

Company number 04094263

THE COMPANIES ACT 2006
WRITTEN MEMBER'S RESOLUTION
of
SOUTH WALES ELECTRICITY LIMITED
(the Company)

By written resolution of the sole eligible member of the Company pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the following resolution was passed as a special resolution on *21 October* 2008

"THAT the printed document attached to this document initialled for the purpose of identification be and is adopted as the Company's new articles of association in substitution for and to the exclusion of the existing articles of association of the Company "


Secretary

WEDNESDAY



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22/10/2008

1986

COMPANIES HOUSE

THE COMPANIES ACTS 1985 AND 2006

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

SOUTH WALES ELECTRICITY LIMITED

Company Number 04094263

1 CONSTITUTION AND DEFINITIONS

1 1 The Company is established as a private company within the meaning of section 1(3) of the Companies Act 1985 (the **1985 Act**) in accordance with and subject to the provisions of the 1985 Act including any statutory modification or re-enactment thereof for the time being in force and includes any provisions of the Companies Act 2006 which are in force (the **2006 Act**) and of the memorandum of association of the Company and of the Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended or modified from time to time (**Table A**)

1 2 Regulations 2, 24, 40, 64, 73 to 80 (inclusive), 101, 111, 112, 115, 116 and 118 of Table A shall not apply to the Company To the extent there is any inconsistency between these articles and Table A, these articles shall prevail

1 3 In the articles the following terms shall have the meanings stated

Companies Acts has the meaning given in section 2 of the 2006 Act

Company means South Wales Electricity Limited (registered number 04094263) whose registered office is at 55 Vastern Road, Reading, Berkshire, RG1 8BU

Conflicted Confidential Information has the meaning given in article 11 7 1

Directors means the directors of the Company from time to time

Parent Company has the meaning given in article 15 1

SSE means Scottish & Southern Energy plc (registered number SC117119) whose registered office is at Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ

Shares means the shares in the capital of the Company or any class from time to time

2 SHARE CAPITAL AND ALLOTMENT OF SHARES

- 2 1 The authorised share capital of the Company is £1000 divided into 1000 ordinary shares of £1 each
- 2 2 No Shares, nor any right to subscribe for or convert any security into any Shares shall at any time be allotted or granted unless every shareholder has consented in writing to such allotment or right to subscribe for or convert and to its terms and to the identity of the proposed allottee or beneficiary
- 2 3 In accordance with section 91 of the 1985 Act, Sections 89 (1) and 90 (1) to (6) inclusive of the 1985 Act shall not apply to the Company to an allotment of any shares where the consent to that allotment of every shareholder has been obtained as required by these articles and that allotment otherwise conforms to the requirements of these articles
- 2 4 The Directors are authorised to exercise all powers of the Company to allot relevant securities, but only if the allotment otherwise conforms to the requirements of these articles The maximum nominal amount of relevant securities which may be allotted under this authority shall be the nominal amount of the unissued share capital of the Company at the date of adoption of these articles
- 2 5 The authority conferred on the Directors under article 2 4 shall remain in force for a period of five years from the date of adoption of these articles

3 SHARE CERTIFICATES

Regulation 6 of Table A is modified by adding after the words "Every certificate shall be sealed with the seal" where those words appear at the beginning of the second sentence of such regulation the following

"or otherwise subscribed or executed by the Company in accordance with the provisions of the Companies Act 2006"

4 **LIEN**

In regulation 8 of Table A the words "(not being a fully paid share)" shall be omitted and the words "and the Company shall also have a first and paramount lien on all shares standing registered in the name of a single person or in the name of any person jointly with another or others for all monies presently payable by him or any one or more of them or his estate or their estates to the Company" shall be inserted after the words "in respect of that share"

5 **FORFEITURE OF SHARES**

Regulation 18 of Table A is modified by adding at the end of the first sentence of such regulation the following

"and all expenses that may have been incurred by the Company by reason of such non-payment "

6 **TRANSFER OF SHARES**

6 1 No shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any Shares except in accordance with the provisions of this article 6

6 2 A Parent Company may at any time sell, transfer, assign or otherwise dispose of its Shares or interest in any Shares to a 100% subsidiary of such Parent Company or a 100% subsidiary of SSE

6 3 Any Shares or any interest in any Shares may be transferred, assigned, charged or otherwise disposed of to any person with the written consent of all shareholders for the time being

6 4 The Directors may, in their absolute discretion and without assigning any reason, decline to register any transfer of any Share, whether or not it is a fully paid Share

7 **GENERAL MEETINGS**

7 1 No business shall be transacted at a general meeting unless a quorum is present If and for so long as the Company has only one member the quorum for a general meeting is one Regulation 40 of Table A shall be modified accordingly

7 2 Directors may attend and speak at general meetings, whether or not they are shareholders

7 3 A written resolution to be given by a corporation which is a member of the Company may be signed, on its behalf, by a director or secretary of that corporation or by the attorney or authorised representative of that corporation. Regulation 53 of Table A shall be extended accordingly.

7 4 A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy or, in the case of a corporation, by a duly authorised representative, and entitled to vote at the meeting. Regulation 46 of Table A shall be construed accordingly.

8 MEANS OF COMMUNICATION

8 1 Subject to the articles, anything sent or supplied by or to the Company under the articles may be sent or supplied in any way in which the 2006 Act provides for documents or information which are authorised or required by any provision of the 2006 Act to be sent or supplied by or to the Company.

8 2 Subject to the articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.

8 3 A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

9 ADDRESSES AND OTHER CONTACT DETAILS

9 1 Anything to be sent to a shareholder under the articles may be sent to that shareholder's address as registered in the register of members, unless

9 1 1 the shareholder and the Company have agreed that another means of communication is to be used, and

9 1 2 the shareholder has supplied the Company with the information it needs in order to be able to use that other means of communication.

9 2 Any notice or document sent to a Director may be sent to that Director's address as registered in the register of directors, unless

9 2 1 the Director and the Company have agreed that another means of communication is to be used, and

9 2 2 the Director has supplied the Company with the information it needs in order to be able to use that other means of communication

9 3 Nothing in articles 9 1 or 9 2 restricts the serving of a notice or document to any other address to which any provision of the Companies Acts authorises such notice or document to be sent or supplied

10 DIRECTORS

10 1 Unless otherwise determined by ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall not be less than one and there shall be no maximum number If and so long as there is a sole Director, he may act alone in exercising all the powers and authorities vested in the Directors

10 2 The Company may by ordinary resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director

10 3 The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these articles as the maximum number of Directors (if any)

10 4 Regulation 81 of Table A is modified by adding at the end the following

“, or (f) he is removed from office by notice in writing signed by all his co-Directors and served upon him ”

The office of Director shall be vacated if the Director, in the reasonable opinion of his co-Directors, he becomes incapable by reason of mental disorder of discharging his duties as a Director and regulation 81 of Table A shall be construed accordingly

10 5 If any Director necessarily performs or renders any special duties or services to the Company outside his ordinary duties as a Director the Directors may, if so authorised by an ordinary resolution of the Company, pay such Director special remuneration for such special duties or services and such special remuneration may be by way of salary, commission, participation in profits or otherwise as may be arranged

10 6 A person appointed as an alternate Director who is not a Director shall not require to be approved by resolution of the Directors and regulation 65 of Table A shall be construed accordingly

10 7 Any Director (including an alternate Director) or member of a committee of Directors may participate in a meeting of the Directors or of such committee by means of video-conferencing, conference telephone or similar communications equipment whereby all persons participating in the meeting can hear and speak to each other, and participation in a meeting in this manner shall be deemed to constitute the presence of such Director (or alternate Director) or such member at such meeting

11 DIRECTORS' INTERESTS

11 1 For the purposes of Section 175 of the 2006 Act (**S.175**) the Directors shall have the power to authorise any matter proposed to them in accordance with these articles which would, if not so authorised, involve a breach of the duty of a Director under S 175 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company

11 2 Any authorisation under this article 11 will be effective only if

11 2 1 the matter in question has been proposed for consideration at a meeting of the Directors, in accordance with the Board's normal procedures or in such other manner as the Directors may approve,

11 2 2 any requirement as to the quorum at a meeting at which the matter is considered is met without counting the Director in question or any other interested Director, and

11 2 3 the matter was agreed to without their voting or would have been agreed to if their votes had not been counted

11 3 Any authorisation of a matter pursuant to this article 11 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised

11 4 Any authorisation of a matter under this article 11 may be given on such terms and subject to such conditions and/or limitations as the Directors may determine, whether at the time of giving the authorisation or subsequently A Director shall comply with any obligations imposed upon him or undertakings given by him pursuant to such authorisation The provisions of this article 11 4 apply in relation to any modification

of the conditions or limitations on or subject to which an authorisation is given as they apply in relation to the giving of the authorisation

- 11 5 A Director is not, except as otherwise agreed by him, accountable to the Company for any profit, remuneration or other benefit which he (or a person connected with him) derives from any matter authorised by the Directors in accordance with this article 11 and any contract, transaction or arrangement relating to such matter shall not be liable to be avoided on the grounds of any such profit, remuneration or benefit
- 11 6 The authorisation under this article 11 may be terminated by the Directors at any time
- 11 7 Where the Directors have authorised a matter pursuant to this article 11 in circumstances where the conflict of interest or possible conflict of interest arises out of the Director's relationship with another company or person, the Director may for so long as he believes, acting reasonably, that such conflict of interest or possible conflict of interest subsists
- 11 7 1 withhold from the other Directors and the Company information which he obtains or has obtained as a result of that relationship and otherwise than as a Director and in respect of which he has a duty of confidentiality to another person (**Conflicted Confidential Information**),
- 11 7 2 refrain from using Conflicted Confidential Information in performing his duties as a Director,
- 11 7 3 be absent from meetings of the Directors at which any matter relating or giving rise to the conflict of interest or possible conflict of interest may be discussed, or leave such meetings or refrain from participation in the discussion if this subject matter is raised, and/or
- 11 7 4 request that all information to be supplied by the Company to the Directors related to such conflict or any matter giving rise to it be withheld from him or re-directed to his agent or professional adviser
- 11 8 The Directors may require a Director to comply with any or all of the provisions of article 11 7 in the circumstances described in that article as they think appropriate and a Director shall comply when required to do so

12 THE SEAL

- 12 1 If the Company has a seal it shall only be used with the authority of the Directors or of a committee of Directors. The Directors may decide by what means and in what form any seal is to be used.
- 12 2 Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a document, the document must also be subscribed by two Directors or one Director and the Company secretary or by two authorised persons.
- 12 3 If the Company has an official seal for use abroad, it may only be affixed to a document if its use on that document or documents of a class to which it belongs, has been authorised by the Directors.
- 12 4 For the purposes of this article 12, an **authorised person** is any person authorised by the Directors for the purpose of signing documents to which the seal is applied.

13 INDEMNITY

- 13 1 Subject to the provisions of the 2006 Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against

13 1 1 any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, or

13 1 2 any other liability incurred by him in relation to the Company or its affairs,

provided that this article 13 1 shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this article 13 1, or any element of it, to be treated as void under the Companies Acts.

- 13 2 In article 13 1 **liability** includes costs, charges, losses and expenses.

14 INSURANCE

- 14 1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

- 14 2 In this article 14

14 2 1 a **relevant officer** means any Director or former director of the Company, or of an associated company, any other officer or employee or former officer or employee of the company or of an associated company (other than the auditors),

14 2 2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any occupational pension scheme or employees' share scheme of the company or of an associated company, and

14 2 3 **associated company** is to be read in accordance with section 256 of the 2006 Act

15 PARENT COMPANY RIGHTS

15 1 Whenever a company wheresoever incorporated (the **Parent Company**) shall be the holder of not less than 90% in nominal value of the issued Shares, the following provisions shall apply and, to the extent that these provisions are inconsistent with any other provision of these articles, the following provisions shall prevail

15 1 1 the Parent Company may at any time and from time to time appoint any person to be a Director or remove from office any Director (whether or not initially appointed by the Parent Company) If such person has been appointed to an executive office which will automatically cease when he is removed by the Parent Company such removal shall be treated as an act of the Company and shall take effect without prejudice to any claim for damages in respect of the consequent termination of his executive office,

15.1.2 no unissued Shares or other securities shall be issued or agreed to be issued or put under option without the prior consent of the Parent Company, and

15 1 3 any or all powers of the Directors shall be restricted in such respects and to such extent as the Parent Company may by notice to the Company at any time and from time to time in its absolute discretion prescribe and such restriction may be removed or varied in such regard and to such extent as the Parent Company may by notice to the Company at any time and from time to time in its absolute discretion prescribe

- 15.2 Any appointment, removal, consent or notice made or given under article 15.1 shall be in writing, served on the Company and signed on behalf of the Parent Company by any two of its directors or by any one of its directors and its company secretary or any other person duly authorised for the purpose. No person dealing with the Company shall be concerned to see or enquire as to whether the powers of the Directors have been in any way restricted under these articles or as to whether any requisite consent of the Parent Company has been obtained. No obligation incurred or security given or transaction effected by the Company to or with any third party shall be invalid or ineffectual unless the third party had, at the time, express notice that the incurring of such obligation or the giving of such security or the effecting of such transaction exceeded the powers of the Directors.