (this period includes the date on which the notice is given):

- a signed letter stating that he intends to propose another person for election as Director; and
- written confirmation from the person to be proposed that he is willing to be elected.

96 The power to fill vacancies and appoint extra Directors

96.1 The Directors can appoint any person as an extra director or to fill a *casual vacancy*. Any Director appointed in this way must retire at the first Annual General Meeting after his appointment. At this Annual General Meeting he can be elected by the **shareholders** as a Director.

96.2 Subject to Article 95 at a General Meeting the **shareholders** can also pass an *ordinary resolution* to fill a *casual vacancy* or to appoint an extra Director.

96.3 Extra Directors can only be appointed under this Article up to the limit (if any) on the total number of Directors under the **Articles** (or any variation of the limit approved by the **shareholders** under the **Articles**).

97 Removing and appointing Directors by an ordinary resolution

97.1 The **shareholders** can pass an *ordinary resolution* to remove a Director, even though his time in office has not ended. This applies despite anything else said in the **Articles**, or in any agreement between the **Company** and any Director. *Special notice* of the *ordinary resolution* must be given to the **Company** as required by the **legislation**. But if a Director is removed in this way, it will not affect any claim which he may have for damages for breach of any contract of service he may have.

97.2 Subject to Article 95, the **shareholders** can pass an *ordinary resolution* to appoint a person to replace a Director who has been removed in this way. If no Director is appointed under this Article 97.2, the vacancy can be filled under Article 96.

97.3 Any person appointed under Article 97.2 will be treated, for the purposes of determining the time at which he is to retire, as if he had become a Director on the day on which the Director he replaced was last elected.

98 When Directors are disqualified

98.1 Any Director automatically ceases to be a Director in any of the following circumstances:

- If a bankruptcy order is made against him.

- If he makes any arrangement or composition with his creditors or applies for an interim order under Section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under the Insolvency Act 1986.
- If he becomes of unsound mind.
- If he has missed Directors' meetings for a continuous period of six months, without permission from the Directors, and the Directors pass a resolution stating that he has ceased to be a Director.
- If he is prohibited from being a Director under the **legislation**.
- If (except where his contract of service prevents him from resigning), he:
 - (i) gives the **Company** a letter of resignation; or
 - (ii) offers to resign and the Directors pass a resolution accepting the offer.
- If all the other Directors pass a resolution, or sign a notice, requiring the Director to resign. He will cease to be a Director when the notice is served on him. But if a Director is removed in this way this is an act of the **Company** which does not affect any claim for damages for breach of any contract of service which he may have.
- If he holds any executive office and his appointment as such is terminated or expires and the Directors resolve that his office should be vacated.

98.2 When a Director stops being a Director for any reason, he will also automatically cease to be a member of any committee. Removal from office will be without prejudice to any claim which he or the **Company** might bring in relation to any contract of service between him and the **Company**.

DIRECTORS' MEETINGS

99 Directors' meetings

The Directors can decide when to have meetings and how they shall be conducted, and on the *quorum*. They can also *adjourn* their meetings.

100 Who can call Directors' meetings

A meeting can be called by any Director. The **Company Secretary** must also call a meeting if a Director requests a meeting.

101 How Directors' meetings are called

Meetings are called by serving a notice on all the Directors who are present in the **United Kingdom**. This notice may be given to a Director personally, by word of mouth, by notice in writing (sent to him at his last known address) or by **electronic mail** (sent to him at his last known electronic address or fax number). If a Director is outside of the **United Kingdom** he may provide an address inside the **United Kingdom** for service of notice when he is abroad. The **Company** does not have to give such a Director any longer period of notice than he is entitled to when he is in the **United Kingdom**. Any Director can waive notice of any meeting, including one which has already taken place.

102 Quorum

- 102.1** If no other *quorum* is fixed, two Directors are a *quorum*. A meeting at which a *quorum* is present can exercise all the powers and discretions of the Directors.
- 102.2** A person who holds office only as an **alternate director** shall, if his appointor is not present, be counted in the *quorum*.
- 102.3** A Director who ceases to be a Director at a Directors' meeting can continue to be present and act as a director and be counted in the *quorum* until the end of that meeting if no other Director objects and a *quorum* would not otherwise be present.

103 The chairman of Directors' meetings

The Directors can elect any Director as Chairman or as one or more Deputy Chairmen for such periods as the Directors decide. If the Chairman is at a meeting, he will chair it. In his absence, the chair will be taken by a Deputy Chairman, if one is present. If more than one Deputy Chairman is present, the most senior Deputy Chairman will take the chair, unless the Directors decide otherwise. If there is no Chairman or Deputy Chairman present, or if neither of them is willing to act as chairman, within five minutes of the time when the meeting is due to start, the Directors who are present can choose which one of them will chair the meeting.

104 Voting at Directors' meetings

Matters for decision which arise at a Directors' meeting will be decided by a majority vote. If votes are equal, the chairman of the meeting has a second, casting vote.

105 Directors can act even if there are vacancies

- 105.1** The remaining Directors can continue to act even if one or more of them ceases to be a Director. But if the number of Directors falls below the minimum which applies under Article 82 (including any variation of such minimum approved by an *ordinary resolution* of **shareholders**), the remaining Director(s) can only:
- either appoint further Directors to make up the shortfall; or
 - convene a General Meeting.
- 105.2** If no Director or Directors are willing or able to act under this Article 105, any two **shareholders** can call a General Meeting to appoint extra Directors.

106 Directors' meetings by video conference and telephone

- 106.1** Any or all of the Directors, or members of a committee, can take part in a meeting of the Directors or of a committee by way of a video conference or conference telephone, or similar equipment, designed to allow everybody to take part in the Directors' meeting.
- 106.2** Taking part in this way will be counted as being present at the Directors' meeting. A Directors' meeting which takes place by way of video conference, conference telephone or similar equipment will be treated as taking place where most of the participants are. If there is no largest group, Directors' meetings will be treated as taking place where the Chairman is.
- 106.3** A Directors' meeting held in the way described in Article 106.1 will be valid as long as in one single place, or in places connected by way of video conference, telephone conference, or similar equipment, a *quorum* is present.

107 Resolutions in writing

- 107.1** This Article 107 applies to a written resolution which is signed by all of the Directors who are entitled to receive notice of a Directors' meeting or of a meeting of a committee. This kind of resolution is just as valid and effective as a resolution passed by those Directors at a meeting or committee meeting which is properly called and held.
- 107.2** The resolution can be passed using several copies of a document, if each document is signed by one or more Directors. These copies can be fax copies. A resolution signed by an **alternate director** need not also be signed by his appointor. Also, a resolution signed by an appointor of an **alternate director** need not also be signed by that alternate in that capacity.
- 107.3** A written resolution will be valid at the time it is signed by the last Director.

108 The validity of Directors' actions

Everything which is done by any Directors' meeting, or by a committee of the Directors, or by a person acting as a Director, or as a member of a committee, will, in favour of anyone dealing with the **Company** in good faith, be valid even though it is discovered later that any Director, or person acting as a Director, was not properly appointed. This also applies if it is discovered later that anyone was disqualified from being a Director, or had ceased to be a Director, or was not entitled to vote. In any of these cases, in favour of anyone dealing with the **Company** in good faith, anything done will be as valid as if there was no defect or irregularity of the kind referred to in this Article 108.

DIRECTORS' INTERESTS

109 Directors' interests in transactions with the Company

- 109.1** If the **legislation** allows and he has disclosed the nature and extent of his interest to the Directors, a Director can:
- have any kind of interest in any existing or proposed contract, transaction or arrangement with or involving the **Company**;
 - have any kind of interest in any existing or proposed contract, transaction or arrangement with or involving another company (including being a director, officer or employee) in which the **Company** has some interest;
 - alone (or through some firm with which he is associated) do paid professional work for the **Company** (other than as Auditor).
- 109.2** A Director does not have to hand over to the **Company** any benefit he receives as a result of anything allowed under Article 109.1, and no contract, transaction or arrangement of the type described above will be liable to be avoided on the grounds of any Director's interest or benefit.
- 109.3** If the **Company** holds or owns shares in another company, the Directors can exercise votes attached to such shares or if any of the Directors are Directors of such other company, they may vote as Directors of that other company in such manner as they think fit.

110 When Directors can vote on things which they are interested in

110.1 Unless the **Articles** say otherwise, a Director cannot cast a vote on any contract, arrangement or any other kind of proposal in which he has an interest, and which he knows is a material one. For this purpose, interests of a person who is connected with a Director under Section 346 of the **Companies Act** are added to the interests of the Director himself. Interests purely as a result of an interest in the **Company's** shares, *debentures* or other *securities* are disregarded. In relation to an **alternate director** an interest of his appointor shall be treated as an interest of the **alternate director**. This is in addition to any interest which the **alternate director** has in his own right. A Director may not be included in the *quorum* of a meeting in relation to any resolution he is not allowed to vote on.

110.2 But, if the **legislation** allows this, a Director can vote, and be counted in the *quorum*, on any resolution about any of the following things, as long as the only material interests he has in it are included in the following list:

- a resolution about giving him, or any other person, any security, guarantee or *indemnity*, for any money which he, or that other person, has lent at the request of, or for the benefit of the **Company**, or any of its **subsidiaries**;
- a resolution about giving him, or any other person, any security, guarantee or *indemnity*, for any liability which he, or that other person, has incurred at the request of, or for the benefit of, the **Company**, or any of its **subsidiaries**;
- a resolution about giving any security, guarantee or *indemnity*, to any other person for a debt or obligation which is owed by the **Company**, or any of its **subsidiaries**, to that other person, if the Director has taken responsibility for some or all of that debt or obligation. The Director can take this responsibility by giving a guarantee, *indemnity* or security;
- a resolution about any proposal relating to an offer of any shares or *debentures*, or other *securities*, for subscription or purchase by the **Company**, or any of its **subsidiaries**, if the Director takes part because he is a holder of shares, *debentures* or other *securities*, or if he takes part in the *underwriting* or *sub-underwriting* of the offer;
- a resolution about any proposal involving any other **company** if the Director (together with any person connected with the Director under Section 346 of the **Companies Act**), has a direct or indirect interest of any kind (including an interest by holding any position in that **company**, or by being a shareholder of that **company**). But this does not apply if he knows that he, and any persons connected with him, hold an interest in shares (as defined for Sections 198 to 211 of the **Companies Act**; and for the purposes of this proviso there shall be disregarded any shares held by a Director as bare or custodian *trustee* and in which he has no *beneficial interest*, and any shares comprised in an authorised unit trust scheme in which the director is interested only as a unit holder) representing 1 per cent or more of:
 - any class of **equity share capital**; or
 - the voting rights.

In any such **company**, any of these interests of 1 per cent or more are treated for the purposes of this Article 109 as being material interests;

- any arrangement for the benefit of employees of the **Company**, or any of its **subsidiaries**, which only gives him benefits which are also given generally to the employees to whom the arrangement relates;
- a resolution about any proposal relating to any insurance against *liability* which the **Company** can buy and renew for the benefit of Directors, or of a group of people which includes Directors; or
- a resolution about a retirement benefits scheme which has been approved, or is conditional on approval, by the Board of Inland Revenue for tax purposes.

110.3 This Article 110.3 applies if the Directors are considering proposals about appointing two or more Directors to positions with the **Company** or any **company** in which the **Company** is interested. It also applies if the Directors are considering setting or changing the terms of the appointment. These proposals can be split up to deal with each Director separately. If this is done, each Director can vote and be included in the *quorum* for each resolution, except the one concerning him. But he cannot vote if the resolution relates to appointing him to a **company** which the **Company** is interested in if he has an interest of 1 per cent or more in that **company** in the way described in Article 110.2.

110.4 If any question comes up at a meeting about whether a Director has a material interest, or whether he can vote, and the Director does not agree to abstain from voting on the issue, the question shall be referred to the chairman of the meeting or, if the Director concerned is the chairman, to the other directors at the meeting. The acting chairman's ruling about any other Director is final and conclusive, unless the kind and extent of the Director's interests have not been fairly disclosed to the Directors. The acting chairman will have a casting vote.

111 More about Directors' interests

For the purpose of Articles 109 and 110:

- a general notice given to the Directors that a Director has an interest of the kind stated in the notice in any contract, transaction or arrangement involving any company or person identified in the notice is treated as a standing disclosure that the Director has such interest;
- an interest of a person who is connected with the Director under Section 346 of the **Companies Act** will be treated as an interest of the Director;
- interests which are unknown to the Director and which it is unreasonable to expect him to know about are ignored.

MINUTES

112 Minutes

Directors shall ensure that minutes are made in the appropriate books:

- recording the appointment of officers made by the Directors;
- recording the proceedings of the meetings of the **Company**, of holders of any class of shares, of the Directors and of committees of the Directors; and
- recording in each case the names of the Directors present.

DIRECTORS' COMMITTEES

113 Delegating powers to committees

113.1 The Directors can delegate any of their powers, or discretions, to committees of one or more Directors. This includes powers or discretions relating to Directors' pay or giving benefits to Directors. *If the Directors have delegated any power or discretion to a committee, any references in these Articles to using that power or discretion include its use by the committee.* Any committee must comply with any regulations laid down by the Directors. These regulations can require or allow people who are not Directors to be co-opted onto the committee, and can give voting rights to co-opted members. But:

- there must be more Directors on a committee than co-opted members; and
- a resolution of the committee is only effective if a majority of the members of the committee present at the time of the resolution were Directors.

113.2 Unless the Directors decide not to allow this, a committee can sub-delegate powers and discretions to sub-committees. References in these **Articles** to committees include sub-committees permitted under this Article 113.

114 Committee procedure

If a committee includes two or more Directors, the Articles which regulate Directors' meetings and their procedure will also apply to committee meetings (if they can apply to committee meetings), unless these are inconsistent with any regulations for the committee which have been laid down under Article 113.1.

DIRECTORS' POWERS

115 The power to appoint attorneys

115.1 The Directors can appoint anyone (including the members of a group which changes over time) as the **Company's attorneys** by granting a *power of attorney* or by authorising them in some other way. The *attorneys* can either be appointed directly by the Directors, or the Directors can give someone else the power to appoint *attorneys*. The Directors can decide on the purposes, powers, authorities and discretions of *attorneys*. But they cannot give an *attorney* any power, authority or discretion which the Directors do not have under these **Articles**.

115.2 The Directors can decide how long a *power of attorney* will last for, and they can attach any conditions to it. The *power of attorney* can also include any provisions which the Directors decide on for the protection and convenience of anybody dealing with the *attorney*. The *power of attorney* can also allow the *attorney* to grant any or all of his power, authority or discretion to any other person.

116 Use of the title of "Director"

116.1 The Directors may:

- appoint any person to any office or employment which has a designation or title which includes the word "Director"; or

- attach to any existing office or employment with the **Company** such a designation or title;

and may terminate any such appointment or the use of any such designation or title.

116.2 The inclusion of the word "Director" in the designation or title of any such office or employment shall not imply that the holder is a Director of the **Company**. The holder of that designation or title is not empowered to act as, or be deemed to be, a Director of the **Company** for any of the purposes of these **Articles**.

117 Signature on cheques etc.

All cheques, promissory notes, drafts, bills of exchange, and other *negotiable or transferable instruments*, and all receipts for money paid to the **Company**, can be signed, drawn, accepted, endorsed, or made legally effective, in such manner as the Directors decide by passing a resolution.

118 Borrowing powers

So far as the **Companies Acts** allow, the Directors can *exercise* all the powers of the **Company** to:

- borrow money;
- *issue* (subject to the provisions of the **Companies Acts** regarding authority to *allot debentures* convertible into **shares**) *debentures* and other *securities*; and
- give any form of:
 - *guarantee*; and
 - security, either outright or as collateral and over all or any of the **Company's** undertaking, property and uncalled capital;

*for any debt, liability or obligation of the **Company** or of any third party.*

119 Borrowing restrictions

119.1 The Directors must:

- limit the **Borrowings** of the **Company**; and
- *exercise* all voting and other rights or powers of control exercisable by the **Company** in relation to its **subsidiary undertakings**,

to ensure that the total amount of all **Borrowings** by the **Group** outstanding at any time will not exceed:

- for the period from the date of the adoption of these **Articles** to (and including) the date of the approval by the Directors of the **Group's** audited financial statements for the year ending 31 December 2000, £10 billion (or its equivalent in any other currency or currencies) at such time; and
- at any time after the date of the approval by the Directors of the **Group's** audited financial statements for the year ending 31 December 2000, three times the **Adjusted Total of Capital and Reserves** at such time.

This limitation on **Borrowings** will only affect *subsidiary undertakings* to the extent that the Directors can restrict the borrowings of the *subsidiary undertakings* by exercising the rights or powers of control which the **Company** has over its *subsidiary undertakings*. The **Company** may consent in advance to exceeding the borrowing limit by passing an *ordinary resolution* at a General Meeting.

119.2 In this Article:

Group means the **Company** and its *subsidiary undertakings* for the time being;

Adjusted Total of Capital and Reserves means the aggregate of the share capital and *reserves* as shown in the latest audited consolidated balance sheet of the **Group** (including the amount **paid up** or credited as **paid up** on the *issued* share capital of the **Company**, the *share premium account*, *capital redemption reserve*, profit and loss account and other *reserves* included within the **Group's** equity *shareholders'* funds) (the "**Reserves**") but:

- adjusted as appropriate in respect of any variation to the **paid up** share capital or *reserves* since the date of the latest audited consolidated balance sheet as recorded within the monthly management accounting records of the **Group**;
- adding any amount which has been deducted at any time from the **Reserves** of the **Group** for goodwill arising on consolidation either by direct charge to **Reserves** or by charge to the **Group's** consolidated profit and loss account;
- adjusted as appropriate to reflect any difference in value between the fixed assets shown in the latest audited consolidated balance sheet of the **Group** and the net current replacement cost of those fixed assets; and
- making such other adjustments (if any) as the auditors of the **Company** consider appropriate.

Borrowings means the aggregate amount of all *liabilities* and obligations of the **Group** which in accordance with the accounting bases and principles of the **Group** are treated as borrowings in the latest audited consolidated balance sheet of the **Group** but:

- adjusted as appropriate in respect of any variation to borrowings since the date of the latest audited consolidated balance sheet as recorded within the monthly management accounting records of the **Group**;
- excluding any borrowings under finance or structured tax lease arrangements to the extent matched as part of those arrangements by deposits of cash or cash equivalent investments which are treated by the creditor concerned as available to reduce its net exposure; and
- making such other adjustments (if any) as the auditors of the **Company** consider appropriate.

119.3 The determination of the **Company's** auditors as to the amount of the **Adjusted Total of Capital and Reserves** and the total amount of **Borrowings** at any time shall be conclusive and binding on all concerned and for the purposes of their computation the **Company's** auditors may at their discretion make such further or other adjustments (if any) or determinations as they think fit. Nevertheless the Directors may act in reliance on a bona fide estimate of the amount of the **Adjusted Total of Capital and Reserves** and the total amount of **Borrowings** at any time and if in consequence the borrowing limit is inadvertently exceeded an amount of borrowings equal to the excess may be disregarded until the expiration of three

months after the date on which by reason of a determination of the **Company's** auditors or otherwise the Directors became aware that such a situation has or may have arisen.

- 119.4 No lender or other person dealing with the **Group** need be concerned whether the borrowing limit is observed. No debt incurred or security given in breach of the borrowing limit will be invalid or ineffective unless the lender or the recipient of the security had express notice at the time when the debt was incurred or security given, that the limit had been or would as a result be breached.

ALTERNATE DIRECTORS

120 Alternate Directors

- 120.1 Any Director may appoint any person (including another director) to act in his place (such person is called an **alternate director**). Such appointment requires the approval of the Directors, unless the proposed **alternate director** is another Director. A Director appoints an **alternate director** by delivering a signed appointment (or in any other manner which has been approved by the Directors) to the **Company**. An **alternate director** need not be a shareholder.
- 120.2 The appointment of an **alternate director** ends if the Director appointing him ceases to be a Director, unless that Director retires at a General Meeting at which he is re-elected under Article 93. A Director can also remove his alternate by delivering a signed notice (or doing something else which has been approved by the Directors) delivered to the **Registered Office**. An **alternate director** can also be removed as an alternate by a resolution of the Directors.
- 120.3 An **alternate director** is entitled to receive notices of Directors' meetings once he has given the **Company** an address, electronic address or fax number to which notices may be served on him. He is 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 the Director appointing him as a Director. If he is himself a Director or attends any such meeting as an alternate for more than one Director, he will have one vote for each Director for whom he acts as an alternate, in addition to his own vote as a Director. However, he may not be counted more than once for the purposes of the *quorum*. If his appointor is temporarily unable to act through ill health or disability his signature to any resolution in writing of the Directors is as effective as the signature of his appointor.
- 120.4 If the Directors decide to allow this, Article 120 also applies in a similar fashion to any meeting of a committee of which his appointor is a member.
- 120.5 An **alternate director** shall be an officer of the **Company** and shall alone be responsible to the **Company** for his own actions and mistakes. Except as said in this Article 120, an **alternate director**:
- does not have power to act as a Director;
 - is not considered to be a Director for the purposes of the **Articles**;
 - is not considered to be the agent of his appointor; and
 - cannot appoint an **alternate director**.

- 120.6 Subject to the **legislation**, an **alternate director** is entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be *indemnified* to the same extent as if he were a Director. However, he is not entitled to receive from the **Company** as **alternate director** any **pay**, except only such part (if any) of the pay otherwise payable to his appointor as such appointor may direct the **Company** in writing to pay to his alternate or (unless the **Company** by *ordinary resolution* decides otherwise)

THE COMPANY SECRETARY

121 The Company Secretary and Deputy and Assistant Company Secretaries

- 121.1 The **Company Secretary** is appointed by the Directors. The Directors decide on the terms and period of his appointment so long as allowed to do so by the **legislation**. The Directors may also remove the **Company Secretary**, but this does not affect any claim for damages against the **Company** for breach of any contract of employment he may have. The Directors may appoint two or more people to be joint **Company Secretaries**.
- 121.2 The Directors can also appoint one or more people to be Deputy or Assistant Company Secretary. The Directors decide on their terms and period of employment. The Directors may also remove any Deputy or Assistant Company Secretary, but this does not affect any claim for damages against the **Company** for breach of any contract of service he may have. Anything which the **Articles** or the **legislation** require, or allow, to be done by the **Company Secretary** can also be done by any Deputy or Assistant Company Secretary.
- 121.3 Anything which the **legislation** allows to be done by or to a Director and the **Company Secretary**, cannot be done by or to one person acting as both a Director and a **Company Secretary**.

THE SEAL

122 The Seal

- 122.1 The Directors are responsible for arranging for the **Seal** and any **Securities Seal** to be kept safely. The **Seal** and any **Securities Seal** can only be used with the authority of the Directors (or any one or them). The **Securities Seal** can be used only for sealing *securities* issued by the **Company** in **certificated form** and sealing documents creating or evidencing *securities* issued by the **Company**.
- 122.2 Subject to the provisions of these **Articles** which relate to share certificates, every document which is sealed using the **Seal** must be signed personally by:
- one Director and the **Company Secretary**; or
 - two Directors; or
 - any other persons who are authorised to do so by the Directors (or any one of them).
- 122.3 Where a signature is required to witness the **Seal**, the Directors may decide that the individual need not sign the document personally but that his signature may be printed on it mechanically, electronically or in any other way the Directors approve.
- 122.4 *Securities* and documents which have the **Securities Seal** stamped on them do not need to be signed unless the Directors or the **legislation** require this.

- 122.5 The Directors can use all the powers given by the **legislation** relating to official seals for use abroad.
- 122.6 Certificates for *debentures* or other *securities* of the **Company** may be printed in any way and may be sealed and/or signed for in any manner allowed by these **Articles**.
- 122.7 As long as it is allowed by the **legislation**, any document is signed by one Director and the **Company Secretary** or by two Directors and expressed to be entered into by the **Company** shall have the same effect as if it had been made effective by using the **Seal**. However no document which states that it is intended to have effect as a deed shall be signed in this way without the authority of the Directors or of a committee authorised by the Directors to give such authority.

AUTHENTICATING DOCUMENTS

123 Establishing that documents are genuine

- 123.1 Any Director, or the **Company Secretary**, has power to authenticate any of the following things, and to certify copies or extracts from them as true copies or extracts:
- any documents relating to the **Company's** constitution;
 - any resolutions passed by the **shareholders**, or by the Directors or by a committee of the Directors; and
 - any books, documents, records or accounts which relate to the **Company's** business.
- 123.2 The Directors can also give this power to others. When any books, documents, records and accounts are not kept at the **Registered Office**, the officer of the **Company** who holds them is treated as a person who has been authorised by the Directors to authenticate any of them, and to provide certified copies or extracts from them.
- 123.3 This Article 123.3 applies to a document which appears to be a copy of a resolution or an extract from the minutes of any meeting, and which is certified as a copy or extract as described in Article 123.1 or 123.2. This document is conclusive evidence for anyone who deals with the **Company** on the strength of the document that:
- the resolution has been properly passed; or
 - the extract is a true and accurate record of the proceedings of a valid meeting.

RESERVES

124 Setting up reserves

The Directors can set aside any profits of the **Company** and hold them in a *reserve*. The Directors can decide to use these sums for any purpose for which the profits of the **Company** can lawfully be used. Sums held in a *reserve* can either be employed in the business of the **Company** or be invested. The Directors can divide the *reserve* into separate funds for special purposes and alter the funds into which the *reserve* is divided. The Directors can also carry forward any profits without holding them in a *reserve*. The Directors must comply with the restrictions under the **legislation** which relate to *reserve funds*.

125 Assets bought as from a past date

This Article 125 applies if the **legislation** allows this and the Directors decide to deal with profits, losses, dividends or interest as the Article allows. 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**), any of the profits and losses can be added to the **Company's** revenue account and treated for all purposes as profits or losses of the **Company**. Similarly, where shares or *securities* are purchased with any dividend or interest, any such dividend or interest can be treated as revenue, rather than being treated as a capital item.

DIVIDENDS

126 Final dividends

The Directors may recommend the amount of any final dividend. The **shareholders** can then *declare* dividends by passing an *ordinary resolution*. No such dividend can exceed the amount recommended by the Directors.

127 Fixed and interim dividends

127.1 If the Directors consider that the profits of the **Company** justify such payments, they can:

- pay the fixed dividends on any class of shares carrying a fixed dividend on the dates prescribed for the payment of such dividends; and
- pay interim dividends on shares of any class of such amounts and on such dates and for such periods as they decide. But no interim dividend shall be paid on shares which carry deferred or non-preferred rights if, at the time of payment, any preferential *dividend* is in *arrear* (on any one of them).

127.2 If the Directors act in good faith, they are not liable to the holders of any shares for any loss they may suffer because a lawful dividend has been paid under this Article 127 on other shares which *rank* equally with or behind their shares.

128 Dividends not in cash

If the Directors recommend this, the **shareholders** can pass an *ordinary resolution* to direct all or part of a dividend to be paid by distributing specific *assets* (and in particular **paid-up** shares or *debentures* of any other **company**). The Directors must give effect to such resolution. Where any difficulty arises on the distribution or valuation of the *assets*, the Directors can settle it as they decide. In particular, they can:

- issue fractional certificates (or ignore fractions);
- value *assets* for distribution purposes;
- pay cash of a similar value to adjust the rights of persons entitled to the dividend; and/or
- transfer any *assets* to *trustees* for persons entitled to the dividend.

129 Apportioning dividends

All dividends will be divided and paid in proportions based on the amounts which have been *paid up* on the shares during any of the period for which the dividend is paid. Sums which have been *paid up* in advance of *calls* do not count as *paid up* for this purpose. But if the **terms** of any share say that it will be entitled to a dividend as if it were a *fully paid-up*, or *partly paid-up*, share from a particular date (in the past or the future), it will be entitled to a dividend on this basis. This Article 129 applies unless the rights attached to any shares, or the **terms** of any shares, say otherwise.

130 Deducting amounts owing from dividends and other money

If a **shareholder** owes any money for *calls* on shares, or money relating in any other way to shares, the Directors can deduct any of this money from:

- any dividend on any shares held by the **shareholder**; or
- any other money payable by the **Company** in connection with the shares.

Money deducted in this way can be used to pay amounts owed to the **Company** in connection with the shares.

131 Payments to shareholders

131.1 Any dividend or other money payable in cash (whether in sterling or foreign currency) relating to a share can be paid:

- by cheque or warrant or any other similar financial instrument made payable to the **shareholder** who is entitled to it and sent direct to his registered address or, in the case of joint **shareholders**, to the **shareholder** who is first named in the **Register** and sent direct to his registered address, or to someone else named in a written instruction from the **shareholder** (or from all joint **shareholders**);
- in the case of shares in **uncertificated form**, by the use of a **relevant system**;
- by inter-bank transfer or other electronic means to an account named in a written instruction from the person receiving the payment; and/or
- in some other way agreed between the **shareholder** (or all joint **shareholders**) and the **Company**.

131.2 For joint **shareholders**, or persons jointly and *automatically entitled to shares by law*, the **Company** can rely on a receipt for a dividend or other money paid on shares from any one such person.

131.3 Cheques and warrants are sent, and payment in any other way is made, at the risk of the people who are entitled to the money. The **Company** is treated as having paid a dividend if such a cheque or warrant is cleared or if a payment using a **relevant system** or bank transfer or other electronic means is made in accordance with instructions given by the **Company**. The **Company** will not be responsible for a payment which is lost or delayed.

131.4 Unless the rights attached to any shares, or the **terms** of any shares, or the **Articles** say otherwise, a dividend, or any other money payable in respect of a share, can be paid in whatever currency the Directors decide using an appropriate exchange rate selected by the Directors for any currency conversions which are required.

131.5 No dividend or other sum payable by the **Company** on or in respect of its shares carries a right to interest from the **Company** unless the rights of the shares provide otherwise.

131.6 If the person entitled to the dividend is an employee of the **Company** or of one of its **subsidiaries**, the cheque may instead be sent to that person through the internal post system of the **Company** or that **subsidiary**.

132 Record dates for payments and other matters

Any dividend or distribution on any shares can be paid to the holder or holders of the shares shown on the **Register**, at the close of business on a particular day stated in the resolution passed for payment of the dividend or providing for the distribution. It will be based on the number of shares registered on that day. This Article 132 applies whether what is being done is the result of a resolution of the Directors or a resolution passed at a General Meeting. The date can be before any relevant resolution was passed. This Article 132 does not affect the rights between past and present shareholders to payments or other benefits.

133 Dividends which are not claimed

133.1 If a dividend has not been claimed for one year after the passing of either the resolution passed at a General Meeting declaring that dividend, or the resolution of the Directors providing for payment of that dividend (whichever is later), the Directors may invest the dividend or use it in some other way for the benefit of the **Company** until the dividend is claimed. If the Directors decide to pay unclaimed dividends into a separate account, the **Company** will not be a *trustee* of the money and will not be liable to pay any interest on it. Any dividend which has not been claimed for 12 years after the date on which the dividend was *declared* or became due for payment (whichever is later) may be *forfeited* and belong to the **Company** if the directors so decide.

133.2 The **Company** can stop paying dividends by cheque or other payment order if cheques or other payment orders for two dividends in a row are sent back or not cashed. The **Company** can start paying dividends in this way again if the shareholder or a person *automatically entitled to the shares by law*.

- claims those dividends (before they go back to the Company under Article 133.1); and
- does not tell the **Company** to start paying dividends in some other way.

134 Waiver of dividends

All or any dividend can be waived by means of a document on which the **Company** acts. The document must be signed by the **shareholder** (or the person *automatically entitled to the shares by law*) and delivered to the **Company**. The document need not be in the form of a deed.

CAPITALISING RESERVES

135 Capitalising reserves

135.1 Subject to any special rights attaching to any class of shares, the **shareholders** can pass an *ordinary resolution* to allow the Directors to change into capital any sum:

- which is part of any of the **Company's** reserves (including *premiums* received when any shares were issued, *capital redemption reserves* or other undistributable reserves); or
 - which the **Company** is holding as undistributed profits.
- 135.2** Unless the *ordinary resolution* states otherwise the Directors will use the sum which is changed into capital by setting it aside for the **Ordinary Shareholders** or other **shareholders** so entitled on the **Register** at the close of business on the day the resolution is passed (or another date stated in the resolution or fixed as stated in the resolution). The sum set aside must be used to pay up on the **shareholders'** behalf any amount which is unpaid on shares held by them or to pay up in full shares of the **Company** and *allot* such shares and distribute them to shareholders (or as they may direct) as bonus shares in proportion to their holdings of **Ordinary Shares** at the time. The shares can be **Ordinary Shares** or, if the rights of other **existing shares** allow this, shares of some other class. The Directors may resolve that any shares allotted to any shareholder in respect of his holding of *partly paid* shares shall only entitle that shareholder to a dividend to the extent that those *partly paid* shares entitle him.
- 135.3** If any difficulty arises in operating this Article 135, the Directors can resolve it in any way which they decide. For example they can deal with entitlements to fractions of a share. They can decide that the benefit of share fractions belongs to the **Company** or that share fractions are ignored or deal with fractions in some other way including by cash payment.
- 135.4** The Directors can appoint any person to sign any contract with the **Company** on behalf of those who are entitled to shares under the resolution. Such a contract is binding on all concerned.

SCRIP DIVIDENDS

- 136 Shareholders can be offered the right to receive extra shares instead of cash dividends**
- 136.1** The Directors are authorised, generally and without conditions, to offer to holders of **Ordinary Shares** the right to choose to receive extra **Ordinary Shares**, which are credited as *fully paid up*, instead of some or all of their cash dividend. They are authorised to do this for the period which begins on the date on which these **Articles** are adopted (which is shown on the first page of these Articles) and ends on the date of the Annual General Meeting of the **Company** occurring in 2001. Thereafter, the **shareholders** must have passed an *ordinary resolution* authorising the Directors to make this offer before the Directors can do this.
- 136.2** The *ordinary resolution* can apply to a particular dividend or dividends. Or it can apply to some or all of the dividends which may be *declared* or paid in the period up to and including the Annual General Meeting which is held in the fifth year after the *ordinary resolution* is passed.
- 136.3** The Directors can offer **shareholders** the right to request new shares instead of cash for:
- the next dividend; or
 - all future dividends (if a share alternative is made available), until they tell the **Company** that they no longer wish to receive new shares.

The Directors can also allow **shareholders** to choose between these alternatives.

- 136.4** A **shareholder** is entitled to **Ordinary Shares** whose total **relevant value** is as near as possible to the cash dividend (excluding any tax credit) he would have received. The **relevant value** of a share is a value calculated in the manner set out in the *ordinary resolution* or, if the *ordinary resolution* does not set this out, then the **relevant value** of a share is the average value of the **Ordinary Shares** for the five dealing days starting from, and including, the day when the shares are first quoted "*ex dividend*". This average value is worked out from the average middle market quotations for the **Ordinary Shares** on the **London Stock Exchange**, as published in its Daily Official List. A certificate or report from the **Company's** auditor as to the amount of **relevant value** will be conclusive evidence of that amount.
- 136.5** After the Directors have decided to apply this Article 136 to a dividend, they must notify eligible **shareholders** in writing (or where the **legislation** permits, by **electronic mail**) of their right to opt for new shares. This notice should also say how, where and when **shareholders** must notify the **Company** if they wish to receive new shares. Where **shareholders** have already opted to receive new shares in place of all future dividends, if new shares are available, the **Company** will not notify them of a right to opt for new shares. Instead, the **Company** will remind them that they have already opted for new shares and tell them how to tell the **Company** if they wish to start receiving cash dividends again.
- 136.6** The Directors can set a minimum number of **Ordinary Shares** in respect of which the right to choose new shares can be *exercised*. No **shareholders** will receive a fraction of a share. The Directors can decide how to deal with any fractions left over. The **Company** can, if the Directors decide, have the benefit of these left over fractions.
- 136.7** The Directors can exclude or restrict the right to opt for new shares, or make any other arrangements where they decide that this is necessary or convenient to deal with any of the following legal or practical problems:
- problems relating to laws of any territory; or
 - problems relating to the requirements of any recognised regulatory body or stock exchange in any territory; or
 - where special formalities would otherwise apply in connection with the offer of new shares.
- 136.8** So far as a **shareholder** opts to receive new shares, no dividend on the shares for which he has opted to receive new shares (which are called the **elected shares**), will be *declared* or payable. Instead, new **Ordinary Shares** will be *allotted* on the basis set out earlier in this Article 136. To do this the Directors will convert into capital the sum equal to the total *nominal amount* of the new **Ordinary Shares** to be *allotted*. They will use this sum to *pay up in full* the appropriate number of new **Ordinary Shares**. These will then be *allotted* and distributed to the holders of the **elected shares** as set out above. The sum to be converted into capital can be taken from any amount which is then in any *reserve* or fund (including the *share premium account*, any *capital redemption reserve* and the profit and loss account). Article 135 applies to this process, so far as it is consistent with this Article 136.
- 136.9** Unless the Directors decide otherwise or the **CREST Regulations** or the rules of a **relevant system** require otherwise, any new shares which an **Ordinary Shareholder** has chosen to receive instead of some or all of his cash dividend will be:
- shares in **uncertificated form** if the corresponding **elected shares** were **uncertificated shares** on the record date for that dividend; and

- shares in **certificated form** if the corresponding **elected shares** were **shares** in **certificated form** on the record date for that dividend.

136.10 The new **Ordinary Shares** *rank* equally in all respects with the existing *fully paid-up Ordinary Shares* on the record date for the dividend. But, they are not entitled to share in the dividend from which they arose and do not allow the holder to opt for new shares instead of that dividend.

136.11 The Directors can decide that new shares will not be available in place of any cash dividend. They can decide this at any time before new shares are *allotted* in place of such dividend, whether before or after **shareholders** have opted to receive new shares.

136.12 The Directors have the power to do all acts and things they consider necessary to give effect to this Article.

ACCOUNTS

137 Accounting and other records

The Directors shall make sure that proper accounting records that comply with the **legislation** are kept to record and explain the **Company's** transactions.

138 Location and inspection of records

138.1 The accounting records shall be kept:

- at the **Registered Office**; or
- at any other place which the **legislation** allows, and the Directors decide on.

138.2 The **Company's** officers always have the right to inspect the accounting records.

138.3 Anyone else (including a **shareholder**) does not have any right to inspect any books or papers of the **Company** unless:

- the **legislation** or a proper court order or an *ordinary resolution* of the **Company** gives him that right; or
- the Directors authorise him to do so.

139 Sending copies of accounts and other documents

139.1 This Article 139 applies to every balance sheet and profit and loss account to be laid before the **shareholders** at a General Meeting with any other document which the **legislation** requires to be attached to these, including the Directors and auditors reports.

139.2 Copies of the documents set out in Article 139.1 must be sent to the **Company's shareholders** and *debenture* holders and all other people to whom the **Articles**, or the **legislation**, require the **Company** to send them. This must be done at least 21 **clear days** before the relevant General Meeting. But the **Company** need not send these documents to:

- **shareholders** who are sent summary financial statements in accordance with the **legislation**;
- more than one joint holder of shares or *debentures*; or
- any person for whom the **Company** does not have a current address.

- 139.3 Shareholders** or *debenture* holders who are not sent copies can receive a copy free of charge by applying to the **Company** at the **Registered Office**.

AUDITORS

140 Acts of Auditors

The Directors must appoint Auditors for the **Company**. So far as the **legislation** allows, the actions of a person acting as an Auditor are valid in favour of someone dealing with the **Company** in good faith, even if there was some defect in the person's appointment or the person was at any time not qualified to act as an Auditor.

141 Auditors at General Meetings

An Auditor can attend any General Meeting. He can speak at General Meetings on any business which is relevant to him as Auditor.

NOTICES

142 Serving and delivering notices and other documents

- 142.1** The **Company** can serve or deliver any offer, notice or other document, including a share certificate, on or to a **shareholder**:

- personally;
- by posting it in a letter (with postage paid) to the address recorded for him on the **Register**;
- by delivering it to that address;
- if the **shareholder** is also an employee of the **Company** or one of its **subsidiaries**, through the internal post system of the **Company** or that **subsidiary**;
- so far as the **legislation** allows (and except in relation to share certificates), by **electronic mail** to an electronic address or fax number in the **United Kingdom** notified by the **shareholder** in writing; or
- by an advertisement published in at least one national newspaper published in the **United Kingdom**.

However, Articles 142 to 148 do not affect any provision of the **legislation** or the **Articles** requiring offers, notices or documents to be served in a particular way.

- 142.2** Any notice to be given to a **shareholder** may be given by reference to the **Register** as it stands at any time within the period of 15 days before the notice is given. No change in the **Register** after that time shall invalidate the giving of the notice.
- 142.3** Every person who becomes entitled to a share is bound by any notice given to the person from whom he derives his title. This is so even if the person who becomes entitled to their share has not been entered on the **Register**. This Article 142.3 does not apply to a notice given under Section 212 of the **Companies Act**.

143 Notices to joint holders

When a notice or document is to be given to joint **shareholders** it shall be given to the joint **shareholder** who is listed first on the **Register**, but ignoring any joint **shareholder** without a **United Kingdom** address under Article 142 or Article 144. A notice given in this way is treated as given to all of the joint holders.

144 Notices for shareholders with foreign addresses

144.1 This Article 144 applies to a **shareholder** whose address on the **Register** is outside the **United Kingdom**. He can give the **Company** a **United Kingdom** address where notices or documents can be served on him. If he does, he is entitled to have notices or documents served on him at that address. Otherwise, he is not entitled to receive any notices and documents from the **Company**.

144.2 For **shareholders** registered on a branch register notices or documents can be posted in the **United Kingdom** or in the country where the branch register is kept.

145 When notices are served or deemed to be served

145.1 If a notice, or any other kind of document, is sent through the post, or internal post for a **shareholder** who is an employee of the **Company** or a **subsidiary**, it is treated as being served or delivered on the day after it was posted (or on the day after that, if second class post is used). If such a notice or document is sent to a **shareholder** who is an employee of the **Company** or of one of its **subsidiaries** by the relevant internal post it is treated as served or delivered on the day after it was posted. It can be proved that a notice or other document was served by post (or internal post) by showing that:

- the letter containing the notice or document was properly addressed; and
- it was put into the postal system with postage paid (where applicable).

145.2 If an advertisement is published in a newspaper as provided for in Article 142.1 then notice will be served on the date of the publication of the newspaper.

145.3 To the extent permitted by the **legislation** and these **Articles** a notice or document sent by **electronic mail** is treated as being served or delivered at the expiration of two hours from the time on the day it was sent.

145.4 If a *member* is present at any **shareholders** meeting either in person or by *proxy* or in the case of a corporate member by a duly authorised *representative* he shall be deemed to have received notice of the meeting and of the reason why it was called.

146 Serving notices and documents on shareholders who have died or are bankrupt

This Article 146 applies where a **shareholder** has died, has become of unsound mind or become bankrupt or is in liquidation, but is still registered as a **shareholder**. It applies whether he is registered as a sole or joint **shareholder**. A person who is *automatically entitled to such shareholder's shares by law* and who proves this to the reasonable satisfaction of the Directors can give a **United Kingdom** address for service of notices and documents. If this is done, notices and documents must be sent to that address. Otherwise, if any notice, or other document, is served on the **shareholder** named on the **Register**, or sent to him in accordance with the **Articles**, this will be valid despite his death, unsound mind, bankruptcy or liquidation. *This applies even if the Company knew about these things. If notices or documents are served*

or sent in accordance with this Article 146, there is no need to send them to, or serve them in any other way on any other people who may be involved.

147 If documents are accidentally not sent

If any notice, or other document relating to any meeting or other proceeding, is accidentally not sent, or is not received, the meeting or other proceeding will not be invalid as a result.

148 When entitlement to notices stops

This Article 148 applies if on three consecutive occasions notices or other communications have been sent by post to a **shareholder** at his registered address (or, in the case of a **shareholder** whose registered address is not within the **United Kingdom**, any address given by him to the **Company** for the service of notices) but have been returned undelivered. The **shareholder** shall not be entitled to receive any subsequent notice or other communication until he has given to the **Company** a new registered address (or, in the case of a member whose registered address is not within the **United Kingdom**, a new address for the service of notices). For the purposes of this Article 148, references to a communication include references to any cheque or other instrument of payment; but nothing in this Article 148 shall entitle the **Company** to cease sending any cheque or other instrument of payment for any dividend, unless it is also entitled under Article 133.2 to do so. This Article 148 is subject to the provisions of the **Companies Act**.

WINDING UP

149 Distribution of assets in kind

If the **Company** is wound up (whether the liquidation is voluntary, under supervision of the *Court*, or by the *Court*) the liquidator can, with the authority of an *extraordinary resolution* passed by the **shareholders** and any other sanction required by the **legislation**, divide among the **shareholders** the whole or any part of the *assets* of the **Company**. This applies whether the *assets* consist of property of one kind or different kinds. For this purpose, the liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between **shareholders** or different groups of **shareholders**. The liquidator can also, with the authority of an *extraordinary resolution* passed by the **shareholders** and any other sanction required by the **legislation**, transfer any part of the *assets* to *trustees* upon such trusts for the benefit of **shareholders** as the liquidator decides. The liquidation of the **Company** can then be closed and the **Company** dissolved. However no past or present **shareholder** can be compelled to accept any shares or other property under this Article 149 which carries a *liability*.

DESTROYING DOCUMENTS

150 Destroying documents

150.1 The **Company** can destroy:

- all transfer forms for shares, and documents sent to support a transfer, and any other documents which were the basis for making an entry on the **Register**, after six years from the date of registration;
- all dividend payment instructions and notifications of a change of address or name, after two years from the date these were registered; and
- all cancelled share certificates, after one year from the date they were cancelled.

150.2 If the **Company** destroys a document in accordance with Article 150.1, it is conclusively treated as having been a valid and effective document in accordance with the **Company's** records relating to the document. Any action of the **Company** in dealing with the document in accordance with its terms before it was destroyed is conclusively treated as properly taken.

150.3 This Article 150 only applies to documents which are destroyed in good faith and if the **Company** is not on notice of any claim to which the document may be relevant.

150.4 For documents relating to shares in **uncertificated form**, the **Company** must also comply with any rules (as defined in the **CREST Regulations**) which limit its ability to destroy these documents.

150.5 A document may be destroyed earlier than the dates mentioned in Article 150.1 if a permanent record of that document is made before its destruction.

150.6 This Article 150 does not make the **Company** liable:

- if it destroys a document earlier than referred to in Article 150.1; or
- if the **Company** would not be liable if this Article 150 did not exist.

150.7 This Article 150 applies whether a document is destroyed or disposed of in some other way.

INDEMNITY AND INSURANCE

151 Indemnity

151.1 So far as the **legislation** allows, every Director, **Company Secretary** or other officer of the **Company** shall be indemnified by the **Company** out of its own funds against all costs, charges, losses, expenses and liabilities incurred by him:

- in performing or omitting to perform his duties; and/or
- in exercising or omitting to exercise his powers; and/or
- in supposedly doing any of these things; and/or
- otherwise in relation to or in connection with his duties, powers or office in the **Company** or in any **subsidiary** of the **Company** or in any other **company** or body undertaken at the request of the **Company**.

151.2 The *liabilities* covered by Article 151.1 include, for example, any *liability* incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or claimed to have been done or omitted by him as an officer or employee of the **Company**:

- in which judgement is given in his favour; or
- in which the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part;
- in which he is acquitted; or
- in connection with any application under any **legislation** for relief from *liability* in respect of any such act or omission where relief is granted to him by the Court.

Article 151.1 also covers any *liability* to pay an amount in respect of shares acquired by a nominee of the **Company**.

151.3 So far as the **legislation** allows, every Director, **Company Secretary** or other officer of the **Company** is exempted from any *liability* to the **Company** where that *liability* would be covered by the *indemnity* in Article 151.1.

151.4 For the purpose of this Article 152 each of the following is a **Relevant Company**:

- the **Company**;
- any *holding company* of the **Company**;
- any body, whether or not incorporated, in which the **Company** or such *holding company* or any of the predecessors of the **Company** or of such *holding company* has or had any interest, whether direct or indirect; and
- any body, whether or not incorporated, which is in any way allied to or associated with the **Company**, or any **subsidiary** of the **Company** or such other body.

151.5 Without limiting Articles 151.1 and 151.2 in any way, the Directors can arrange for the **Company** to purchase and maintain insurance for or for the benefit of any persons who are or may become or were at any time:

- Directors, officers or employees of any **Relevant Company**; or
- *trustees* of any pension fund or employees' benefit scheme in which employees of any **Relevant Company** are interested.

This includes, for example, insurance against any *liability* incurred by such persons for any act or omission:

- in performing or omitting to perform their duties; and/or
- in exercising or omitting to exercise their powers; and/or
- in supposedly doing any of these things; and/or
- otherwise in relation to their duties, powers or offices in the **Company** or in any **subsidiary** of the **Company** or in any other company or body undertaken at the request of the **Company**.

Glossary

About the glossary

This glossary is to help readers understand the **Company's** Articles of Association. Words are explained as they are used in the **Articles** - they might mean different things in other documents. The glossary is not legally part of the **Articles**, and it does not affect their meaning. The definitions are intended to be a general guide - they are not precise.

abrogate If the *special rights* of a share are abrogated, they are cancelled or withdrawn.

adjourn Where a meeting breaks, to be continued at a later time or day, at the same or a different place.

allot When new shares are allotted, they are set aside for the person they are intended for. This will normally be after the person has agreed to pay for a new share, or has become entitled to a new share for any other reason. As soon as a share is allotted, that person gets the right to have his name put on the register of shareholders. When he has been registered, the share has also been *issued*.

asset Anything which is of any value to its owner.

attorney An attorney is a person who has been appointed to act for another person. The person is appointed by a formal document, called a *power of attorney*.

automatically entitled to a share by law In some situations, a person will be entitled to have shares which are registered in somebody else's name registered in his own name. Or he can require the shares to be transferred to another person. When a shareholder dies, or the sole survivor of joint shareholders dies, his personal representatives have this right. If a shareholder is made bankrupt, his trustee in bankruptcy has the right.

beneficial interest (or ownership) A person on whose behalf or for whose benefit a *trustee* holds shares has a beneficial interest in those shares.

brokerage Commission which is paid to a broker by a company **issuing** shares, where the broker's clients have applied for shares.

call A call to pay money which is due on shares which has not yet been paid. This happens if the Company issues shares which are *partly paid*, where money remains to be paid to the Company for the shares. The money which has not been paid can be "called" for. If all the money to be paid on a share has been paid, the share is called a *fully paid* (or **paid up**) share.

capitalise To convert some or all of the *reserves* of a company into capital (such as shares).

capital redemption reserve A reserve of funds which a company may have to set up to keep its capital base when shares are *redeemed* or bought back.

casual vacancy A vacancy amongst the Directors which occurs by reason of the death, resignation or disqualification of a Director, or from the failure of an elected Director to accept his appointment, or for any other reason except the retirement of a Director in accordance with the **Articles**.

charge See *lien and charge*.

company representative If a company owns shares, it can appoint a company representative to attend a shareholders' meeting to speak and vote for it.

consolidate When shares are consolidated, they are combined with other shares - for example every three £1 shares might be consolidated into one new £3 share.

debenture A typical debenture is a long-term borrowing by a company. The loan usually has to be repaid at a fixed date in the future, and carries a fixed rate of interest.

declare When a dividend is declared, it becomes due to be paid.

dividend arrears This includes any dividends on shares with *cumulative rights* which could not be paid, but which have been carried forward.

dividend warrant A dividend warrant is similar to a cheque for a dividend.

ex dividend When a share goes "ex dividend", a person who buys it will not be entitled to the dividend which has been **declared** shortly before he bought it. When a share has gone "ex dividend", the seller is entitled to this dividend, even though it will be paid after he has sold his share.

executed A document is executed when it is signed, or sealed or made valid in some other way.

exercise When a power is exercised, it is put to use.

extraordinary resolution A decision reached by a majority of at least 75 per cent of the votes cast.

forfeit When a share is forfeited it is taken away from the shareholder and goes back to the Company. This process is called *forfeiture*. This can happen if a *call* on a *partly paid share* is not paid on time.

fully paid shares When all of the money which is due to the Company for a share has been paid, a share is called a fully paid (or **paid up**) share.

good title If a person has good title to a share, he owns it outright.

holding company A company which controls another company (for example by owning a majority of its shares) is called the holding company of that other company. The other company is the **subsidiary** of the holding company.

indemnity If a person gives another person an indemnity, he promises to make good any losses or damage which the other might suffer. The person who gives the indemnity is said to **indemnify** the other person.

in issue See **issue**.

instruments Formal legal documents.

issue When a share has been issued, everything has been done to make the shareholder the owner of the share. In particular, the shareholder's name has been put on the register of shareholders. Existing shares which have been issued are *in issue*.

liabilities Debts and other obligations.

liable jointly and severally Where more than one person is liable jointly and severally it means that any one of them can be sued, or they can all be sued together.

lien and charge Where the Company has a lien and charge over shares, it can take the dividends, and any other payments relating to the shares which it has a charge over, or it can sell the shares, to repay the debt and so on.

members Shareholders.

negotiable instrument A document such as a cheque, which can be freely transferred from one person to another.

nominal amount or value The value of the share in the Company's accounts. The nominal value of the £1 Ordinary Shares is £1. This value is shown on the share certificate for a share. When the Company issues new shares this can be for a price which is at a *premium* to the nominal value. When shares are bought and sold on the stock market this can be for more, or less, than the nominal value. The nominal value is sometimes also called the "par value".

objects of a company The business activities that the company is authorised to carry on. The Company's objects are set out in Clause 4 of its Memorandum.

ordinary resolution A decision reached by a simple majority of votes - that is by more than 50 per cent of the votes cast.

partly paid shares If any money remains to be paid on a share, it is said to be *partly paid*. The unpaid money can be *called for*.

personal representatives A person who is entitled to deal with the property ("the estate") of a person who has died. If the person who has died left a valid will, the will appoints "executors" who are personal representatives. If the person died without a will, the courts will appoint one or more "administrators" to be the personal representatives.

poll On a poll vote, the number of votes which a shareholder has will depend on the number of shares which he owns. An Ordinary Shareholder has one vote for each share he owns. A poll vote is different to a *show of hands* vote, where each person who is entitled to vote has just one vote, however many shares he owns.

power of attorney A formal document which legally appoints one or more persons to act on behalf of another person.

pre-emption rights The right of some shareholders which is given by the Companies Act to be offered a proportion of certain classes of newly *issued* shares and other securities before they are offered to anyone else. This offer must be made on terms which are at least as favourable as the terms offered to anyone else.

premium If the Company *issues* a new share for more than its *nominal value* (for example because the market value is more than the nominal value), the amount above the nominal value is the premium.

proxy A proxy is a person who is appointed by a shareholder to attend a meeting and vote for that shareholder. A proxy is appointed by using a *proxy form*. A proxy does not have to be a shareholder. A proxy can only vote on a *poll*, and not on a *show of hands*.

proxy form A form which a shareholder uses to appoint a *proxy* to attend a meeting and vote for him. The proxy form must be delivered to the Company before the meeting to which it relates.

quorum The minimum number of shareholders who must be present before a meeting can start. When this number is reached, the meeting is said to be "quorate".

rank and ranking When either capital or income is distributed to shareholders, it is paid out according to the rank (or ranking) of the shares. For example, a share which ranks before (or above) another share in sharing in the Company's income is entitled to have its dividends paid first, before any dividends are paid on shares which rank below (or after) it. If there is not enough income to pay dividends on all shares, the available income must be used first to pay dividends on shares which rank first, and then to shares which rank below. The same applies for repayments of capital. Capital must be paid first to shares which rank first in sharing in the Company's capital, and then to shares which rank below.

recognised clearing house A "clearing house" which has been authorised to carry on business by the UK authorities. A clearing house is a central computer system for settling transactions between members of the clearing house.

recognised investment exchange An "investment exchange" which has been officially recognised by the UK authorities. An investment exchange is a place where investments, such as shares, are traded. The London Stock Exchange is a recognised investment exchange.

redeem and redemption When a share is redeemed, it goes back to the Company in return for a sum of money (the "redemption price") which was fixed before the share was *issued*. This process is called redemption. A share which can be redeemed is called a "redeemable" share.

relevant securities Any shares of a company, except shares held as a result of share schemes for employees (such as profit sharing schemes) and some shares held by the founders of the company. Also included are any securities which can be converted into such shares, or which allow their holders to *subscribe* for such shares.

relevant system This is a term used in the legislation for a computer system which allows shares without share certificates to be transferred without using transfer forms. The CREST system for paperless share dealing is a "relevant system".

renunciation Where a share has been *allotted*, but nobody has been entered on the share register for the share, it can be *renounced* to another person. This transfers the right to have the share registered to another person. This process is called renunciation.

requisition a meeting A formal process which shareholders can use to call a meeting of shareholders. Generally speaking the shareholders who want to call a meeting must hold at least 10 per cent of the *issued* shares.

reserve fund A fund which has been set aside in the accounts of a company - profits which are not paid out to shareholders as dividends, or used up in some other way, are held in a reserve fund by the company.

revoke To withdraw, or cancel.

rights issue A way by which companies raise extra share capital. Usually the existing shareholders will be offered the chance to buy a certain number of new shares, depending on how many they already have. For example, shareholders may be offered the chance to buy one new share for every four they already have.

rights of any share The rights attached to the share when it is issued, or afterwards.

securities All shares, bonds and other investment instruments issued by a company which entitle the holder to a share in the profits or assets of that company, to receive a cash payment from a company or to subscribe for such a security.

securities seal A seal used to stamp the **Company's** securities as evidence that the **Company** has issued them. The **Company's** Security Seal is like the **Company's** Common Seal but with the addition of the word "securities".

share premium account If a new share is *issued* by the Company for more than its *nominal value* (because the market value is more than the nominal value) then the amount above the nominal value is the premium, and the total of these premiums is held in a reserve fund (which cannot be used to pay dividends) called the share premium account.

show of hands A vote where each person who is entitled to vote has just one vote, however many shares he holds.

special notice This term is defined in Section 379 of the **Companies Act**. Broadly, if *special notice* of a resolution is required, the resolution is not valid unless the **Company** has been told about the intention to propose it at least 28 days before the **shareholders' meeting** at which it is proposed (although in certain circumstances the meeting can be on a date less than 28 days from the date of the notice).

special resolution A decision reached by a majority of at least 75 per cent of votes cast. Shareholders must be given at least 21 days' notice of any Special Resolution.

special rights These are the rights of a particular class of shares, as distinct from rights which apply to all shares generally. Typical examples of special rights are where the shares *rank*, their rights to sharing in income and assets and voting rights.

statutory declaration A formal way of declaring something in writing. Particular words and formalities must be used - these are laid down by the Statutory Declarations Act of 1835.

stock Shares which have been converted into a single **security** with a different unit value. For example a shareholder with one hundred £1 shares might be converted into £100 worth of stock.

subdividing shares When shares are subdivided they are split into shares which have a smaller **nominal amount**. For example, a £1 share might be subdivided into two 50p shares.

subject to Means that something else has priority, or prevails, or must be taken into account. When a statement is subject to another statement this means that the first statement must be read in the light of the other statement, which will prevail if there is any conflict.

subscribe for shares To agree to take new shares in a **company** (usually for a cash payment).

subsidiary A **company** which is controlled by another company (for example because the other company owns a majority of its shares) is called a subsidiary of that company.

subsidiary undertaking This is a term used by the **Companies Act**. It is a wider definition than **subsidiary**. Generally speaking it is a company which is controlled by another company because the other company:

- has a majority of the votes in the company either alone, or acting with others;
- is a shareholder who can appoint or remove a majority of the directors; or
- can exercise dominant influence over the company because of anything in the company's memorandum or articles, or because of a certain kind of contract.

take-over offer A take-over offer as defined in Section 428 of the Companies Act 1985.

trustees People who hold property of any kind for the benefit one or more other people under a kind of arrangement which the law treats as a "trust". The people whose property is held by the trustees are called the *beneficial owners*.

underwrite A person who agrees to buy new shares if they are not bought by other people underwrites the share offer.

unincorporated associations Associations, partnerships, societies and other bodies which the law does not treat as a separate legal person to their members.

wind up The formal process to put an end to a company. When a company is wound up its assets are distributed. The assets go first to creditors who have supplied property and services, and then to shareholders. Shares which *rank* first in sharing in the **Company's** assets will receive any funds which are left over before any shares which rank after (or below) them.