

O<sub>2</sub> plc

Registered number: 5310128

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of O<sub>2</sub> plc (the "**Company**") will be held at Wellington Street, Slough, Berkshire SL1 1YP on 5 January 2005 at 9.45 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1, 2 and 9 will be proposed as ordinary resolutions and Resolutions 3 to 8 will be proposed as special resolutions:

### ORDINARY RESOLUTIONS

1. **THAT** all the authorised and issued ordinary shares of 10 pence in the capital of the Company be consolidated into ordinary shares of 80 pence each.
2. **THAT** the authorised share capital of the Company be increased from £51,000 to £16,000,050,000 by the creation of 19,999,998,750 additional ordinary shares of 80 pence each.

### SPECIAL RESOLUTIONS

3. **THAT** subject to the passing of resolutions 1 and 2 the regulations in the form of the print produced to the meeting marked "A" and initialled for identification by the chairman of the meeting be adopted as the new articles of association of the Company to replace in their entirety the existing articles of association of the Company.
4. **THAT**, subject to and conditional upon the Reduction of Capital becoming effective and the Redeemable Preference Shares of £1 each in the capital of the Company being redeemed by the Company, the regulations in the form of the print produced to the meeting marked "B" and initialled for identification by the chairman of the meeting be adopted as the new articles of association of the Company to replace in their entirety the existing articles of association of the Company and for purposes of this Resolution, "**Reduction of Capital**" shall mean the proposed reduction of capital on each Ordinary Share of the Company to 0.1 pence under section 135 of the Companies Act 1985 described in special resolution 5 of this Notice.
5. **THAT** subject to and conditional upon the Ordinary Shares required to be issued by the Company pursuant to the Scheme having been issued and registered in the name of the persons entitled thereto, the share capital of the Company be reduced by cancelling paid up share capital on each Ordinary Share issued pursuant to the Scheme or otherwise prior to the Court Hearing by reducing the nominal amount of each Ordinary Share (whether issued or unissued) to 0.1 pence and for the purposes of this Resolution, the following definitions shall apply:

"**Court Hearing**" means the Court hearing to sanction the Reduction of Capital;

"**Reduction of Capital**" means the proposed reduction of capital of the Company under section 135 of the Companies Act 1985 described in this resolution 5;

"**Ordinary Shares**" means the ordinary shares of 80 pence each in the capital of the Company to be allotted and issued pursuant to the Scheme or otherwise prior to the Court Hearing; and



**"Scheme"** means the proposed scheme of arrangement pursuant to Section 425 of the Companies Act 1985 between mmO<sub>2</sub> plc and its members as expected to be set out in a circular to be dated on or about 12 January 2005.

6. **THAT** in substitution for any and all existing such authorities, the directors of the Company be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the said Act):
- a. up to an aggregate nominal amount of £6,969,404,997 as required for the purposes of the Scheme and the Placing;
  - b. up to an aggregate nominal amount of £2,903,919 (representing approximately one third of the expected issued ordinary share capital of the Company immediately following the Scheme, the Placing and the Reduction of Capital becoming effective), on such terms as the directors of the Company think fit, this authority to expire on the conclusion of the first annual general meeting of the Company or on 28 October 2005, whichever is earlier, save that the Company, pursuant to the authority granted by this resolution, may before this authority has expired enter into a contract to allot relevant securities which would or might be completed wholly or partly after such expiry and the directors may allot relevant securities in pursuance to any such offer or agreement as if the authority conferred hereby had not expired;

and for the purposes of this resolution, the following definitions shall apply:

**"Placing"** means the placing of new ordinary shares pursuant to the sponsors' and placing agreement to be entered into between the Company, mmO<sub>2</sub> plc, Cazenove & Co. Ltd. and Merrill Lynch International;

**"Reduction of Capital"** means the proposed reduction of capital of the Company under section 135 of the Companies Act 1985 described in special resolution 5 of this Notice; and

**"Scheme"** means the proposed scheme of pursuant to Section 425 of the Companies Act 1985 between mmO<sub>2</sub> plc and its members as expected to be set out in a circular to be dated on or about 12 January 2005.

7. **THAT** the directors of the Company are generally empowered (pursuant to section 95 of the Companies Act 1985) (i) to allot equity securities (as defined in section 94(2) of the said Act) for cash pursuant to the section 80 authorities referred to resolution 6 above or (ii) to sell relevant shares (as defined in section 94(5) of the said Act) out of treasury for cash as if section 89(1) of the said Act did not apply to such allotment or sale:
- a. pursuant to the Placing;
  - b. pursuant to an offer to holders of equity securities in the capital of the Company in proportion (as nearly as practicable) to their existing holdings of equity securities but subject to such exclusions or other arrangements as the Directors may determine in relation to fractional entitlements or legal or practical problems under the laws of any territory, or requirements of a regulatory body; and
  - c. up to an aggregate nominal amount of £435,587 (representing approximately 5 per cent. of the expected issued ordinary share capital of the Company immediately following the Scheme, the Placing and the Reduction of Capital becoming effective), at any time up to the conclusion of the first annual general meeting of the Company or on 28 October 2005, whichever is earlier, save that the Company, pursuant to the

authority granted by this resolution, may before this authority has expired enter into a contract to allot relevant securities which would or might be completed wholly or partly after such expiry and the directors may allot relevant securities in pursuance to any such offer or agreement as if the authority conferred hereby had not expired,

and for the purposes of this resolution, the following definitions shall apply:

**"Placing"** means the placing of new ordinary shares pursuant to the sponsors' and placing agreement to be entered into between the Company, mmO<sub>2</sub> plc, Cazenove & Co. Ltd. and Merrill Lynch International;

**"Reduction of Capital"** means the proposed reduction of capital of the Company under section 135 of the Companies Act 1985 described in special resolution 5 of this Notice; and

**"Scheme"** means the proposed scheme of pursuant to Section 425 of the Companies Act 1985 between mmO<sub>2</sub> plc and its members as expected to be set out in a circular to be dated on or about 12 January 2005.

8. **THAT** conditional upon the Reduction of Capital becoming effective, the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 to make one or more market purchases (within the meaning of Section 163(3) of the said Act) of ordinary shares of 0.1 pence each subject to the following restrictions and provisions:
- a. the maximum number of ordinary shares hereby authorised to be purchased is 871,175,625 (representing approximately 10 per cent. of the expected issued share capital of the Company immediately following completion of the Scheme, the Placing and the Reduction of Capital);
  - b. the minimum price which may be paid for an ordinary share is 0.1 pence (exclusive of expenses);
  - c. the maximum price which may be paid for an ordinary share is an amount in each case (exclusive of expenses) being not more than 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased;
  - d. unless previously revoked or varied, this authority to expire on the conclusion of the Annual General Meeting of the Company to be held in 2005 or, if later, 28 October 2005; and
  - e. the Company may make a contract to purchase ordinary shares under this authority before the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract which purchase or contract would or might be executed wholly or partly after the expiration of such authority.

and for the purposes of this resolution, the following definitions shall apply:

**"Placing"** means the placing of new ordinary shares pursuant to the sponsors' and placing agreement to be entered into between the Company, mmO<sub>2</sub> plc, Cazenove & Co. Ltd. and Merrill Lynch International;

**"Reduction of Capital"** means the proposed reduction of capital of the Company under section 135 of the Companies Act 1985 described in special resolution 5 of this Notice; and

“Scheme” means the proposed scheme of pursuant to Section 425 of the Companies Act 1985 between mmO<sub>2</sub> plc and its members as expected to be set out in a circular to be dated on or about 12 January 2005.

#### ORDINARY RESOLUTION

9. THAT, conditional upon the Scheme becoming effective:

- a. the Company be and is hereby authorised for the purposes of Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000), to make Donations to EU Political Organisations and to incur EU Political Expenditure, during the period ending on the earlier of 23 July 2006 or the date of the Company’s annual general meeting in 2006, unless such authority is previously renewed, varied or revoked by the Company in general meeting, provided that any such Donations made and EU Political Expenditure incurred by the Company shall not exceed an aggregate of £100,000 during any financial year of the Company.
- b. O<sub>2</sub> (UK) Limited, a subsidiary of the Company, be and is hereby authorised, for the purposes of Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000), to make Donations to EU Political Organisations and incur EU Political Expenditure, during the period ending on the earlier of 23 July 2006 or the date of the Company’s annual general meeting in 2006, unless such authority is previously renewed, varied or revoked by the Company in general meeting, provided that any such Donations made and EU Political Expenditure incurred by O<sub>2</sub> (UK) Limited shall not exceed an aggregate of £10,000 during any financial year of the Company.
- c. O<sub>2</sub> Communications (Ireland) Limited, a subsidiary of the Company, be and is hereby authorised, for the purposes of Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000), to make Donations to EU Political Organisations and incur EU Political Expenditure, during the period ending on the earlier of 23 July 2006 or the date of the Company’s annual general meeting in 2006 unless such authority is previously renewed, varied or revoked by the Company in general meeting, provided that any such Donations made and EU Political Expenditure incurred by O<sub>2</sub> Communications (Ireland) Limited shall not exceed an aggregate of £10,000 (or the equivalent in Euros translated at such rate as O<sub>2</sub> Communications (Ireland) Limited’s Directors shall consider appropriate) during any financial year of the Company.
- d. O<sub>2</sub> (Germany) GmbH & Co. OHG, a subsidiary of the Company, be and is hereby authorised, for the purposes of Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000), to make Donations to EU Political Organisations and incur EU Political Expenditure, during the period ending on the earlier of 23 July 2006 or the date of the Company’s annual general meeting in 2006, unless such authority is previously renewed, varied or revoked by the Company in general meeting, provided that any such Donations made and EU Political Expenditure incurred by O<sub>2</sub> (Germany) GmbH & Co. OHG shall not exceed an aggregate of £10,000 (or the equivalent in Euros translated at such rate as O<sub>2</sub> (Germany) GmbH & Co. OHG’s Directors shall consider appropriate) during any financial year of the Company.
- e. Airwave mmO<sub>2</sub> Limited, a subsidiary of the Company, be and is hereby authorised, for the purposes of Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000), to make Donations to EU Political Organisations and incur EU Political Expenditure, during the period ending on the earlier of 23 July 2006 or the date of the Company’s annual general meeting in 2006,

unless such authority is previously renewed, varied or revoked by the Company in general meeting, provided that any such Donations made and EU Political Expenditure incurred by Airwave mmO<sub>2</sub> Limited shall not exceed an aggregate of £10,000 during any financial year of the Company.

- f. Manx Telecom Limited, a subsidiary of the Company, be and is hereby authorised, for the purposes of Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000), to make Donations to EU Political Organisations and incur EU Political Expenditure, during the period ending on the earlier of 23 July 2006 or the date of the Company's annual general meeting in 2006, unless such authority is previously renewed, varied or revoked by the Company in general meeting, provided that any such Donations made and EU Political Expenditure incurred by Manx Telecom Limited shall not exceed an aggregate of £10,000 during any financial year of the Company.

For the purposes of this resolution 9 "Donations", "EU Political Organisations" and "EU Political Expenditure" have the meanings ascribed to them in Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000).

Registered Office:  
Wellington Street,  
Slough,  
Berkshire  
SL1 1YP

By Order of the Board  
Peter King  
Company Secretary  
5 January 2005

**Note:**

A member of the Company entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend (and on a poll to vote) instead of him or her. Completion of a form of proxy will not preclude a member attending and voting in person at the meeting.

**Company No. 5310128**

**O<sub>2</sub> plc**

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**ARTICLES OF ASSOCIATION**

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*Ken D King*  
*Chairman*

THE COMPANIES ACT 1985

COMPANY NO. 5310128

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A PUBLIC COMPANY LIMITED BY SHARES

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ARTICLES OF ASSOCIATION

of

O<sub>2</sub> plc

(adopted by *special resolution* passed on 5 January 2005)

PRELIMINARY ARTICLE

1. Standard regulations do not apply

Any regulations made under the legislation containing standard articles of association do not apply to O<sub>2</sub>.

GENERAL MEETINGS

2. Annual General Meetings

Every year O<sub>2</sub> 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 Board will decide when and where to hold the Annual General Meeting.

3. Extraordinary General Meetings

If a General Meeting is not an Annual General Meeting, it is called an Extraordinary General Meeting. The Board can decide to call an Extraordinary General Meeting at any time.

NOTICE OF GENERAL MEETINGS

4. Notice of Meetings

4.1 At least 21 clear days' written notice 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 O<sub>2</sub>. For every other General Meeting, at least 14 clear days' written notice must be given.

4.2 A notice of meeting must state:

- where the meeting is to be held;



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Words defined at the end of the **Articles** are printed in **bold**.

After the **Articles** there is an explanation of terms that explains various words and expressions used in the **Articles**. These are printed in *italics*.

- the date and time of the meeting;
- the general nature of any **special business** to be dealt with at the meeting;
- whether a resolution will be proposed as a *special resolution* or an *extraordinary resolution*; and
- that a **shareholder** who can attend and vote can appoint one or more *proxies* (who need not be **shareholders**) to attend and vote for them on a *poll*.

4.3 Notices of meetings must be given to the **shareholders**, unless the **Articles** or the **rights** of the shares say they are not entitled to receive them from **O<sub>2</sub>**. However, the **Board** can decide that only **people** who are entered on the **Register** at the close of business on a particular day are entitled to receive the notice. The **Board** can choose that day so long as it falls not more than 21 days before the notice is sent. Notice must also be given to the **Auditor** and the **Board**.

4.4 The **Board** can specify in the notice of meeting a time by which a **person** must be entered on the **Register** in order to have the right to attend or vote at the meeting. The time specified must not be more than 48 hours before the time fixed for the meeting.

4.5 If **O<sub>2</sub>** cannot call a **General Meeting** by sending notices by post or **electronic mail**, because the post or **electronic mail** system in the **United Kingdom** is generally suspended or restricted, the **Board** can give notice of the meeting to **shareholders** affected by the suspension or restriction by advertisement in at least two **United Kingdom** national newspapers. Notice given in this way will be treated as being given to affected **shareholders** who are entitled to receive it at midday on the day when the last advertisement appears in the newspapers. If it becomes generally possible to use the post or **electronic mail** system again more than 14 days before the meeting, **O<sub>2</sub>** must send confirmation of the notice by post or **electronic mail**.

## 5. Moving or postponing meetings at short notice

If the **Board** consider that it is impractical, or undesirable, to hold a **General Meeting** on the date or at the time or place stated in the notice of meeting, they can change the place of, or postpone, the meeting, or do both of these things. If the **Board** do this, and if it is practical, **O<sub>2</sub>** will announce the date, time and place of the rearranged meeting by advertisement in at least two **United Kingdom** national newspapers. Notice of the business of the meeting does not need to be given again. The **Board** must take reasonable steps to ensure that a **shareholder** trying to attend the meeting at the original date, time and place is informed of the new arrangements. If a meeting is rearranged in this way, *proxy* appointments can be made, in the way required by Articles 24 and 25, until 48 hours before the rearranged meeting. The **Board** can also change the place of, or postpone, the rearranged meeting, or do both, under this Article.

## PROCEEDINGS AT GENERAL MEETINGS

### 6. Chairman of meetings

6.1 The chairman of the **Board** will be the chairman at every **General Meeting**. If **O<sub>2</sub>** does not have a chairman, or if the chairman is not present, willing and able to chair the meeting, the deputy chairman will chair the meeting.

6.2 If **O<sub>2</sub>** does not have a chairman or a deputy chairman, or if neither the chairman nor the deputy chairman is present, willing and able to chair the meeting, after waiting 15 minutes from the time that the meeting is due to start, the directors who are present will choose one of the directors to act as chairman. If there is only one director present, that director, if willing, will be chairman. If no director is present and willing, the **Secretary**, if present and willing, will be chairman.

6.3 If there is no director or **Secretary** present, willing and able to chair the meeting, after waiting 15 minutes from the time that the meeting is due to start, the **shareholders** and *proxies* who are present and entitled to vote will choose a **shareholder** or *proxy* to act as chairman.

6.4 Nothing in the **Articles** is intended to restrict or exclude any of the powers or rights of a chairman of a meeting which are given by law.

6.5 The decision of the chairman on points of order, matters of procedure or arising incidentally out of the business of a **General Meeting** is conclusive, as is the chairman's decision, acting in good faith, on whether a point or matter is of this nature.

## 7. Security and other arrangements at meetings

7.1 The chairman of a meeting or the **Secretary** can take any action they consider appropriate:

- for proper and orderly conduct at a **General Meeting**; or
- so that the meeting reflects the wishes of the majority.

7.2 The **Board** can ask **shareholders** or *proxies* wanting to attend a **General Meeting** to submit to searches or other security arrangements which the **Board** think are appropriate. The **Board** can, in their discretion, refuse entry to, or remove from, a **General Meeting** a **shareholder** or *proxy* who does not submit to those searches or comply with those security arrangements.

## 8. Meeting in different places

8.1 *Subject to the legislation* and the rest of the **Articles**, every **shareholder** can attend a **General Meeting** in person or by *proxy*. Where the **General Meeting** is to be held at more than one place, a **shareholder** or *proxy* prevented from attending at one place can attend and participate at another place.

8.2 The **Board** can make arrangements that they, in their discretion, think appropriate to:

- regulate the number of **people** attending at a place where a **General Meeting** (or *adjournment*) is to be held;
- ensure the safety of **people** attending at that place; or
- enable attendance at that meeting (or *adjournment*),

and can change those arrangements at any time. The arrangements can include (without limitation) the issue of tickets or the use of a random method of selection.

8.3 In the case of a **General Meeting** to which these arrangements apply, the **Board** can, when specifying the place of the meeting:

- direct that the meeting will be held at a place identified in the notice at which the chairman of the meeting will attend (the "**Main Meeting Place**"); and
- make arrangements for simultaneous attendance and participation at other places (whether by electronic means or using *electronic communication* or otherwise) by **shareholders** and *proxies* entitled to attend the meeting but excluded from it under this Article or who want to attend at one of the other places.

The notice of meeting does not have to give details of any arrangements under this Article.

8.4 *Subject to Article 8.1*, arrangements for simultaneous attendance can include arrangements for regulating the number of **people** attending at any other places.

8.5 In the **Articles** (unless the context requires otherwise) the **shareholders** will be treated as meeting in the **Main Meeting Place**.

8.6 The **Board's** powers and discretions under this Article are delegated to the chairman at a **General Meeting**.

## 9. Quorum

9.1 Before a **General Meeting** starts any business, there must be a *quorum* present. If not, the meeting cannot carry out any business but can choose a **person** to chair the meeting. The *quorum* is two **people** who are entitled to vote. They can be **shareholders** or *proxies* or a combination of both.

9.2 This Article applies if a *quorum* is not present within 20 minutes after the time fixed for a **General Meeting** to start or within any longer period which the chairman decides. If the meeting was called by **shareholders**, it is cancelled. Any other meeting is *adjourned* to any date, time and place stated in the notice of meeting. If the notice does not provide for this, the meeting is *adjourned* to a date, time and place decided by the chairman.

## 10. Adjourning meetings

10.1 The chairman of a meeting can *adjourn* the meeting, before or after it has started, if the chairman considers that:

- there is not enough room for the number of **shareholders** and *proxies* who want to attend the meeting;
- the behaviour of anyone 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 can *adjourn* the meeting for any of these reasons to a date, time and place which the chairman decides, or indefinitely. The chairman does not need the consent of the meeting to do this.

10.2 The chairman of a meeting can *adjourn* a meeting which has a *quorum* present if the meeting agrees. The chairman must *adjourn* the meeting if the meeting directs this. The *adjournment* can be to a date, time and place which the chairman decides, or indefinitely.

10.3 If a meeting is *adjourned* indefinitely, the **Board** will decide the date, time and place of the *adjourned* meeting. Meetings can be *adjourned* more than once.

10.4 If a meeting is *adjourned* for 60 days or more, at least seven days' notice must be given for the *adjourned* meeting in the same way as was required for the original meeting, including notice of the business to be considered there. If a meeting is *adjourned* for more than 30 but less than 60 days, notice of the date, time and place of the *adjourned* meeting must be given by advertisement in at least two **United Kingdom** national newspapers. There is no need to give notice of the business to be considered there. If a meeting is *adjourned* for 30 days or less, there is no need to give notice of the *adjourned* meeting, or of the business to be considered there.

10.5 A reconvened meeting can only deal with business that could have been dealt with at the meeting which was *adjourned*.

## 11. Amending resolutions

11.1 The chairman can propose amendments to an *ordinary*, *special* or *extraordinary resolution* if they are amendments to correct an obvious error in the resolution.

11.2 No other amendments can be proposed to a *special* or *extraordinary resolution*.

11.3 Amendments to an *ordinary resolution* which are within the scope of the resolution can be proposed if either **written** notice of the proposed amendment is delivered to the **Registered Office** addressed to the **Secretary** at least three clear **business days** before the day fixed for the meeting or *adjourned* meeting or if the Chairman in his absolute discretion allows the amendment to be proposed.

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

## VOTING AT GENERAL MEETINGS

### 12. How votes are taken

12.1 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 as soon as, or before, the result of the *show of hands* is declared by the chairman. *Subject to* the provisions of the **Companies Act**, a *poll* can be demanded by:

- the chairman of the meeting;
- at least five **shareholders** at the meeting who are entitled to vote (or their *proxies*); or
- one or more **shareholders** at the meeting who are entitled to vote (or their *proxies*) 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.

The chairman of the meeting can also demand a *poll* before a resolution is put to the vote on a *show of hands*.

12.2 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, a declaration by the chairman of the result of a vote by a *show of hands* on that resolution, which was made before the *poll* was demanded, will stand.

### 13. How polls are taken

13.1 The chairman of the meeting can decide where, when and how a *poll* will be taken. The result will be treated as the decision of the meeting where the *poll* was demanded, even if the *poll* is taken after the meeting.

13.2 The chairman can:

- decide that a ballot, electronic voting, voting papers or tickets will be used;
- appoint one or more scrutineers (who need not be **shareholders**);
- *adjourn* the meeting to a date, time and place which the chairman decides for the result of the *poll* to be declared; or
- declare the result of the *poll* or decide how it should be declared.

13.3 A **shareholder** can vote either in **person** or by *proxy* on a *poll*. If a **shareholder** votes on a *poll*, they do not have to use all of their votes or cast all their votes in the same way.

### 14. Timing of polls

A *poll* can be taken either at the meeting or within three **months**. No notice is required for a *poll*.



#### 15. Meetings continue after poll demanded

A demand for a *poll* on a particular matter does not stop a meeting from continuing and dealing with other matters. But once all these matters have been dealt with, the meeting is treated as having ended immediately after the *poll* has been taken, even though the result of the *poll* is to be worked out and announced later.

#### 16. Chairman's casting vote

If the votes cast are equal, either on a *show of hands* or on a *poll*, the chairman of the meeting has a further, casting, vote. This is in addition to any other votes which the chairman has as a **shareholder** or *proxy*.

#### 17. Effect of declaration by chairman

The following applies when there is a vote on a *show of hands* and no *poll* is demanded or a demand for a *poll* is withdrawn. Any of the following declarations about a resolution by the chairman of the meeting which is entered in the minute book is conclusive proof that it has been:

- carried;
- carried by a particular majority; or
- lost.

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

#### 18. Written Resolutions

*Subject to the legislation*, a **written** resolution which is signed by or on behalf of all the **shareholders** who would be entitled to receive notice of and vote on the resolution at a **General Meeting** is just as valid and effective as a resolution passed by those **shareholders** at a **General Meeting** which is properly called and held. The resolution can be passed using several copies of a document, if each copy is signed by or on behalf of one or more **shareholders**. These copies can be made using *electronic communications*. No signature is necessary if *electronic communications* are used, *subject to* any terms and conditions the **Board** decide.

#### SHAREHOLDERS' VOTING RIGHTS

#### 19. Votes of shareholders

Where there is a vote on a *show of hands*, a **shareholder** present at a meeting in person or by *proxy* has one vote. Where there is a *poll*, a **shareholder** present in person or by *proxy* has one vote for every share which they hold or represent. This is *subject to* any *special rights* or restrictions which are given to a class of shares and to the **Articles**.

#### 20. Failure to comply with notice under section 212 of the Companies Act

20.1 This Article applies if a **shareholder**, or a **person** appearing to be interested in shares held by that **shareholder**, has:

- been sent a notice under section 212 of the **Companies Act** requiring information about interests in shares; and
- failed to supply to **O<sub>2</sub>** the required information within 14 days after delivery of that notice.

Then, unless the **Board** decide otherwise, the **shareholder** is not entitled to:

- attend or vote either in **person** or by *proxy* at a **shareholders' meeting**; or
- exercise any other right in relation to **shareholders' meetings** as holder of any shares in **O<sub>2</sub>**.

These restrictions end seven days after the earlier of the date on which:

- the **shareholder** complies with the notice to **O<sub>2</sub>**'s satisfaction; and
- **O<sub>2</sub>** receives **written** notice that there has been an **approved transfer** of the shares.

20.2 A **person** who obtains shares *subject to* restrictions under Article 20.1 is *subject to* the same restrictions, unless the transfer was:

- an approved transfer; or
- made by a **shareholder** who was not in default in supplying the information required by the notice under Article 20.1.

20.3 In this Article a **person** is treated as appearing to be interested in any shares if the **shareholder** holding those shares has been sent a notice under section 212 of the **Companies Act** and:

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

20.4 In this Article a transfer of shares is an **approved transfer** if:

- it is a transfer of shares to an offeror under an acceptance of a *takeover offer*; or
- the **Board** are satisfied that the transfer is a genuine sale of the whole of the *beneficial ownership* of the shares to a **person** who is not connected with the **shareholder** or with a **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 **O<sub>2</sub>**'s shares are normally traded.

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

## 21. Votes of joint shareholders

If more than one joint **shareholder** votes, the only vote which will count is the vote of the first **shareholder** listed on the **Register** for the share. This also applies if the **shareholders** vote by *proxy*.

## 22. Votes of shareholders who are unable to manage their affairs

This Article applies where a:

- **shareholder** is unable to manage their affairs; and
- court which claims jurisdiction to protect **people** who are unable to manage their affairs has made an order about the **shareholder**.

The **people** appointed by the court 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, it only applies if any evidence which the **Board** requires of their

authority to do these things is delivered to the **Registered Office** or any other place the **Board** specify for delivery of *proxy forms* at least 48 hours before the relevant meeting (or *adjourned* meeting).

### 23. Challenging votes

An objection to the right of a **person** to vote must be made at the meeting (or *adjourned* meeting) at which the vote is cast. If a vote is not disallowed at a meeting, it is valid for all purposes. An objection must be raised with the chairman of the meeting. The chairman's decision is conclusive.

## PROXIES

### 24. Appointment of proxies

24.1 Any **shareholder** may appoint another person to represent that **shareholder** at **General Meetings**. This person is called a *proxy*.

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

24.3 A *proxy* is appointed by using a *proxy form* or in any other way, and *subject to* any terms and conditions, the **Board** decide. For example, the **Board** can decide that a *proxy* can be appointed by using *electronic communication*.

24.4 A *proxy form*:

- must be **in writing**; and
- can be in any form which is commonly used or in any other form the **Board** approve.

24.5 A *proxy form* given by:

- an individual must either be signed by the individual or an *attorney* who is authorised to act on behalf of the individual or comply with the requirements of Article 111; and
- a **company** must either be sealed with the **company's** seal or signed by an **officer** of the **company** or an *attorney* who is authorised to act on behalf of the **company** or comply with the requirements of Article 111.

Signatures need not be witnessed.

### 25. Receipt of proxies

25.1 A *proxy form* must be received at the place or *address* stated in the notice of meeting or *proxy form* or in any invitation contained in an *electronic communication* to appoint a *proxy*, or, if no place or *address* is stated, at the **Registered Office**. If the **Board** decide that a *proxy* can be appointed in any other way, notice of the appointment must be received as the **Board** specifies.

25.2 Notices of appointments of *proxies* must be received at least:

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

25.3 Any *power of attorney* or other authority relied on to appoint a *proxy*, or a copy which has been certified by a solicitor or notary, must be registered with **O<sub>2</sub>**, together with any *proxy form* or in any other way that the **Board** specify, unless this has already been done. These documents must be received by the deadline which applies to notices of appointments of *proxies* under Article 25.2. The

**Board** may decide to disapply the requirements in this Article 25.3 in relation to a *proxy form* or the appointment of a *proxy* made under the second sentence of Article 25.1.

25.4 If this Article is not complied with, the *proxy* will not be able to act for the **person** who appointed them.

25.5 If a *proxy* for several meetings has been properly appointed for a meeting or *adjourned* meeting, the *proxy* does not need to be appointed again for a later meeting which the appointment covers. A *proxy form* will be valid for any *adjournment* of the meeting or meetings to which it relates and for any vote on a *show of hands* or any *poll* demanded at that meeting or *adjourned* meeting.

25.6 If more than one *proxy* is appointed in respect of the same share to act at the same meeting, the one that was *executed* last will be treated as replacing and revoking the others as regards that share. If **O<sub>2</sub>** does not know which was *executed* last, **O<sub>2</sub>** can decide which appointment to treat as valid or whether any of them are valid and its decision will be conclusive.

25.7 A **shareholder** can attend and vote at a **General Meeting** or on a *poll* even if they have appointed a *proxy* to attend and vote at that meeting or on that *poll*.

## 26. Revocation of proxies

26.1 A vote cast by a *proxy* in the way authorised by their appointment and a demand for a *poll* made by a *proxy* will be valid even though the **shareholder** who appointed the *proxy* has:

- died or is unable to manage their affairs;
- *revoked* the appointment; or
- *revoked* the authority of the **person** who made the appointment.

However, this does not apply if **written** or oral notice of any of these events has been received in any way specified for the appointment of *proxies*:

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

26.2 The appointment of a *proxy* will cease to be valid 12 **months** after the date the *proxy form* was signed or notice of the appointment was received. However, the appointment is still valid at an *adjourned* meeting or on a *poll* demanded at a meeting or *adjourned* meeting, if the original meeting was first held within the 12 **month** period.

## 27. Proxies speaking at Meetings

A *proxy* can speak at a **General Meeting** and demand or join in demanding a *poll*.

## COMPANY REPRESENTATIVES

## 28. Appointment of company representatives

28.1 A **company** which is a **shareholder** can authorise a **person** to act as its representative at a **General Meeting** in respect of its entire holding of shares or any part of its holding of shares. It may appoint several people to act as its representatives so long as only one representative is appointed with respect to any one share. Such **person** or **people** are called *company representatives*. A *company representative* can *exercise* all the powers on behalf of the **company** (in respect of those shares held in the name of the **company** in respect of which the authorisation is given) which the **company** could *exercise* and is subject to the provisions of these **Articles**, as if it were an individual **shareholder**

present at the meeting in **person**. This means, for example, that if several **people** are appointed to act as a company's representatives then each one can vote on a *show of hands* or a *poll*.

28.2 The **Board** or the chairman can require whatever evidence they reasonably require of the authority of a *company representative*, including details of the number of shares in respect of which that *company representative* is appointed before allowing that **person** to *exercise* the powers conferred on them by Article 28.1.

## 29. Revocation of appointment of *company representatives*

A vote cast, or demand made for a *poll*, by a *company representative* will be valid even though the *company representative* is no longer authorised to represent the **company** for any reason. This does not apply if **written** notice of the fact that the *company representative* is no longer authorised has been received by **O<sub>2</sub>** by the deadline which applies to notice of revocation of *proxies* under Article 26.

## DIRECTORS

### 30. Number of directors

There must be at least four directors. The **shareholders** can vary this minimum and/or decide or vary a maximum number of directors by passing an *ordinary resolution*.

### 31. Directors need not be shareholders

A director need not be a **shareholder**. A director who is not a **shareholder** is still entitled to receive notice of and attend and speak at **shareholders' meetings**.

## APPOINTMENT AND REMOVAL OF DIRECTORS

### 32. People who can be directors

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 **Board**; and
- a **person** who has been proposed in the following way. A **shareholder** who is entitled to attend and vote at the meeting (other than the proposed director) must sign and deliver a **written** notice to **O<sub>2</sub>**. The notice must state that they intend to propose the **person** for election and whether the **person** is proposed as an additional director or to replace a director who is retiring or being removed. This notice must be delivered not less than 14 nor more than 42 days before the date of the meeting. The **person** to be proposed must sign a **written** confirmation that they are willing to be elected and this must be delivered with the notice.

### 33. Filling vacancies and appointing or electing additional directors

33.1 The **Board** can appoint a **person** as an additional director or as a replacement for another director. A director appointed in this way automatically retires at the first Annual **General Meeting** after their appointment. At this Annual **General Meeting** they can be elected by the **shareholders** as a director.

33.2 Subject to Article 32, the **shareholders** can elect a **person** proposed as an additional director or to replace another director by passing an *ordinary resolution*.

33.3 Additional directors can only be appointed or elected under this Article within any maximum number of directors which applies under Article 30 (including any variation of that maximum approved by an *ordinary resolution* of **shareholders**).

**34. Removing and electing directors by *ordinary resolution***

34.1 The **shareholders** can pass an *ordinary resolution* to remove a director, even though the director's time in office has not ended. This applies despite anything else in the **Articles** or in any agreement between **O<sub>2</sub>** and the director. *Special notice* of the resolution must be given to **O<sub>2</sub>** as required by the **legislation**. If a director is removed in this way, it will not affect any claim which the director has for damages for breach of any contract of service.

34.2 *Subject to Article 32, the shareholders can elect a person to replace a director who has been removed in this way by passing an ordinary resolution. A person elected under this Article to replace a director who has been removed must retire by rotation under Article 38 when the director replaced would have been due to retire. If no director is elected under this Article, the vacancy can be filled under Article 33.*

**35. Electing two or more directors**

A single resolution for the election of two or more directors is void unless the **shareholders** approve the putting of the resolution in this form first by a vote taken at the **General Meeting** with no votes cast against.

**36. Directors can act if there are vacancies**

Even if one or more director(s) has stopped being a director, the remaining director(s) can continue to act. If the number of director(s) falls below the minimum which applies under Article 30 (including any variation of that minimum approved by an *ordinary resolution* of **shareholders**), the remaining director(s) can only:

- appoint further director(s) to make up the shortfall; or
- convene a **General Meeting**.

If no director(s) are willing or able to act under this Article, any two **shareholders** can call a **General Meeting** to elect director(s).

**37. Age limits**

No **person** will be prevented from being or becoming a director simply because that **person** has reached the age of 70. Where the **Board** convene a **General Meeting** at which a director proposed for election or re-election will be 70 or more, the **Board** must state this in the notice of meeting (or a document sent with that notice). However, the accidental failure to state this will not invalidate the election or re-election of the director or any other proceedings at the meeting. It is not necessary to give *special notice* of a resolution appointing a **person** who is 70 or more as a director.

**ROTATION OF DIRECTORS**

**38. Retiring by rotation**

At every 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 **year** before the current **year** shall *retire by rotation*.

**39. Selecting directors to retire by rotation**

39.1 The directors to retire at an Annual **General Meeting** under Article 38 are selected as follows:

- first, those directors who want to retire at the meeting and who do not want to be re-elected; and

- second, those directors who have been directors longest since they were last elected. If there are directors who were last elected on the same date, the **Board** will decide who is to retire.

39.2 In Article 39.1, a director who wants to retire includes a director who has notified the **Secretary** at least one **month** before the date of the notice of meeting that the director wants to retire during the period beginning on the date of the notice of meeting and ending on the date of the meeting.

39.3 Except as provided in Article 39.2, the selection of directors to retire is based on the identity of directors seven days before the date of the notice of meeting. It is not affected by anything which happens between that date and the end of the meeting.

#### 40. Re-electing directors who retire by rotation

At the **General Meeting** at which a director retires by rotation the **shareholders** can pass an *ordinary resolution* to re-elect the director or, if Article 32 has been complied with, to elect some other eligible **person** in the director's place. The retiring director is treated as re-elected unless:

- the meeting expressly resolves not to elect a director to fill the vacancy;
- the director has told **O<sub>2</sub> in writing** that the director does not want to be re-elected;
- a resolution to re-elect the director is put to the meeting and lost; or
- any maximum number of directors which applies under Article 30 (including any variation of that maximum approved by an *ordinary resolution* of **shareholders**) would be exceeded.

#### 41. When a director retires

A director retiring at a **General Meeting** retires at the end of that meeting or (if earlier) when a resolution is passed to elect another **person** in the director's place or when a resolution to re-elect the director is put to the meeting and lost. Where a retiring director is re-elected (or treated as re-elected under Article 40) the retiring director continues as a director without a break.

### DISQUALIFICATION OF DIRECTORS

#### 42. When directors are disqualified

42.1 A director automatically ceases to be a director if:

- the director ceases to be a director under the **legislation** or is removed from office under the **Articles**;
- the director is prohibited by law from being a director;
- the director becomes bankrupt;
- the director makes an arrangement or composition with the director's creditors or applies for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
- the director becomes unable to manage their affairs and a court which claims jurisdiction to protect **people** who are unable to manage their affairs has made an order detaining the director or appointing a **person** to manage the director's property or affairs;
- except where the director's contract prevents the director resigning, the director:

- delivers to **O<sub>2</sub>** a **written** notice of resignation signed by or on behalf of the director; or
- offers to resign and the **Board** pass a resolution accepting the offer;
- the director has missed **Board** meetings for a continuous period of six **months**, without permission from the **Board** and the **Board** pass a resolution removing the director from office; or
- the director's contract expires or is terminated for any reason and is not renewed or replaced within 14 days.

42.2 If a director ceases to be a director, the director automatically ceases to be a member of any **Board** committee or sub-committee.

#### REMUNERATION OF DIRECTORS

##### 43. Directors' fees

43.1 The **Board** can decide on the amount, timing and method of payment of directors' fees, but the total fees paid to each director, excluding amounts payable under any other **Article**, must not exceed:

- £100,000 a **year** (accruing daily), increasing by the percentage increase in the retail prices index (as defined in Section 833(2) Income and Corporation Taxes Act 1988) for any 12 **month** period beginning on 1 April 2004 or an anniversary of that date; or
- any higher sum decided on by an *ordinary resolution* of **shareholders**. This resolution can increase the fee paid to all or any directors either permanently or for a particular period.

43.2 Where the fees of a director are paid wholly or mainly in the form of shares in the capital of **O<sub>2</sub>**, the value of those shares shall, for the purposes of Article 43.1, be deemed to be the number of shares *issued* to that director in satisfaction of his fees for the relevant financial year multiplied by the average of the middle-market quotation for such shares (as derived from the **London Stock Exchange Daily Official List**) for the ten **business days** immediately preceding the first day of the relevant financial year.

##### 44. Directors' expenses

The **Board** can also repay to a director all expenses properly incurred in:

- attending and returning from **shareholders'** meetings, **Board** meetings or **Board** committee meetings; or
- any other way in connection with **O<sub>2</sub>'s** business.

##### 45. Extra fees

45.1 The **Board** can award extra fees to a director who:

- holds an executive position;
- acts as chairman or deputy chairman;
- serves on a **Board** committee or board at the request of the **Board**; or



- performs any other services which the **Board** consider extend beyond the ordinary duties of a director.

45.2 Extra fees can take the form of salary, bonus, commission, profit sharing or, share options other benefits (and can be paid partly in one way and partly in another). They can also include any kind of benefit for the director's dependants. This is all decided by the **Board**.

#### 46. Pensions and other benefits

46.1 The **Board** can decide whether to provide:

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

to any **people** including **people** who are or who were directors of **O<sub>2</sub>**. The **Board** can decide to extend these arrangements to relations or dependants of, or **people** connected to, these **people**. The **Board** can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes.

46.2 **O<sub>2</sub>** can only provide pensions and other similar benefits to:

- **people** who are or were directors but who have not been employed by, or held an office or executive position in, **O<sub>2</sub>** or its *subsidiary undertakings*; and
- relations or dependants of, or **people** connected to, those directors or former directors,

if the **shareholders** approve this by passing an *ordinary resolution*.

46.3 No director or former director is accountable to **O<sub>2</sub>** or the **shareholders** for a benefit of any kind given in accordance with this Article. The receipt of a benefit of any kind given in accordance with this Article does not prevent a **person** from being or becoming a director of **O<sub>2</sub>**.

### BOARD MEETINGS

#### 47. Board meetings

The **Board** can decide when and where to have meetings, how they are conducted and the *quorum*. They can also *adjourn* their meetings.

#### 48. Notice of Board meetings

48.1 A meeting can be called by a director or the **Secretary**. The **Secretary** must also call a meeting if a director requests this.

48.2 The **Board** can decide how notice of **Board** meetings is to be given and on any terms and conditions (including oral notice). *Subject to* this, **Board** meetings are called and notice of *adjourned* meetings are given by delivering a **written** notice to each director personally or by sending it to their last known *address* or another *address* given to **O<sub>2</sub>** for this purpose.

48.3 A director who is out of the **United Kingdom** is not entitled to be given notice of a **Board** meeting unless:

- notice of a **Board** meeting is given **in writing**; and

- the director has asked the **Board in writing** to send notices of **Board** meetings during the director's absence to the director's last known *address* or another *address* given to **O<sub>2</sub>** for this purpose.

A director can waive notice of a meeting at any time, even if the meeting has already taken place.

#### **49. Chairman of Board meetings**

49.1 The **Board** can appoint a director as chairman or deputy chairman for whichever periods the **Board** decide. If the chairman is at a meeting, the chairman will chair it. In the chairman's absence, the chair will be taken by the deputy chairman. If there is no chairman or deputy chairman present and willing within five minutes after the time when the meeting is due to start, the chair will be taken by a director nominated by the chairman **in writing**. If the chairman has not done this, the directors present can choose which one of them will be the chairman of the meeting.

49.2 References in the **Articles** to "deputy chairman" include, if no one has been appointed with that specific title, a **person** appointed to a position with another title which the **Board** designate as equivalent to the position of deputy chairman.

#### **50. Quorum**

50.1 If no other *quorum* is fixed by the **Board**, two directors form a *quorum*. A meeting at which a *quorum* is present can *exercise* all the powers and discretions of the **Board**.

50.2 A director who ceases to be a director at a **Board** meeting can continue to be present and act as a director and be counted in the *quorum* until the end of that **Board** meeting if no other director objects and a *quorum* of the **Board** would not otherwise be present.

#### **51. Voting at Board Meetings**

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

#### **52. Video conference and telephone Meetings**

Any of the directors or members of a committee can take part in a **Board** meeting or **Board** committee meeting by way of a:

- video conference or conference telephone or similar equipment designed to allow everybody to take part in the meeting; or
- series of video conferences or telephone calls from the chairman of the meeting.

Taking part in this way will be treated as being present at the meeting. A meeting which takes place by a series of video conferences or telephone calls from the chairman will be treated as taking place where the chairman is. Otherwise meetings will be treated as taking place where the largest group of the participants are or, if there is no such group, where the chairman is, unless the **Board** decide otherwise.

#### **53. Minutes of meetings**

53.1 The **Board** must cause minutes to be made in minute books of the:

- names of the directors present at each **Board** meeting and **Board** committee meeting;
- appointments of **officers** made by the **Board**; and

- proceedings and resolutions at **Board** meetings, **Board** committee meetings and **shareholders' meetings**.

53.2 It is not necessary for the directors present at a **Board** meeting or **Board** committee meeting to sign their names in the minute book or other attendance book.

#### 54. **Validity of the Board's actions**

Everything which is done by a **Board** meeting, a **Board** committee meeting or a **person** acting as a director, will be valid even though it is discovered later that a director or **person** acting as a director was not properly appointed or elected. This also applies if it is discovered later that a **person** was disqualified from being a director, had ceased to be a director or was not entitled to vote.

#### 55. **Written resolutions**

A **written** resolution can be signed by all of the directors who:

- are in the **United Kingdom** at the time;
- would be entitled to vote on the resolution at a **Board** meeting; and
- together meet the *quorum* requirement for **Board** meetings.

This kind of resolution is just as valid and effective as a resolution passed by those directors at a meeting which is properly called and held. The resolution can be passed using several copies of a document, if each copy is signed by one or more directors. These copies can be fax or made using *electronic communications*. No signature is necessary if *electronic communications* are used, *subject to* any terms and conditions the **Board** decide.

### **BOARD COMMITTEES**

#### 56. **Delegating powers to committees**

56.1 The **Board** can delegate any of their powers or discretions to committees of one or more directors or other **people**. This includes powers or discretions relating to directors' **pay** or giving benefits to directors. If the **Board** have delegated a power or discretion to a committee, any references in the **Articles** to using that power or discretion include its use by the committee. A committee must comply with any regulations made by the **Board**. 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.

56.2 Unless the **Board** specifically decide not to allow this, a committee can sub-delegate powers and discretions to sub-committees or other **people**.

56.3 References in the **Articles** to committees include sub-committees permitted under this Article.

56.4 The power to delegate or sub-delegate in this Article 56 does not limit the power to delegate or sub-delegate under Articles 63, 64 or 65.

#### 57. **Proceedings of committees**

57.1 If a committee includes two or more members, the **Articles** which regulate **Board** meetings and their procedure will also apply to committee meetings (if possible), unless these are inconsistent with any regulations for the committee which the **Board** has made under Article 56.

57.2 A committee or sub-committee can be called a "board" or "council" or any other name the **Board** decide.

## DIRECTORS' INTERESTS

### 58. Directors' interests in transactions with O<sub>2</sub>

58.1 If the **legislation** allows and the director has disclosed the nature and extent of the interest to the **Board**, the director can:

- have any kind of interest in a contract with or involving O<sub>2</sub> (or in which O<sub>2</sub> has an interest) or with or involving another **company** in which O<sub>2</sub> has an interest;
- have any kind of interest in a **company** in which O<sub>2</sub> has an interest (including holding a position in that **company** or being a shareholder of that **company**);
- hold a position (other than as **Auditor**) in O<sub>2</sub> or another **company** in which O<sub>2</sub> has an interest on terms and conditions decided by the **Board**; and
- alone (or through some firm with which the director is associated) do paid professional work (other than as **Auditor**) for O<sub>2</sub> or another **company** in which O<sub>2</sub> has an interest on terms and conditions decided by the **Board**.

58.2 A director does not have to hand over to O<sub>2</sub> a benefit received or profit made as a result of anything allowed under Article 58.1.

58.3 When a director knows that they are in any way interested in a contract with O<sub>2</sub> they must tell the other directors. A general notice given to the **Board** that a director has an interest of the kind stated in the notice in a contract involving a **person** identified in the notice is treated as a standing disclosure that the director has that interest.

### 59. When directors can vote on things in which they are interested

59.1 Unless the **Articles** say otherwise, a director cannot vote (and if they do, the vote will not be counted) on a resolution about a contract in which the director has a material interest. For this purpose, interests of a **person** who is connected with the director are added to the interests of the director. However, the director can vote if the interest is only an interest in O<sub>2</sub>'s shares, **debentures** or other **securities**. If a director cannot vote on a resolution, the director cannot be counted in the *quorum* when the **Board** votes on that resolution.

59.2 If the **legislation** allows, a director can vote and be counted in the *quorum* on a resolution about any of the following things (as long as the only material interests the director has in relation to the resolution arise because of one or more of the following things):

- giving the director or any other **person** a guarantee, security or *indemnity* for any money lent or obligation incurred by the director or that other **person**, at the request of, or for the benefit of, O<sub>2</sub> or any of its *subsidiary undertakings*;
- giving a guarantee, security or *indemnity* to any other **person** for a debt or obligation which is owed by O<sub>2</sub> or any of its *subsidiary undertakings* to that other **person**, if the director has taken responsibility for all or any part of that debt or obligation by giving a guarantee, security or *indemnity*;
- where O<sub>2</sub> or any of its *subsidiary undertakings* is offering any shares, **debentures** or other **securities** for subscription or purchase if the director takes part because the director is a holder of shares, **debentures** or other **securities**, or if the director takes part in the *underwriting* or sub-underwriting of the offer;
- a contract involving any other **company** if the director (together with any **people** connected with the director) has any kind of interest in that **company** (including holding a position in

that **company** or being a **shareholder** of that **company**). This does not apply if the director owns one per cent or more of that **company**;

- a contract relating to an arrangement for the benefit of employees of **O<sub>2</sub>** or any of its *subsidiary undertakings* which only gives the director benefits which are also generally given to the employees to whom the arrangement relates;
- a contract relating to a pension, superannuation or similar scheme, or a retirement, death or disability benefits scheme or employees' share scheme, which has been approved, or is conditional on approval, by the Inland Revenue and which only gives the director benefits which are also generally given to the employees to whom the scheme relates; or
- a contract relating to any insurance which **O<sub>2</sub>** can buy or renew for the benefit of directors or a group of **people** which includes directors.

59.3 A director cannot vote or be counted in the *quorum* on a resolution relating to appointing that director to a position with **O<sub>2</sub>** or a **company** in which **O<sub>2</sub>** has an interest or the terms or termination of the appointment.

59.4 This Article applies if the **Board** are considering proposals about appointing two or more directors to positions with **O<sub>2</sub>** or a **company** in which **O<sub>2</sub>** has an interest. It also applies if the **Board** are considering the terms or termination 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 counted in the *quorum* for each resolution, except the one concerning that director.

59.5 *Subject to the legislation and the Articles, the Board can exercise:*

- or arrange the exercise of the voting **rights** attached to any shares in another **company** held by **O<sub>2</sub>**; and
- the voting **rights** which they have as directors of that **company**,

in any way that they decide. This includes voting in favour of a resolution appointing any of them as directors or **officers** of that **company** and deciding their remuneration. They can also vote and be counted in the *quorum* as directors of **O<sub>2</sub>** in connection with any of these things.

59.6 If a question comes up at a meeting about whether a director (other than the chairman of the meeting) has a material interest or whether the director can vote or be counted in the *quorum* and the director does not agree to abstain from voting on the question or not be counted in the *quorum*, the question must be referred to the chairman of the meeting. The chairman's ruling about the other director is conclusive, unless the kind and extent of the director's interests have not been disclosed to the **Board**. If the question comes up about the chairman of the meeting, the question must be referred to the **Board**. The chairman cannot vote on the question but can be counted in the *quorum*. The **Board's** resolution about the chairman is conclusive, unless the kind and extent of the chairman's interests have not been disclosed to the **Board**.

## 60. More about directors' interests

60.1 In Articles 58, 59 and 60:

- a reference to a contract includes a reference to an existing or proposed contract, transaction or arrangement;
- a director will be treated as owning one per cent or more of a **company** if they (together with any **people** connected with them) hold an interest in shares (as defined for sections 198 to 211 of the **Companies Act**) representing one per cent or more of:
  - a class of equity share capital; or

- the voting rights,

of that **company**;

- where a **company** in which a director owns one per cent or more is materially interested in a contract, the director will also be treated as being materially interested in that contract; and
- interests which are unknown to the director and which it is unreasonable to expect the director to know about are ignored.

60.2 *Subject to the **legislation**, the **shareholders** can, by passing an *ordinary resolution*:*

- suspend or relax Articles 58 and 59 to any extent, either generally or in relation to a particular contract; or
- ratify a contract carried out in breach of Article 58 or 59.

## **DIRECTORS' MANAGEMENT POWERS**

### **61. Management powers**

61.1 The **Board** will manage **O<sub>2</sub>**'s business. They can use all **O<sub>2</sub>**'s powers, except where the **legislation** or the **Articles** say that powers can only be used by the **shareholders** voting to do so at a **General Meeting**. The general management powers under this Article are not limited in any way by specific powers given to the **Board** by other **Articles**.

61.2 The **Board**'s management powers are *subject to*:

- the **legislation**;
- the **Articles**; and
- any other requirements which are consistent with the **legislation** and the **Articles** and are approved by the **shareholders** passing an *ordinary resolution*.

61.3 If a change is made to the **Articles** or the **shareholders** approve a requirement relating to something which the **Board** have already done which was within their powers, that change or requirement cannot invalidate the **Board**'s previous action.

### **62. Appointing directors to executive positions**

The **Board** can appoint one or more directors to any executive position they decide. As far as the **legislation** allows, they can decide how long these appointments will be for and what their terms will be. They can also vary the terms of or end these appointments. If a director ceases to be a director, the director automatically ceases to hold any executive position in **O<sub>2</sub>**. If a director's appointment is varied or ends because of this Article, this does not prejudice any claim against **O<sub>2</sub>** for breach of contract.

### **63. Delegation of powers**

The **Board** can give a director or the **Secretary** any of the powers which they have jointly as the **Board**. These powers can be given on any terms and conditions the **Board** decide either in parallel with, or in place of, the powers of the **Board** acting together. These powers can include the power to sub-delegate. The **Board** can change the basis on which these powers are given or withdraw them from the director or **Secretary**. No **person** dealing in good faith who does not know about the change or withdrawal will be affected by it.

#### **64. Power to establish local boards and agencies**

64.1 The **Board** can set up local boards or agencies to manage, supervise or advise on any of **O<sub>2</sub>**'s business in the **United Kingdom** or elsewhere. The **Board** can also appoint a person (who need not be a director) to be a:

- member of a **local board**; or
- manager or agent.

64.2 The **Board** can:

- decide the remuneration and other benefits of **people** appointed under this Article;
- delegate any of the **Board's** authority, powers or discretions to a:
  - local board;
  - manager or agent; or
  - *subsidiary undertaking* of **O<sub>2</sub>** (whether wholly-owned or not);
- allow **local boards**, managers or agents, or *subsidiary undertakings* to delegate to another **person**;
- allow members of **local boards** to fill any vacancies on their boards and to continue to act even though there are vacancies;
- remove any **people** appointed under this Article (including **people** appointed by another **person** under this Article); and
- cancel or change an appointment or delegation made under this Article (including an appointment made by another **person** under this Article), although this will not affect a **person** who acts in good faith who has not had notice of the cancellation or change.

64.3 An appointment or delegation by the **Board** which is referred to in this Article can be on any terms and conditions the **Board** decide.

64.4 In this Article, **local board** means a special or local board, committee or council and includes a regional or area board or a board for a particular part of **O<sub>2</sub>**'s business.

#### **65. Power to appoint agents**

65.1 The **Board** can appoint a **person** (including the members of a group which changes over time) as **O<sub>2</sub>**'s agent. The agent can either be appointed directly by the **Board**, or the **Board** can give another **person** the power to select an agent. The **Board** can decide the purposes, powers, authorities and discretions of an agent. But they cannot give an agent a power, authority or discretion which the **Board** do not have under the **Articles**.

65.2 The **Board** can decide how long an appointment of an agent will last for and they can apply any terms and conditions to it. The appointment can include any provisions which the **Board** decide for the protection and convenience of a **person** dealing with the agent. The appointment can also allow the agent to sub-delegate all or any of their powers, authorities or discretions to any other **person**.

**66. Positions with titles including the word "director"**

The **Board** can appoint a **person** to a position having a title including the word "director" or give a title including the word "director" to an existing position and can end that appointment or the use of that title. The use of the word "director" in the title of a position does not imply that the holder is a director of **O<sub>2</sub>** and the holder does not have the power to act as a director of **O<sub>2</sub>** and is not treated as a director of **O<sub>2</sub>** for the purposes of the **Articles**.

**67. Overseas branch registers**

**O<sub>2</sub>** can use all the powers that the **legislation** gives to keep an overseas branch register. The **Board** can make and change any regulations they decide relating to this register, as long as the **legislation** allows this.

**68. Signatures on cheques etc.**

All cheques, promissory notes, drafts, bills of exchange and other *instruments* (whether *negotiable* or *transferable* or not) and all receipts for money paid to **O<sub>2</sub>** can be signed, drawn, accepted, endorsed or made effective in any way the **Board** decide.

**69. Power to provide for the benefit of employees and former employees**

The **Board** can, by passing a resolution, *exercise* any powers given by the **legislation** to provide for the benefit of employees and former employees of **O<sub>2</sub>** or any of its *subsidiaries* in connection with the ending of the business or the transfer to a **person** of all or any part of the business and *assets* of **O<sub>2</sub>** or that *subsidiary*.

**DIRECTORS' BORROWING POWERS**

**70. Borrowing powers**

To the extent that the **legislation** and the **Articles** allow, the **Board** can *exercise* all the powers of **O<sub>2</sub>** to:

- borrow money;
- mortgage or charge all or any part of **O<sub>2</sub>**'s business, property and *assets* (present and future);
- issue *debentures* and other *securities*; and
- give security either outright or as collateral security for a debt, *liability* or obligation of **O<sub>2</sub>** or another **person**.

**71. Borrowing restrictions**

71.1 The **Board** must limit the borrowing of **O<sub>2</sub>** and *exercise* all voting and other rights or powers of control *exercisable* by **O<sub>2</sub>** in relation to its *subsidiary undertakings* so as to ensure that the aggregate amount of all borrowings by the **Group** outstanding at any time is not more than:

- for the period from the adoption of these **Articles** to (and including) the date of the approval by the **Board** of the **Group's** audited financial statements for the year ended 31 March 2005, £6,000,000,000 (or its equivalent in any other currency or currencies) at such time; and
- at any time after the date of approval by the **Board** of the **Group's** audited financial statements for the year ending 31 March 2005, twice the **Adjusted Capital and Reserves** at such time.



71.2 This affects *subsidiary undertakings* only to the extent the **Board** can do this by *exercising* these rights or powers of control. This limit can be exceeded if the consent of **shareholders** has been given in advance by passing an *ordinary resolution*. The limit does not include borrowings owing by one member of the **Group** to another member of the **Group**.

71.3 In this Article:

- **Adjusted Capital and Reserves** means the aggregate of:
  - the amount **paid-up** or credited as **paid-up** on the *issued* share capital of **O<sub>2</sub>**; and
  - the amount standing to the credit of all *reserves* of the **Group** (including a *capital redemption reserve* or *share premium account*) after deducting or adding any debit or credit balance on the profit and loss account;
  - all as shown in the then latest audited consolidated balance sheet of the **Group**, but excluding any *pension reserve* relating to pension fund deficits or surpluses, and;
  - 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 **O<sub>2</sub>** consider appropriate.
- **Group** means **O<sub>2</sub>** and its *subsidiary undertakings*; and
- **minority proportion** means the proportion of the *issued* equity share capital of a partly-owned *subsidiary undertaking* which does not belong to the **Group**.

71.4 In Article 71.1:

- amounts borrowed by a member of the **Group** for the purpose of repaying (with or without a premium) all or any part of other borrowings owing by another member of the **Group** which are to be used for this purpose within six **months** of being borrowed are not to be taken into account pending their use for that purpose;
- amounts borrowed by a partly-owned *subsidiary undertaking* which are not owed to another member of the **Group** are to be taken into account (except that a proportion of the borrowings equal to the **minority proportion** is to be excluded);
- amounts borrowed by a member of the **Group** which are owed to a partly-owned *subsidiary undertaking* are to be taken into account to the extent of a proportion of the borrowings equal to the **minority proportion**;
- amounts borrowed by a *subsidiary undertaking* before it became a member of the **Group** are not to be taken into account until six **months** after the date it became a member of the **Group**;
- amounts secured on an *asset* of a member of the **Group** before it was acquired by a member of the **Group** are not to be taken into account until six **months** after the date of the acquisition;

- amounts *beneficially* owned by a member of the **Group** which are deposited with a **person** who is not a member of the **Group** and are repayable on, or within three **months** after, a demand are to be deducted from the borrowings of the **Group** (except that where the amounts are owned by a partly-owned *subsidiary undertaking* a proportion of the amount owned equal to the **minority proportion** is to be excluded from the amount deducted); and
- if the amount of the **Adjusted Capital and Reserves** is being calculated in connection with a transaction involving a **company** becoming or ceasing to be a member of the **Group**, the amount is to be calculated as if the transaction had already occurred.

71.5 A certificate or report by a **person** chosen by the **Board** as to the amount of the **Adjusted Capital and Reserves** at a particular time will be conclusive evidence of that amount. However, the **Board** can rely on a genuine estimate of the amount of the **Adjusted Capital and Reserves** at any time and if as a result the limit stated in Article 71.1 is exceeded, an amount of borrowed money equal to the excess can be disregarded until six **months** after the date the **Board** became aware that this situation had or may have arisen, whether because of a decision of the **person** chosen by the **Board** or for any other reason.

71.6 No lender or other **person** dealing with the **Group** needs to look at or enquire whether the limit imposed by this Article is being observed. No borrowing incurred or security given in excess of this limit will be invalid or ineffective unless the lender or the recipient of the security had express notice at the time when the borrowing was incurred or security given that the limit had been or would as a result be exceeded.

## SHARE CAPITAL

### 72. O<sub>2</sub>'s share capital

O<sub>2</sub>'s share capital at the date when the **Articles** are adopted is £16,000,050,000. This is made up of 20,000,000,000 **Ordinary Shares** with a *face value* of 80p each and 50,000 **Redeemable Preference Shares** with a *face value* of £1 each.

### 73. Board's power to deal with shares

73.1 The **Board** can decide what to do with any shares which have not been *issued*. The **Board** can:

- *allot* them on any terms;
- grant options to give **people** a choice to acquire shares in the future; or
- dispose of the shares in any other way.

73.2 The **Board** are free to decide who they deal with, when they deal with the shares and the terms on which they deal.

73.3 The **Board** must obey:

- the **legislation**; and
- any relevant resolutions of a **General Meeting**.

### 74. Board's authority to *allot* "relevant securities" and "equity securities"

74.1 This Article regulates the **Board's** authority to *allot relevant securities* and their power to *allot equity securities* for cash.

74.2 The **Board** 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 **Board** can *allot* in each period is the **Section 80 Amount**.

74.3 Under the **Board's** general authority in Article 74.2, 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 **Board** can *allot* where the *allotment* is in connection with a *rights issue*. In all other cases, the maximum amount of *equity securities* which the **Board** can *allot* is the **Section 89 Amount**.

74.4 During each **prescribed period**, the **Board** can make offers, and enter into agreements, which would, or might, need *equity securities* or other *relevant securities* to be *allotted* after those periods.

74.5 In this Article:

- *rights issue* means an offer of *equity securities* which is open for a period decided by the **Board** to the **people** who are registered on a particular date (chosen by the **Board**) as holders of:
  - **Ordinary Shares**, in proportion to their holdings of **Ordinary Shares**;
  - other classes of *equity securities* which give them the right to receive the offer or which allow **O<sub>2</sub>** to decide whether or not they should receive the offer (and the **Board** decide that they should receive it).

However, the **Board** can do the following things (and the *issue* will still be treated as a *rights issue* for the purposes 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 **O<sub>2</sub>**'s benefit or make other appropriate arrangements to deal with such fractions or proceeds;
- make the *rights issue* *subject to* any limits or restrictions which the **Board** 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 Global Depositary Shares or other *instruments*;
- treat a **shareholder's** holdings of **certificated** and **uncertificated** shares as separate shareholdings; or
- deal in a different way with the **rights** of an **Ordinary Shareholder**, if that **shareholder** asks;
- **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 period for periods of no more than five **years** each. These resolutions can take the form of:
  - an *ordinary resolution* fixing a **prescribed period** under Article 74.2;
  - a *special resolution* fixing a **prescribed period** under Article 74.3;
  - a *special resolution* fixing identical **prescribed periods** under Articles 74.2 and 74.3;or

- a *special resolution* fixing different **prescribed periods** under Articles 74.2 and 74.3;
- the **Section 80 Amount** for a **prescribed period** is that stated in a relevant *ordinary* or *special resolution*;
- the **Section 89 Amount** for a **prescribed period** is that stated in a relevant *special resolution*; and
- in working out any maximum amounts of *securities*, the *face value* of rights to *subscribe for shares*, or to convert any *securities* into shares, will be taken as the *face value* of the shares which would be *allotted* if the *subscription* or conversion takes place.

## 75. Uncertificated shares

75.1 *Subject to the Articles* and to the extent that the **legislation** allows, the **Board** can decide that a class of shares can:

- be held in uncertificated form and that title to those shares can be transferred using a *relevant system*; or
- no longer be held and transferred in uncertificated form.

75.2 The **Articles** do not apply to shares of a class which are held in uncertificated form to the extent that they are inconsistent with the:

- holding of shares of that class in uncertificated form;
- transfer of title to shares of that class using a *relevant system*; or
- **Regulations**.

## 76. 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 **Board** can recognise a transfer (called a *renunciation*) by that **person** of their 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 **Board** can impose terms and conditions regulating *renunciation rights* and can allow *renunciation rights* to be *securities* in uncertificated form in their own right.

## 77. Power to pay commission and *brokerage*

77.1 **O<sub>2</sub>** can use all the powers given by the **legislation** to pay commission or *brokerage* to a **person** who:

- applies, or agrees to apply, for any new shares; or
- gets any other **person** to apply, or agree to apply for, any new shares.

77.2 **O<sub>2</sub>** can pay the commission in cash, or by *allotting* shares, or by a combination of both.

## 78. No trusts or similar interests recognised

78.1 **O<sub>2</sub>** will only be affected by, or recognise, a current and absolute right to whole shares. The fact that all or any part of a share may not be owned outright by the registered owner is not of concern to **O<sub>2</sub>**, for example, if a share is held on any kind of trust. This applies even if **O<sub>2</sub>** knows about the ownership of the share.

78.2 The only exceptions are any rights:

- expressly given by the **Articles**; or
- which **O<sub>2</sub>** has a legal duty to recognise.

#### **CHANGING SHARE CAPITAL**

##### **79. Power to increase capital**

The **shareholders** can increase **O<sub>2</sub>**'s share capital by passing an *ordinary resolution*. The resolution will fix the:

- amount of the increase;
- *face value* of the new shares; and
- currency or currencies of the shares.

##### **80. Power to reduce capital**

The **shareholders** can pass a *special resolution* to reduce in any way:

- **O<sub>2</sub>**'s share capital; or
- a *capital redemption reserve* or *share premium account*.

This is *subject to* any restrictions under the **legislation**.

##### **81. Power to change capital**

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

- *consolidate*, or *consolidate* and then *divide*, all or any part of **O<sub>2</sub>**'s share capital into shares with a larger *face value* than the **existing shares**;
- *divide* all or any of **O<sub>2</sub>**'s shares into shares with a smaller *face value* than is fixed in the Memorandum of Association. This is *subject to* any restrictions under the **legislation**; and
- cancel any shares which no one has taken, or agreed to take, at the date of the resolution, and reduce the amount of **O<sub>2</sub>**'s share capital by the amount of the cancelled shares.

##### **82. Fractions of shares**

82.1 If any shares are *consolidated* or *divided*, the **Board** have power to deal with any fractions of shares which result or any other problem that arises. If the **Board** decide to sell any shares representing fractions, they must sell for the best price they can reasonably obtain and distribute the net proceeds of sale among **shareholders** in proportion to their fractional entitlements. The **Board** can sell to a **person** (including **O<sub>2</sub>**, if the **legislation** allows) and can authorise a **person** to transfer those shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any action to check how any money paid is used. The buyer's ownership will not be affected if the sale was irregular or invalid in any way.

82.2 When the **Board** *consolidate* or *divide* shares, they can treat **certificated** and **uncertificated shares** which a **shareholder** holds as separate shareholdings, as far as the **legislation** allows this. The **Board** 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 **certificated shares** where this makes it easier to sell them.

### 83. Buying back shares

O<sub>2</sub> can use all the powers given by the **legislation** to buy back any of its own shares (including redeemable shares).

## SHARE RIGHTS

### 84. Rights of new shares

84.1 O<sub>2</sub> can *issue* new shares and attach any **rights** and restrictions to them, as long as this is not restricted by *special rights* previously given to holders of any **existing shares**. *Subject to* this, the **rights** of new shares 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 O<sub>2</sub>'s profits or *assets*. Other **rights** and restrictions can also apply, for example relating to the right to vote.

84.2 The **shareholders** can decide on the **rights** and restrictions to be attached to new shares by passing an *ordinary resolution*. The **Board** can also take these decisions if the **shareholders** have not passed a resolution which covers the point.

84.3 If the **legislation** allows this, the new shares can include **rights** for the holder and/or O<sub>2</sub> to have them *redeemed*.

### 85. Changing *special rights* of shares

85.1 If O<sub>2</sub>'s share capital is split into different classes of share, and if the **legislation** allows this, the *special rights* which are attached to any of these classes can be varied or withdrawn if the **shareholders** approve this by passing 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 75 per cent of the **existing shares** of the class (by *face value*) can give their **written** consent.

85.2 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 **people** who hold) at least one third of the total *face 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 their *proxy*, is a *quorum*;
- a **shareholder** who is present in **person** or by *proxy* can demand a *poll*; and
- on a *poll*, the holders of shares (or their *proxies*) 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 a class of shares by the **Articles**, or any **rights** attached to shares in some other way under the **Articles**.

85.3 This Article also applies if *special rights* of shares forming part of a class are varied or withdrawn. Each part of the class which is being treated differently is viewed as a separate class in applying this Article.

**86. More about *special rights* of shares**

Unless the terms of the **existing shares** say something different, the *special rights* of **existing shares** are not regarded as varied or withdrawn if:

- new shares are created, or *issued*, which *rank* equally with or after any **existing shares** in payment of dividends or sharing in profits or *assets* of **O<sub>2</sub>**; or
- **O<sub>2</sub>** buys back or *redeems* or otherwise cancels its own shares.

**87. Rights attached to the Redeemable Preference Shares**

87.1 The **rights** attaching to the **Redeemable Preference Shares** are as follows:

- the holders of **Redeemable Preference Shares** shall be entitled, in priority to the holders of any other class of share in the **O<sub>2</sub>**'s share capital, to receive out of the profits of the **O<sub>2</sub>** available for distribution and resolved under these **Articles** to be distributed in respect of each financial year of **O<sub>2</sub>** a fixed non-cumulative preferential dividend (the "**Redeemable Dividend**") at the rate of 0.0000001 per cent. per annum on the amount for the time being paid up or credited as paid up on each **Redeemable Preference Share** held by them respectively; and
- the **Redeemable Dividend** shall accrue pro rata on the basis of a 365 day year and shall, to the extent **O<sub>2</sub>** has profits available for distribution and has resolved do so under these **Articles**, be payable annually in arrear on 31 January (or if such date is not a **business day** on the next following **business day**) in each year in respect of the year ending on that date. The first such payment shall be made on 31 January 2005 in respect of the period from the date of issue of the **Redeemable Preference Shares** concerned until 31 January 2005. The **Redeemable Dividend** shall be paid to the holders of the **Redeemable Preference Shares** whose names appear on the register two business days before the relevant dividend payment date.

87.2 On a distribution of assets of **O<sub>2</sub>** among its members on a winding up or other return of capital (other than a redemption or purchase by **O<sub>2</sub>** of its own shares), the holders of the **Redeemable Preference Shares** shall be entitled, in priority to any holder of any other class of shares, to receive an amount equal to the aggregate of the capital paid up on each **Redeemable Preference Share** together with a sum equal to any arrear of any declared but unpaid **Redeemable Dividend** payable on such share calculated up to and including the date of the commencement of the winding up or (in any other case) the date of the return of capital.

87.3 Save as provided in Articles 87.1 and 87.2 the holders of the **Redeemable Preference Shares** shall not be entitled to any participation in the profits or assets of **O<sub>2</sub>**.

87.4 A holder of **Redeemable Preference Shares** shall be entitled to receive notice of and to attend any **general meeting** of **O<sub>2</sub>** but shall not have the right to vote in respect of its holding of **Redeemable Preference Shares** subject to the following exceptions:

- if at the date of notice of the meeting payment of any part of any **Redeemable Dividend** is to that holder for whatever reason in arrear for more than six months, that holder shall be entitled to attend, speak and vote on any resolution at such meeting or any adjournment of it; or
- if it is proposed at the meeting to consider any resolution approving the purchase by **O<sub>2</sub>** of its own shares, a reduction in the capital of, or the winding up of **O<sub>2</sub>**, holders of **Redeemable Preference Shares** shall be entitled to attend such a meeting and to speak and vote only on such resolution or any motion for adjournment of the meeting before such resolution is voted on; or

- if it is proposed at the meeting to consider any resolution which abrogates or varies or otherwise directly affects the special rights and privileges attaching to the **Redeemable Preference Shares**, holders of **Redeemable Preference Shares** shall have the right to attend such a meeting and to speak and vote only on such resolution or any motion for adjournment of the meeting before such resolution is voted on.

87.5 If entitled to vote at a **general meeting** of **O<sub>2</sub>**, every holder of **Redeemable Preference Shares** present in person or by proxy (or, being a corporation by a duly authorised representative) shall have one vote for every **Redeemable Preference Share** held by him.

87.6 Notwithstanding the rights of the holders of **Redeemable Preference Shares** under Article 87.4, the written consent of the holders of three-quarters in nominal value of the issued **Redeemable Preference Shares** or the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the **Redeemable Preference Shares** is required

- if the special **rights** and privileges attaching to the **Redeemable Preference Shares** are to be varied or abrogated or otherwise directly affected in any way; or
- if any shares or securities are to be created, allotted or issued by **O<sub>2</sub>** which rank in priority to or equally with the **Redeemable Preference Shares** (or any right to call for the allotment or issue of such shares or securities is to be granted by **O<sub>2</sub>**).

87.7 All provisions of the **Articles** relating to **general meetings** of **O<sub>2</sub>** shall apply mutatis mutandis to every general meeting of the holders of the **Redeemable Preference Shares**.

87.8 Subject to the **legislation**, the holders of the **Redeemable Preference Shares** shall have the right at any time to redeem any such **Redeemable Preference Shares** (provided that they are fully paid and that they represent the total number of **Redeemable Preference Shares** held by that member) by giving to **O<sub>2</sub>** written notice of its intention to do so (the "**Member's Redemption Notice**").

87.9 The **Member's Redemption Notice** must specify the number of **Redeemable Preference Shares** to be redeemed, the amount payable on redemption and the time and date of redemption ("**Member's Redemption Date**"), and must be delivered to **O<sub>2</sub>** together with the share certificates in respect of the **Redeemable Preference Shares** for cancellation by **O<sub>2</sub>**. **O<sub>2</sub>** shall pay to the registered holders of the **Redeemable Preference Shares** to be redeemed the redemption money in respect of such **Redeemable Preference Shares** together with a sum equal to any arrear of any declared but unpaid **Redeemable Dividend** and **O<sub>2</sub>** shall be bound by the **Member's Redemption Notice**.

87.10 Subject to the **legislation**, **O<sub>2</sub>** shall have the right at any time after the earlier of (i) admission of the Company's ordinary share capital to the Official List of the United Kingdom Listing Authority and (ii) the second anniversary of the date of the allotment of any **Redeemable Preference Shares** to redeem any such **Redeemable Preference Shares** (provided that they are fully paid and that they represent the total number of **Redeemable Preference Shares** held by that member) by giving to the registered holder not less than one week's written notice of its intention to do so (the "**Company's Redemption Notice**").

87.11 The **Company's Redemption Notice** must specify the number of **Redeemable Preference Shares** to be redeemed, the amount payable on redemption and the time (the "**Company's Redemption Date**") and place at which:

- the share certificates in respect of the **Redeemable Preference Shares** must be delivered to **O<sub>2</sub>** for cancellation; and
- **O<sub>2</sub>** shall pay to the registered holders of the **Redeemable Preference Shares** to be redeemed the redemption money in respect of such **Redeemable Preference Shares** together with a sum equal to any arrear of any declared but unpaid **Redeemable Dividend**,



and the holders of the **Redeemable Preference Shares** to be redeemed shall be bound by such notice.

87.12 The **Redeemable Dividend** shall cease to accrue on any **Redeemable Preference Shares** to be redeemed on the **Member's Redemption Date** or the **Company's Redemption Date** (as appropriate).

87.13 If any holder of a **Redeemable Preference Share** to be redeemed fails or refuses to surrender the share certificate (or indemnity) for such **Redeemable Preference Share** (or fails or refuses to accept the redemption money payable in respect of it), **O<sub>2</sub>** shall retain such money and hold it on trust for such holder but without interest or further obligation whatever.

87.14 No **Redeemable Preference Share** shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption or out of capital to the extent permitted by the **legislation**.

87.15 No **Redeemable Preference Shares** redeemed by **O<sub>2</sub>** shall be capable of re-issue and on redemption of any **Redeemable Preference Shares** the **Board** may convert the authorised share capital created as a consequence of such redemption into shares of any other class of share capital into which the authorised share capital of **O<sub>2</sub>** is or may at that time be divided of a like **face value** (as nearly as may be) as the shares of such class then in issue or into unclassified shares of the same **face value** as the **Redeemable Preference Shares**.

## **88. Limitations on shareholdings by US Holders**

### **88.1 Purpose and interpretation**

The purpose of this article is to restrict the number of **US Holders** who hold or have an **interest** in shares of any class in the capital of **O<sub>2</sub>**, so as to enable **O<sub>2</sub>** to suspend its obligations under the US Securities Exchange Act of 1934 and to prevent any such obligations from arising again in the future.

### **88.2 For the purpose of this article:**

- **interest**, in relation to shares, means any interest which would be taken into account in determining for the purposes of Part VI of the Companies Act whether a **person** has a notifiable interest in a share (including any interest which he would be taken as having for those purposes) and **interested** shall be construed accordingly;
- **Relevant Shares** means shares in **O<sub>2</sub>** (including, without limitation, shares now or at any time represented by American Depositary Shares) which are held by **US Holders** in any manner described in Rule 12g-3-2(a) of the US Securities Exchange Act of 1934 (including directly or through or as nominee) or which are deemed pursuant to this article to be so held;
- **Required Disposal** means in relation to any **Relevant Shares** a disposal or disposals of such shares or **interests** therein (including, without limitation, a purchase of such shares by **O<sub>2</sub>** for cancellation or to be held in treasury) which will result in such shares ceasing to be **Relevant Shares**;
- **Register of US Holders** means the register to be maintained in accordance with article 88.5;
- **Scheme** means the scheme or arrangement of **O<sub>2</sub>** dated 12 January 2005 under section 425 of the Companies Act between **O<sub>2</sub>** and the holders of Scheme Shares (as defined in the **Scheme**), in its original form or with or subject to any modification, addition or condition approved or imposed by the Court.

- **US Holder** means (I) persons resident in the US who hold shares in **O<sub>2</sub>** (including, without limitation, shares now or at any time represented by American Depositary Shares) in any manner described in Rule 12g-3-2(a)(1) of the US Securities Exchange Act of 1934 (including directly or through or as nominee) and (II) persons who appear, at any time, to the **Board** to fall within sub-paragraph (I) of this definition of **US Holder**; and
- **US** means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

### 88.3 Disclosure notices

- (i) The **Board** may by notice in **writing** require any **shareholder** or other **person** appearing to be **interested** or appearing to have been **interested** in the shares in **O<sub>2</sub>** to disclose to **O<sub>2</sub>** in **writing** such information as the **Board** shall require relating to the ownership of or **interests** in the shares in question as lies within the knowledge of such **shareholder** or other **person** (supported if the **Board** so requires by a statutory declaration and/or by independent evidence) including (without prejudice to the generality of the foregoing) any information which **O<sub>2</sub>** is entitled to seek pursuant to section 212 of the Companies Act and any information which the **Board** shall deem necessary or desirable in order to determine whether any shares are **Relevant Shares**.
- (ii) Whether or not a notice pursuant to article 88.3(i) has been given, the **Board** may by notice in **writing** require any **shareholder** or other **person** appearing to be **interested** or appearing to have been **interested** in shares in **O<sub>2</sub>** to show to the satisfaction of the **Board** that the shares in question are not **Relevant Shares**. Any **person** on whom such a notice has been served and any other **person** who is **interested** in such shares may within 14 days (or such longer period as the **Board** may consider reasonable) make representations to the **Board** as to why such shares should not be treated as **Relevant Shares** but if, after considering such representations and such other information as seems to them relevant, the **Board** believes such shares to be **Relevant Shares**, the **Board** may determine that such shares shall be deemed to be **Relevant Shares** and they shall thereupon be treated as such for all purposes of this article.
- (iii) The **Board** may give a notice pursuant to article 88.3(i) or (ii) or both of them at any time and the **Board** may give one or more than one such notice to the same **shareholder** or other **person** in respect of the same shares.

### 88.4 Notification obligation

Each **shareholder** shall notify **O<sub>2</sub>** immediately upon becoming aware that any shares in which he is **interested**: (i) is or has become a **Relevant Share**; or (ii) has ceased to be a **Relevant Share**.

### 88.5 Register of US Holders

- (i) The **Board** shall maintain, in addition to the **Register**, a **Register of US Holders**, in which there shall be entered particulars of any shares which are or have been declared to be **Relevant Shares**. The particulars entered on the Register of US Holders in respect of any share shall comprise, in addition to the name of the holder, the name of any **US Holder** **interested** or who appears to the **Board** to be **interested** in such share and such information as has been supplied to the Board pursuant to article 88.3(i) or (ii) or otherwise or, if no such information has been supplied, such information as the **Board** considers appropriate.
- (ii) The **Board** shall remove from the **Register of US Holders** particulars of any share if there has been furnished to it a declaration (in such form as the **Board** may from time to time prescribe) by the holder of such share, together with such other evidence as

the **Board** may require, that satisfies the **Board** that such share is no longer a **Relevant Share**.

#### 88.6 Required Disposal

- (i) The **Board** may at any time after the date falling three months after the effective date of the **Scheme** give notice to the holder of any **Relevant Shares** and, if it so chooses, to any other **person** appearing to it to be **interested** in such **Relevant Shares** calling for a **Required Disposal** of some or all of the **Relevant Shares** held by him to be made within 21 days or such longer period as the **Board** considers reasonable. The **Board** 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 it that the shares to which the notice relates are not or are no longer **Relevant Shares** or in any other circumstances the **Board** sees fit. If the **Board** is not satisfied that a **Required Disposal** has been made by the expiry of the 21 day period (as may be extended), no transfer of any of the **Relevant Shares** to which the notice relates may be made or registered other than a transfer made pursuant to article 88.6(ii).
- (ii) If a notice given under article 88.6(i) above has not been complied with in all respects to the satisfaction of the **Board** or withdrawn, the **Board** may, so far as it is able, make a **Required Disposal** (or procure that a **Required Disposal** is made) and if it does so shall give written notice of such disposal to those **people** on whom the notice was served. The holder of the shares duly disposed of and all other **people interested** in such shares shall be deemed irrevocably and unconditionally to have authorised the **Board** to make such **Required Disposal**. The manner, timing and terms of any such **Required Disposal** made or sought to be made by the **Board** (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 is or would become a **US Holder**) shall be such as the **Board** determines (based on advice from bankers, brokers, or other **people** the **Board** considers appropriate to be consulted by it for the purpose) to be reasonably obtainable having regard to all the circumstances, including but not limited to the number of shares to be disposed of and any requirement that the disposal be made without delay; and the **Board** shall not be liable to any person (whether or not a **US Holder**) for any of the consequences of reliance on such advice. In the case of a purchase of **Relevant Shares** by **O<sub>2</sub>** in order to effect a **Required Disposal**, the price paid shall be not less than the best price reasonably obtainable for a sale of such shares in the market at the time of each purchase as determined by the **Board** based on advice from brokers, bankers or other **people** the **Board** considers appropriate to be consulted by it for this purpose.
- (iii) For the purpose of effecting any **Required Disposal**, the **Board** may:
- authorise in writing any officer or employee of **O<sub>2</sub>** to execute any necessary transfer or other instrument on behalf of any holder; and/or
  - convert any share from **uncertificated** form to **certificated** form,

and may enter the name of the transferee in the **Register** 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 any officer or employee of **O<sub>2</sub>** so authorised by the **Board** shall be as effective as if it has been executed by the holder of the transferred shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating to the sale. The proceeds of the **Required Disposal** shall be received by **O<sub>2</sub>** or such other person appointed by **O<sub>2</sub>** 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 **Board** in the sale) to the former holder (or, in the case of joint holders, the first of them named in the **Register**) upon surrender by him or on his behalf to **O<sub>2</sub>** for cancellation of any certificate in respect of the transferred shares.

#### 88.7 Miscellaneous

- (i) Nothing in this article shall be construed to require the **Board** to assume that any **person** is a **US Holder** unless the information contained in the **Register**, the registers kept by the Company under Part VI of the **Companies Act** or in the **Register of US Holders** appears to the **Board** to indicate to the contrary or the **Board** has reason to believe otherwise, in which circumstances the **Board** shall make enquiries in good faith to discover whether any person is a **US Holder**.
- (ii) The **Board** shall not be obliged to give any notice otherwise required under this article to any **person** if it does 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.
- (iii) Save as otherwise provided in this article, and save in so far as they permit **O<sub>2</sub>** not to give notice to persons whose registered address is outside the **United Kingdom**, the provisions of these **Articles** applying to the giving of notice of **general meetings** to **shareholders** shall apply to the giving of any notice required by this article. Any notice required by this article to be given to a person who is not a **shareholder**, or who is a **shareholder** whose registered address is not within the **United Kingdom** and who has not given to **O<sub>2</sub>** 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 pre-paid envelope addressed to that **person** at the address (or, if more than one, at one of the addresses), if any, at which the **Board** believes him to be resident or carrying on business or to his last known address as shown in the **Register**. The notice shall in such a case be deemed to have been given on the third day following that on which the envelope containing the same is posted. Proof that the envelope was properly addressed, pre-paid and posted shall be conclusive evidence that the notice was given.
- (iv) Any resolution or determination of, or decision or exercise of any discretion or power by, the **Board** 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 enquiries made in good faith or as to the manner, timing and terms of any **Required Disposal** made by the **Board** under article 88.6 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 **Board** 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 **Board** shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this article.
- (v) Nothing in their article shall be construed so as to constitute a separate class of **US Holders**.
- (vi) This article shall apply notwithstanding any provision in any other of these **Articles** which is inconsistent with or contrary to it.

- (vii) This article shall cease to apply on the date falling eighteen months after the date on which the shares in **O<sub>2</sub>** have ceased to be registered under the US Securities Exchange Act of 1934.

## SHARE CERTIFICATES

### 89. Certificates

89.1 When a **shareholder** is first registered as the holder of any class of **certificated shares**, that **shareholder** is entitled, free of charge, to one certificate for all the **certificated shares** of that class which the **shareholder** holds. If a **shareholder** holds **certificated shares** of more than one class, that **shareholder** is entitled to a separate share certificate for each class. This does not apply if the **legislation** allows **O<sub>2</sub>** not to issue share certificates.

89.2 If a **shareholder** receives more **certificated shares** of any class, that **shareholder** is entitled, free of charge, to a certificate for the extra shares.

89.3 If a **shareholder** transfers some of the shares covered by a certificate, that **shareholder** is entitled, free of charge, to a new certificate for the balance if the balance is also covered by a certificate.

89.4 **O<sub>2</sub>** does not have to issue more than one certificate for a **certificated share**, even if that share is held jointly.

89.5 When **O<sub>2</sub>** delivers a certificate to the first named joint holder of **certificated shares**, this is treated as delivery to all of the joint **shareholders**.

89.6 **O<sub>2</sub>** can deliver a certificate to a broker or agent who is acting for a **person** who is buying **certificated shares** or who is having **certificated shares** transferred to them.

89.7 The **Board** can decide how share certificates are **made effective**. For example, they can be:

- signed by two directors or one director and the **Secretary**;
- sealed with the **Seal**; or
- printed, in any way, with a copy or representation of those signatures or the **Seal**. The representation can be made or produced mechanically, electronically or in any other way the **Board** approve.

89.8 A share certificate must state the number and class of shares to which it relates and the amount **paid-up** on those shares. It cannot be for shares of more than one class.

89.9 The time limit for **O<sub>2</sub>** to provide a share certificate under this Article for **certificated shares** is:

- two **months** after the *allotment* of a new share (or any longer period provided by its terms of *issue*); or
- five **business days** after a transfer of shares is presented for registration or the instruction from the *operator* of the *relevant system* is received.
- **O<sub>2</sub>** shall be treated as having provided a share certificate under this Article when it is sent and not when it is delivered.

## 90. Replacement certificates

90.1 A **shareholder** can ask **O<sub>2</sub>** to cancel and replace a single share certificate with two or more certificates, for the same total number of shares. The **Board** can require the **shareholder** to pay for the new certificates.

90.2 A **shareholder** can ask **O<sub>2</sub>** for a new certificate if the original is:

- worn out, damaged or defaced; or
- lost, stolen or destroyed.

The **Board** can require the **shareholder** to pay **O<sub>2</sub>**'s exceptional out of pocket expenses for issuing a new certificate.

90.3 If a certificate has been worn out, damaged or defaced, **O<sub>2</sub>** can require the certificate to be delivered to it before issuing a replacement. If a certificate is worn out, lost or destroyed, **O<sub>2</sub>** can require satisfactory evidence, and an *indemnity*, before issuing a replacement.

## TRANSFERRING SHARES

### 91. Share transfers

91.1 Unless the **Articles** say otherwise, a **shareholder** can transfer some or all of their shares to another **person**.

91.2 Every transfer of **certificated shares** must be **in writing**, and either in the usual standard form, or another form approved by the **Board**.

91.3 Every transfer of **uncertificated shares** must be carried out using a *relevant system*.

91.4 The transfer form for **certificated shares** must be delivered to the **Registered Office** or any other place the **Board** decide. The transfer form must have with it:

- the share certificate for the shares to be transferred;
- any other evidence which the **Board** ask for to prove that the **person** wanting to make the transfer is entitled to do this; and
- if the transfer form is *executed* by another **person** on behalf of the **person** making the transfer, evidence of the authority of that **person** to do so.

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

91.6 A transfer form must be signed, or **made effective** in some other way, by or on behalf of the **person** making the transfer.

91.7 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 entered on the **Register** for that share.

### 92. More about share transfers

92.1 If **O<sub>2</sub>** registers a transfer, it can keep the transfer form. A transfer form cannot be used to transfer more than one class of shares. Each class needs a separate form.

92.2 No fee is payable to **O<sub>2</sub>** for transferring shares or registering changes relating to the ownership of shares.

92.3 Transfers cannot be in favour of more than four joint holders.

92.4 A transfer form must be properly stamped to show payment of any applicable stamp duty.

92.5 The **Board** can refuse to register a transfer of an **uncertificated share** in the circumstances stated in the **Regulations**.

92.6 If the **Board** decide not to register a transfer of a share, they must notify the **person** to whom that share was to be transferred. This must be done no later than two **months** after **O<sub>2</sub>** receives the:

- transfer (in the case of a **certificated share**); or
- instruction from the *operator* of the *relevant system* (in the case of an **uncertificated share**).

### 93. Closing the Register

The **Board** 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. The **Register** cannot be closed for more than 30 days a **year**. Suspension periods can vary between different classes of shares. In the case of **uncertificated shares**, the **Register** must not be closed without the consent of the *operator* of a *relevant system*.

## PEOPLE AUTOMATICALLY ENTITLED TO SHARES BY LAW

### 94. When shareholders die

94.1 If a **shareholder** who is a joint **shareholder** dies, the remaining joint **shareholder** or **shareholders** will be the only **people** who **O<sub>2</sub>** will recognise as being entitled to their shares.

94.2 When a sole **shareholder** (or a **shareholder** who is the last survivor of joint **shareholders**) dies, their legal *personal representatives* will be the only **people** who **O<sub>2</sub>** will recognise as being entitled to their shares.

### 95. Registering personal representatives

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 automatically entitled **person** must provide any evidence of their entitlement which the **Board** reasonably require.

### 96. People who want to be registered must give notice

If a **person** who is *automatically entitled to a share by law* wants to be registered as a **shareholder**, they must deliver a **written** notice to **O<sub>2</sub>** saying that they have made this decision. The notice must be in the form which the **Board** require. This notice will be treated as a transfer form. All the **Articles** about registering transfers of shares apply to it. The **Board** 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.

### 97. Having another person registered

97.1 If a **person** who is *automatically entitled to a share by law* wants the share to be transferred to another **person**, they must do this for:

- a **certificated share**, by signing a transfer form to the **person** they have selected; and
- an **uncertificated share**, by using a *relevant system*.

97.2 The **Board** 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.

#### 98. Rights of people automatically entitled to shares by law

98.1 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 they are not registered as the holder of that share, on supplying to **O<sub>2</sub>** evidence the **Board** reasonably require to show their title to the share. However, the **Board** can send a **written** notice to the **person** saying that the **person** must either be registered as the holder of the share or transfer the share to some other **person**. If the automatically entitled **person** does not do this within 90 days of the notice, the **Board** can withhold all dividends or other money relating to the share until they do.

98.2 Unless registered as the holder of the share, the **person automatically entitled to a share by law** cannot:

- receive notices of **shareholders' meetings**, or attend or vote at these meetings; or
- *exercise* any other right of a **shareholder** in relation to any of these meetings,

unless the **Board** decide to allow this.

#### SHAREHOLDERS WHO CANNOT BE TRACED

#### 99. Untraced shareholders

99.1 **O<sub>2</sub>** can sell any shares if:

- during the previous 12 **years** the shares have been *in issue*, **O<sub>2</sub>** has tried to pay at least three dividends and no dividend has been cashed;
- after this 12 **year** period, **O<sub>2</sub>** gives notice that it intends to sell the shares by advertisement in a **United Kingdom** national newspaper and a newspaper appearing in the area which includes the *address* held by **O<sub>2</sub>** for delivering notices relating to the shares; and
- during this 12 **year** period, and for three **months** after the last advertisement appears in the newspapers, **O<sub>2</sub>** has not heard from the **shareholder** or a **person** who is *automatically entitled to the shares by law*.

99.2 To sell any shares in this way, the **Board** can authorise a **person** to transfer the shares. This transfer will be just as effective as if it had been made 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 are transferred will not be affected even if the sale is irregular or invalid in any way.

99.3 The net sale proceeds belong to **O<sub>2</sub>** unless and until claimed under this Article, and it must pay these proceeds to the **shareholder** who could not be traced, or to the **person** who is *automatically entitled to the shares by law*, if that **shareholder**, or that other **person**, asks for them.

99.4 **O<sub>2</sub>** 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. **O<sub>2</sub>** can keep any money which it has earned on the net sale proceeds. **O<sub>2</sub>** can use this money for its business or the business of its *holding company* (if any), or it can invest the money in any way that the **Board** decide.

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



## DIVIDENDS

### 100. Final dividends

**Shareholders** can *declare* dividends by passing an *ordinary resolution*, but no dividend can exceed the amount recommended by the **Board**.

### 101. Fixed and interim dividends

101.1 If the **Board** consider that the profits of **O<sub>2</sub>** justify such payments, they can pay:

- interim dividends on any class of shares of any amounts, on any dates and for any periods which they decide; and
- fixed or other dividends on any class of shares on the dates stated for the **payment** of those dividends.

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

### 102. Distributions in kind

If the **Board** recommend this, **shareholders** can pass an *ordinary resolution* to direct all or any part of a dividend to be paid by distributing specific *assets* (and in particular **paid-up** shares or *debentures* of any other **company**). The **Board** must give effect to that resolution. Where a difficulty arises on the distribution, the **Board** can settle it as they decide. In particular, they can (without limiting this Article in any way):

- issue fractional certificates;
- value the *assets* for distribution purposes;
- pay cash of a similar value to adjust the rights of **shareholders**; and/or
- transfer any *assets* to *trustees*.

### 103. No dividends are payable except out of profits

No dividend can be paid except out of profits available for distribution under the **legislation**.

### 104. Payments to shareholders

104.1 A dividend or other money payable in cash relating to a share can be paid:

- by cheque or *warrant* payable to the **shareholder** or **person automatically entitled to the shares by law** who is entitled to it or to another **person** named in a **written** instruction from the **shareholder** (or all joint **shareholders** or **people** jointly and *automatically entitled to the shares by law*);
- in the case of **uncertificated shares**, by using a *relevant system*;
- by bank transfer or other electronic means directly to an account named in a **written** instruction from the **shareholder** (or all joint **shareholders** or **people** jointly and *automatically entitled to the shares by law*); and/or

- in any other way agreed between the shareholder (or all joint **shareholders** or people jointly and *automatically entitled to the shares by law*) and **O<sub>2</sub>**.

104.2 For joint **shareholders**, or people jointly and *automatically entitled to shares by law*, **O<sub>2</sub>** can rely on a receipt for a dividend or other money **paid** on shares from any one of them.

104.3 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. **O<sub>2</sub>** is treated as having paid a dividend if a cheque or *warrant* is cleared or if a payment is made using a *relevant system*, bank transfer or other electronic means. **O<sub>2</sub>** will not be responsible for a **payment** which is lost or delayed.

104.4 **O<sub>2</sub>** can send a cheque or *warrant* to **shareholders** who are employees of **O<sub>2</sub>** or any of its *subsidiary undertakings* through **O<sub>2</sub>**'s internal post system.

104.5 Unless the **rights** attached to any shares, the terms of any shares or the **Articles** say otherwise, a dividend and any other money payable in respect of a share can be **paid** in whatever currency the **Board** decide using an appropriate exchange rate selected by the **Board** for any currency conversions required. The **Board** can also decide how any costs relating to the choice of currency will be met.

104.6 No dividend or other money payable by **O<sub>2</sub>** in respect of its shares carries a **right** to interest from **O<sub>2</sub>**, unless the **rights** of the shares say something different.

#### **105. Deducting amounts owing from dividends and other money**

If a **shareholder** owes any money to **O<sub>2</sub>** relating in any way to **O<sub>2</sub>** shares, the **Board** can deduct any of this money from any:

- dividend on any shares held by the **shareholder**; or
- other money payable by **O<sub>2</sub>** in respect of the shares.

Money deducted in this way can be used to **pay** the amounts owed to **O<sub>2</sub>**.

#### **106. Unclaimed dividends and other money**

106.1 Unclaimed dividends and other money payable in respect of a share can be invested or otherwise used by the **Board** for the benefit of **O<sub>2</sub>** until they are claimed. The **Board** can decide to pay the unclaimed dividends and other money into a separate account, but **O<sub>2</sub>** will not be a *trustee* of the money. If a dividend or other money has not been claimed for 12 years after it was *declared* or became due for **payment**, it will be forfeited and belong to **O<sub>2</sub>** again unless the **Board** decides otherwise.

106.2 **O<sub>2</sub>** can stop paying dividends if cheques or *warrants* for two dividends in a row are sent back or not cashed or if **payment** by any other means has not been able to be made twice in a row through no fault of **O<sub>2</sub>**. **O<sub>2</sub>** must start paying dividends in the same way again if the **shareholder** or a **person automatically entitled to the shares by law**:

- claims those dividends **in writing** (before they go back to **O<sub>2</sub>** under Article 106.1); and
- does not ask **O<sub>2</sub>** to start paying dividends in some other way.

#### **107. Waiver of dividends**

All or any dividends can be waived by a document which is accepted by **O<sub>2</sub>** or on which **O<sub>2</sub>** acts. The document must be signed by the **shareholder** (or the **person automatically entitled to the shares by law**) and delivered to **O<sub>2</sub>**.

#### 108. Record dates

A dividend or distribution on, and an *allotment* or *issue* of, any shares can be **paid** or made to the holders of shares shown on the **Register** at whatever time on whatever day is stated in the resolution declaring the dividend or providing for the distribution, *allotment* or *issue*. If no time is stated in the resolution, the close of business applies. This Article applies whether what is being done is the result of a resolution of the **Board** or a resolution passed at a **General Meeting**. The date can be before the relevant resolution was passed. This Article does not affect the **rights** between past and present **shareholders** to payments or other benefits.

#### SCRIP DIVIDENDS

#### 109. Shareholders can be offered the right to receive new shares instead of cash dividends

109.1 The **Board** can offer **Ordinary Shareholders** the right to choose to receive new **Ordinary Shares**, which are credited as fully **paid-up**, instead of some or all of their cash dividend. Before they can do this, the **shareholders** must have passed an *ordinary resolution* authorising the **Board** to make this offer.

109.2 The *ordinary resolution* can apply to some or all of a particular dividend or dividends. Alternatively, it can apply to some or all of the dividends which are *declared* or **paid** in a specified period. The specified period must not end later than the end of the Annual **General Meeting** which is held in the fifth **year** after the *ordinary resolution* is passed.

109.3 The **Board** 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 **O<sub>2</sub>** that they no longer want to receive new shares.

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

109.4 A **shareholder** choosing new shares is entitled to **Ordinary Shares** whose total relevant value is as near as possible to the cash dividend the **shareholder** would have received (disregarding any tax credit), but not more than it.

The **relevant value** of a share is:

- the average value of **O<sub>2</sub>'s 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 **O<sub>2</sub>'s Ordinary Shares** on the **London Stock Exchange**, as published in the Daily Official List); or
- a value worked out in accordance with the *ordinary resolution*,

but, in either case shall never be less than the *face value* of a new **Ordinary Share**.

A certificate or report by the **Auditor** stating the **relevant value** for a dividend is conclusive evidence of that value.

109.5 The **Board** can decide how any costs relating to making new shares available in place of a cash dividend will be met. For example, they can decide that an amount will be deducted from the entitlement of a **shareholder** under Article 109.4.

109.6 After the **Board** have decided to apply this Article to a dividend, they must give eligible **shareholders** written notice of their right to choose new shares. This notice should also say how, where and when **shareholders** must notify **O<sub>2</sub>** if they want to receive new shares. Where **shareholders**

have already chosen to receive new shares in place of all future dividends, if new shares are available, **O<sub>2</sub>** will not need to notify them of a right to choose new shares.

109.7 No **shareholder** will receive a fraction of a share. The **Board** can decide how to deal with any fractions left over. For example, they can decide that the benefit of fractions belongs to **O<sub>2</sub>** or that fractions are ignored or deal with fractions in some other way.

109.8 The **Board** can exclude or restrict the right of **shareholders** to choose new shares or make any other arrangements where they decide that:

- this is necessary or appropriate to deal with legal or practical problems:
  - under the laws of any territory;
  - 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 other *instruments*; or
- it would be impractical or unduly onerous to give the right to any **shareholder** or that for some other reason the right should not be given.

109.9 If a **shareholder** chooses to receive new shares, no dividend on the corresponding **elected shares** will be *declared* or payable. Instead, new **Ordinary Shares** will be *allotted* on the basis stated earlier in this Article. To do this the **Board** will change into capital a sum equal to the total *face value* 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 stated above. The sum to be changed into capital can be taken from any amount which is part of **O<sub>2</sub>**'s *reserves* (including *premiums* received when any shares were *issued*, *capital redemption reserves* or other undistributable *reserves*) or which **O<sub>2</sub>** is holding as net profits. Article 128 applies to this process, as far as it is consistent with this Article.

109.10 The new **Ordinary Shares** *rank* equally in all respects with the existing fully **paid-up Ordinary Shares** at the time the new **Ordinary Shares** are *allotted*. They are not entitled to share in the dividend from which they arose and do not allow the holder to choose new shares instead of that dividend.

109.11 Unless the **Board** decide otherwise or the **Regulations** or the rules of a *relevant system* require otherwise, any new **Ordinary Shares** which a **shareholder** has chosen to receive instead of some or all of their cash dividend will be:

- **uncertificated shares** if the corresponding **elected shares** were **uncertificated shares** on the record date for that dividend; and
- **certificated shares** if the corresponding **elected shares** were **certificated shares** on the record date for that dividend.

109.12 The **Board** 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 a dividend, whether this is before or after **shareholders** have authorised an offer under this Article 109 or chosen to receive new shares under any such offer.

109.13 In this Article, **elected shares** means the shares in respect of which the **shareholder** has chosen to receive new shares.

## NOTICES

### 110. Delivering notices and other documents to shareholders

O<sub>2</sub> can deliver a notice or other document, including a share certificate, to a **shareholder**:

- by delivering it by hand to the *address* recorded for the **shareholder** on the **Register**;
- by sending it by post or other delivery service in an envelope (with postage or delivery paid) to the *address* recorded for the **shareholder** on the **Register**;
- where the **shareholder** is an employee of O<sub>2</sub> or any of its *subsidiary undertakings*, by sending it through O<sub>2</sub>'s internal post system in an envelope to the **shareholder's** last known place of work in O<sub>2</sub> or any of its *subsidiary undertakings*;
- by fax (except for share certificates) to a fax number notified by the **shareholder in writing**;
- by **electronic mail** (except for share certificates) to an *address* notified by the **shareholder in writing**;
- by publishing it (except for share certificates) on a web site or sites and notifying the **shareholder** in the manner agreed with the **shareholder in writing** that it has been published and the *address* of each website;
- by a *relevant system*; or
- by advertisement in at least two **United Kingdom** national newspapers.

An *electronic communication* will not be treated as received by O<sub>2</sub> if it is rejected by computer virus protection arrangements.

Articles 110 to 118 do not affect any provision of the **legislation** or the **Articles** requiring notices or documents to be delivered in a particular way.

### 111. Signature of documents

Where under these **Articles** a document, including a *proxy form*, needs to be signed by a **shareholder** or other **person** and it is in the form of an *electronic communication*, the **Board** may, if it chooses, disapply the requirement for a signature or require the *electronic communication* to incorporate the electronic signature or personal identification details (which may be details previously allocated by O<sub>2</sub> or its agent) of that shareholder or other **person**, in the form the **Board** approve, or be accompanied by any other evidence the **Board** may specify. O<sub>2</sub> can designate mechanisms for validating any document of this kind, and any document not validated by the use of these mechanisms can be treated by the **Board** as never having been received by O<sub>2</sub> or its agent.

### 112. Notices to joint shareholders

When a notice or document is to be sent to joint **shareholders** it must be sent to the joint **shareholder** who is listed first on the **Register** for the share but ignoring a joint **shareholder** without an *address* in the **United Kingdom** under Articles 110 or 113. A notice or document sent in this way is treated as delivered to all the joint **shareholders**.

### 113. Notices to shareholders with foreign addresses or on branch registers

113.1 A **shareholder** whose *address* on the **Register** is outside the **United Kingdom** can give O<sub>2</sub> an *address* in the **United Kingdom** where notices or documents can be sent. If this is done, the

**shareholder** is entitled to have notices or documents sent to them at that *address*. Otherwise, the **shareholder** is not entitled to receive any notices or documents from **O<sub>2</sub>**.

113.2 For a **shareholder** registered on a branch register, notices or documents can be posted or despatched in the **United Kingdom** or in the country where the branch register is kept.

#### 114. Notices when shareholders have died or are bankrupt or in liquidation

This Article applies where a **person** is registered as a sole or first-named joint **shareholder** but another **person** is *automatically entitled to their shares by law*. The **person** who proves that they are *automatically entitled to the shares by law* to the reasonable satisfaction of the **Board** can give **O<sub>2</sub>** an *address* in the **United Kingdom** where notices and documents can be sent. If this is done, *subject to* Article 98.2, notices and documents must be sent to that *address*. Otherwise, if a notice or document is sent to the **shareholder** named on the **Register** in accordance with the **Articles**, this will be valid even though another **person** is *automatically entitled to their shares by law*. This applies even if **O<sub>2</sub>** was aware of this. If notices or documents are sent in accordance with this Article, there is no need to send them in any other way to any other **people** involved.

#### 115. When notices are delivered

115.1 If a notice or document is delivered by hand, it is treated as being delivered at the time it is handed to or left for the **shareholder**.

115.2 If a notice or document is sent by post or other delivery service not referred to below, it is treated as being delivered:

- 24 hours after it was posted, if first class post was used; or
- 72 hours after it was posted or given to delivery agents, if first class post was not used.

It can be proved conclusively that a notice or document was delivered by post or other delivery service by showing that the envelope containing the notice or document was:

- properly addressed; and
- put into the post system or given to delivery agents with postage or delivery paid.

115.3 If a notice or document is sent by **O<sub>2</sub>**'s internal post system, it is treated as being delivered on the day after it was sent. It can be proved conclusively that a notice or document was delivered by **O<sub>2</sub>**'s internal post system by an entry in **O<sub>2</sub>**'s records that it was put into **O<sub>2</sub>**'s internal post system.

115.4 If a notice or document (other than a share certificate) is sent by fax, it is treated as being delivered at the time it was sent.

115.5 If a notice or document (other than a share certificate) is sent by **electronic mail**, it is treated as being delivered at the time it was sent. In the case of publication on a web site, it is treated as being delivered when notice of the publication and the *address* of the web site is sent.

115.6 If a notice or document is sent by a *relevant system*, it is treated as being delivered when **O<sub>2</sub>** (or a sponsoring system-participant acting on its behalf) sends the issuer-instruction relating to the notice or document.

115.7 If a notice is given by an advertisement, it is treated as being delivered at midday on the day when the last advertisement appears in the newspapers.

## 116. Undelivered notices

This Article applies where, on two consecutive occasions, notices or documents sent by post or other delivery service have been returned undelivered. If the **shareholder** gives **O<sub>2</sub>** a new *address* in the **United Kingdom** where notices or documents can be sent, the **shareholder** is entitled to have notices or documents sent to them at that *address*. Otherwise, the **shareholder** is not entitled to receive any notices or documents from **O<sub>2</sub>**.

## 117. If notices are accidentally not sent

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

117.2 A **shareholder** present in **person** or by *proxy* or *company representative* at a **shareholders' meeting** is treated as having received proper notice of that meeting and, where necessary, of the purpose of that meeting.

## 118. Delivering notices and other documents to **O<sub>2</sub>**.

118.1 **Shareholders** can deliver a notice or other document to **O<sub>2</sub>**:

- by delivering it by hand to the **Registered Office**;
- by sending it by post or other delivery service not referred to below in an envelope (with postage or delivery paid) to the **Registered Office**;
- by fax to the fax number notified by **O<sub>2</sub>** in its communications to **shareholders** for this purpose; or
- as far as the **legislation** allows, by **electronic mail** to the *address* notified by **O<sub>2</sub>** in its communications to **shareholders** for this purpose.

118.2 If a notice or document is delivered by hand, it is treated as being delivered at the time it is left at the **Registered Office**.

118.3 If a notice or document is sent by post or other delivery service not referred to below, it is treated as being delivered at the time it is received at the **Registered Office**.

118.4 If a notice or document is sent by fax, it is treated as being delivered at the time it was received.

118.5 If a notice or document is sent by **electronic mail** it is treated as being delivered at the time it was received.

118.6 This Article does not affect any provision of the **legislation** or the **Articles** requiring notices or documents to be delivered in a particular way.

## AUDITOR

## 119. Attending General Meetings

The **Auditor** can attend a **General Meeting** and can speak there on any business which is relevant to them as **Auditor**.

## 120. Validity of the Auditor's actions

As far as the **legislation** allows, the actions of a **person** acting as an **Auditor** are valid in favour of a **person** dealing with **O<sub>2</sub>** in good faith, even if there was some defect in that **person's** appointment or that **person** was at any time not qualified to act as an auditor.

## SECRETARY

### 121. Secretary, and deputy Secretaries

121.1 The **Secretary** is appointed by the **Board**. The **Board** decide the terms and period of the appointment. The **Board** can also remove the **Secretary**. This does not affect any claim for damages against **O<sub>2</sub>** for breach of any contract of employment the **Secretary** may have. The **Board** can appoint two or more **people** to be joint **Secretaries**.

121.2 The **Board** can also appoint one or more **people** to be deputy **Secretaries** or one **person** to be a temporary **Secretary**. The **Board** decide their terms and period of employment. The **Board** can also remove a deputy or temporary **Secretary**. This does not affect any claim for damages against **O<sub>2</sub>** for breach of any contract of employment they may have. Anything which the **Articles** require or allow to be done by the **Secretary** can also be done by a deputy or temporary **Secretary**.

121.3 Anything which the **legislation** or the **Articles** require or allow to be done by or to a director and the **Secretary** cannot be done by or to one **person** acting as both a director and the **Secretary**.

## SEALS

### 122. Seal and Securities Seal

122.1 The **Board** 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 **Board** or a committee authorised by the **Board**. For the purposes of this Article, a committee authorised by the **Board** can consist solely of **people** who are not directors.

122.2 Every document which has the **Seal** stamped on it must be signed autographically by:

- one director and the **Secretary**;
- two directors; or
- a **person** who is authorised to do so by the **Board** either generally or in relation to specific documents or documents of specific descriptions.

However, the **Board** can decide that specific documents or documents of specific descriptions can be printed, in any way, with a copy or representation of these signatures. The representation can be made or produced mechanically, electronically or in any other way the **Board** approve. The **Board** can also decide that certificates for *securities* which have the **Seal** stamped on them do not need to be signed.

122.3 The **Securities Seal** can be used only for sealing *securities issued* by **O<sub>2</sub>** and documents creating or evidencing *securities issued* by **O<sub>2</sub>**. *Securities* and documents which have the **Securities Seal** stamped on them do not need to be signed.

122.4 The **Board** can use all the powers given by the **legislation** relating to official seals for use abroad.



## DOCUMENTS

### 123. Certifying copies of documents

123.1 A director or the **Secretary** has power to decide that any of the following are genuine and to certify copies of or extracts from them as true copies or extracts:

- documents relating to **O<sub>2</sub>**'s constitution;
- resolutions passed by the **shareholders** or a class of **shareholders**, or by the **Board** or a **Board** committee; and
- books, documents, records or accounts which relate to **O<sub>2</sub>**'s business.

The **Board** can also give this power to other **people**.

123.2 A document which appears to be a copy of a resolution or an extract from the minutes of a meeting and which is certified as a true copy or extract as described in Article 123.1 is conclusive evidence for a **person** who deals with **O<sub>2</sub>** on the strength of the document that the:

- resolution has been properly passed; or
- extract is a true and accurate record of the proceedings of a valid meeting.

### 124. Destroying documents

124.1 **O<sub>2</sub>** can destroy all:

- transfer forms for shares, documents sent to support a transfer and any other documents which were the basis for making an entry on the **Register**, six **years** after the date of registration;
- dividend payment instructions and notifications of a change of *address* or name, two **years** after the date these were recorded;
- cancelled share certificates, one **year** after the date they were cancelled;
- all *instruments of proxy* that have been used for the purposes of a *poll* when it is more than one year from the date of use; and
- all *instruments of proxy* that have not been used for the purposes of a *poll* when it is more than one **month** from the end of the meeting to which the *instrument of proxy* relates provided no *poll* was demanded at the meeting.

124.2 A document destroyed by **O<sub>2</sub>** in accordance with Article 124.1 is conclusively treated as having been valid and effective in accordance with **O<sub>2</sub>**'s records relating to the document. Any action of **O<sub>2</sub>** in dealing with the document in accordance with its terms before it was destroyed is conclusively treated as having been properly taken.

124.3 Articles 124.1 and 124.2 only apply to documents which are destroyed in good faith and if **O<sub>2</sub>** has not been informed that keeping the documents is relevant to any claim.

124.4 If the documents relate to **uncertificated shares**, **O<sub>2</sub>** must also comply with any rules (as defined in the **Regulations**) which limit its ability to destroy these documents.

124.5 This Article does not make **O<sub>2</sub>** liable if it:

- destroys a document earlier than the time limit stated in Article 124.1;

- does not comply with the conditions in Article 124.3; or
- would not be liable if this Article did not exist.

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

## INDEMNITY AND INSURANCE

### 125. Indemnity

As far as the **legislation** allows, every director, **Secretary**, **officer** and employee of **O<sub>2</sub>** will be *indemnified* by **O<sub>2</sub>** out of its own funds against all costs, charges, losses, expenses and *liabilities* incurred by them:

- in performing their duties;
- in *exercising* their powers;
- in claiming to do any of these things; and/or
- otherwise *in relation to or in connection with* their duties, powers or offices.

### 126. Insurance

126.1 In this Article each of the following is a **Relevant Company**:

- **O<sub>2</sub>**;
- a *holding company* of **O<sub>2</sub>**;
- a body, whether or not incorporated, in which **O<sub>2</sub>** or its *holding company*, or a predecessor of **O<sub>2</sub>** or its *holding company*, has or had an interest, whether direct or indirect; and
- a body, whether or not incorporated, which is in any way allied to or associated with **O<sub>2</sub>**, or any *subsidiary undertaking* of **O<sub>2</sub>** or such other body.

126.2 As far as the **legislation** allows and without limiting Article 125 in any way, the **Board** can arrange for **O<sub>2</sub>** to purchase and maintain insurance against any *liability* for or for the benefit of any **people** who are or were at any time directors, **officers** or employees of a **Relevant Company**.

## RESERVES

### 127. Setting up reserves

The **Board** can set aside any profits of **O<sub>2</sub>** and hold them in a *reserve*. The **Board** can decide to use these sums for any purpose for which the profits of **O<sub>2</sub>** can lawfully be used. Pending their use, sums held in a *reserve* can either be used in the business of **O<sub>2</sub>** or invested in any way the **Board** decide. The **Board** can divide the *reserve* into separate funds for *special purposes* and change the funds into which the *reserve* is divided. The **Board** can also carry forward any profits without holding them in a *reserve*. The **Board** must comply with the restrictions in the **legislation** which relate to *reserve funds*.

### 128. Changing reserves into capital

128.1 Without limiting Article 109.9 in any way, if the **Board** recommend this, **shareholders** can pass an *ordinary resolution* to allow the **Board** to change into capital an amount which:

- is part of **O<sub>2</sub>**'s *reserves* (including *premiums* received when any shares were *issued*, *capital redemption reserves* or other undistributable *reserves*); or
- **O<sub>2</sub>** is holding as net profits.

128.2 The **Board** will use the sum which is changed into capital by setting it aside for the **Ordinary Shareholders** on the **Register** at the stated time on the day the resolution is passed (or whatever day is stated in the resolution or fixed as stated in the resolution). If no time is stated in the resolution, the close of business applies. The sum set aside must be used to **pay** up in full shares of **O<sub>2</sub>** and to *allot* such shares and distribute them to **shareholders** 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.

128.3 If a difficulty arises in operating this Article, the **Board** can resolve it in any way which they decide. For example, they can decide that the benefit of fractions of shares belongs to **O<sub>2</sub>** or that fractions are ignored or deal with fractions in some other way.

128.4 The **Board** can appoint a **person** to sign a contract with **O<sub>2</sub>** on behalf of those who are entitled to shares under the resolution. Such a contract is binding on all concerned.

## 129. Assets treated as revenue

If the **legislation** allows:

- where an *asset*, business or property is bought by **O<sub>2</sub>** as from a past date, the **Board** can decide that any of the related profits and losses as from that date can be added to **O<sub>2</sub>**'s revenue account and treated for all purposes as profits or losses of **O<sub>2</sub>**; and
- where any *securities* are bought by **O<sub>2</sub>** with any dividend or interest, the **Board** can decide that the dividend or interest can be treated as revenue rather than capital.

## ACCOUNTS

### 130. Accounting records

The **Board** must make sure that accounting records which comply with the **legislation** are kept.

### 131. Location and inspection of records

131.1 The accounting records must be kept at:

- the **Registered Office**; or
- any other place which the **legislation** allows and the **Board** decides.

131.2 **O<sub>2</sub>**'s **officers** always have the right to inspect the accounting records.

131.3 No other **person** (including a **shareholder**) has a right to inspect any accounting records or other books or papers of **O<sub>2</sub>** unless the:

- **legislation** or a Court order gives that **person** the right;
- **Board** authorise that **person** to do so; or
- **shareholders** pass an *ordinary resolution* authorising that **person** to do so.

### 132. Sending copies of accounts and other documents

132.1 This Article applies to every balance sheet and profit and loss account to be put to the **shareholders** at a **General Meeting**, reports of the **Board** and **Auditor**, and any other documents which the **legislation** requires to be attached to them.

132.2 Copies of these documents must be sent to the **shareholders** and **debenture holders** and all other **people** to whom the **legislation** or the **Articles** require **O<sub>2</sub>** to send notices of **shareholders' meetings**. This must be done at least 21 days before the relevant **General Meeting**. But **O<sub>2</sub>** need not send these documents to:

- **shareholders** who are sent summary financial statements in accordance with the **legislation**;
- more than one joint **shareholder** or **debenture holder**; or
- a **person** for whom **O<sub>2</sub>** does not have a current *address*.

As far as the **legislation** allows, copies can be sent by fax or **electronic mail**.

**Shareholders** and **debenture holders** who are not sent copies of the documents referred to in this Article can receive a copy free of charge by applying to **O<sub>2</sub>** at the **Registered Office**.

### WINDING UP

### 133. Distribution in kind

If **O<sub>2</sub>** 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**, divide among the **shareholders** all or any part of the *assets* of **O<sub>2</sub>**. This applies whether the *assets* consist of property of one kind or different kinds. For this purpose, the liquidator can place whatever value the liquidator considers fair on any property and decide how the division is carried out between **shareholders** or different groups of **shareholders**. The liquidator can also, with the same authority, transfer any *assets* to *trustees* upon any trusts for the benefit of **shareholders** which the liquidator decides. The liquidation of **O<sub>2</sub>** can then be finalised and **O<sub>2</sub>** dissolved. No past or present **shareholder** can be compelled to accept any shares or other property under this Article which could give them a *liability*.

### INTERPRETATION

### 134. Meaning of certain words and phrases used in the Articles

134.1 The following table gives the meaning of certain words and phrases as they are used in the **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.

<i>Words</i>	<i>Meanings</i>
<b>Adjusted Capital and Reserves</b>	This is defined in Article 71.3
<b>Articles</b>	<b>O<sub>2</sub></b> 's articles of association, including any changes made to them
<b>Auditor</b>	The auditor of <b>O<sub>2</sub></b> and, where two or more people are appointed to act jointly, any one of them
<b>Board</b>	All or any of the directors of <b>O<sub>2</sub></b> acting as a board

<b>business day</b>	A day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in the City of London
<b>Companies Act</b>	The Companies Act 1985
<b>company</b>	A corporate body
<b>electronic mail</b>	Includes any electronic transmission in any form through any medium, and, without limitation, any form of <i>electronic communication</i>
<b>existing shares</b>	Shares which are <i>in issue</i> at the relevant time
<b>face value</b> (of a share)	The <i>nominal value</i> of the share
<b>General Meeting</b>	A meeting of <b>shareholders</b> held in accordance with the <b>Articles</b>
<b>Group</b>	This is defined in Article 71.3
<b>legislation</b>	The <b>Companies Act</b> , the <b>Regulations</b> and all other laws and regulations applying to <b>O<sub>2</sub></b>
<b>London Stock Exchange</b>	London Stock Exchange plc or the principal stock exchange in the <b>United Kingdom</b>
<b>local board</b>	this is defined in Article 64.4
<b>minority proportion</b>	This is defined in Article 71.3
<b>O<sub>2</sub></b>	O <sub>2</sub> plc
<b>month</b>	Calendar month
<b>officer</b>	Includes a director, manager and company secretary but does not include an <b>Auditor</b>
<b>ordinary business</b>	<p>All the following business (if it takes place at an Annual <b>General Meeting</b>):</p> <ul style="list-style-type: none"> <li>• declaring and approving dividends;</li> <li>• considering the accounts, reports of the <b>Board</b> and <b>Auditor</b> and any other documents which the <b>legislation</b> requires to be attached to them;</li> <li>• electing directors in place of those retiring for any reason (whether by rotation or not); and</li> <li>• appointing the <b>Auditor</b> (when <i>special notice</i> of the resolution for the appointment is not required by the <b>legislation</b>) and deciding either the remuneration that the <b>Auditor</b> will be paid or the way in which this remuneration will be decided</li> </ul>
<b>Ordinary Shareholders</b>	Holders of <b>Ordinary Shares</b>
<b>Ordinary Shares</b>	<b>O<sub>2</sub></b> 's ordinary shares of 0.1p each
<b>paid-up</b> (share or other security)	Includes a share or other security which is treated (credited) as paid-up

<b>pay</b>	Includes any kind of reward or payment for services
<b>person or people</b>	Includes companies and <i>unincorporated associations</i>
<b>proxy form</b>	Includes any document or <i>electronic communication</i> which appoints a proxy
<b>recognised clearing house</b>	A clearing house recognised under the Financial Services Act 1986
<b>recognised investment exchange</b>	An investment exchange recognised under the Financial Services Act 1986
<b>Redeemable Preference Shares</b>	O <sub>2</sub> 's redeemable preference shares of £1 each
<b>Register</b>	O <sub>2</sub> 's register of <b>shareholders</b>
<b>Registered Office</b>	O <sub>2</sub> 's registered office
<b>Regulations</b>	The Uncertificated Securities Regulations 1995
<b>rights (of a share)</b>	The rights attached to the share when it is issued, or afterwards
<b>Seal</b>	O <sub>2</sub> 's common seal or <b>Securities Seal</b>
<b>Secretary</b>	A person appointed by the <b>Board</b> to do work as the company secretary, including an assistant (who does not need to be appointed by the <b>Board</b> under Article 121), deputy or temporary company secretary. Where two or more <b>people</b> are appointed to act jointly, it includes any one of them
<b>Securities Seal</b>	An official seal kept by O <sub>2</sub> under section 40 of the <b>Companies Act</b>
<b>shareholders</b>	Holders of O <sub>2</sub> 's shares
<b>shareholders' meeting</b>	A <b>General Meeting</b> of O <sub>2</sub> or a meeting of a class of holders of O <sub>2</sub> 's shares
<b>special business</b>	All business at <b>General Meetings</b> except for <b>ordinary business</b>
<b>United Kingdom</b>	Great Britain and Northern Ireland
<b>written or in writing</b>	In writing, or any way of representing or copying words legibly so that they are permanent, or using <i>electronic communication</i>
<b>year</b>	Calendar year

134.2 A *debenture* includes *debenture* stock and a *debenture holder* includes a *debenture* stockholder.

134.3 A **person** who is *automatically entitled to a share by law* includes a **person** who is entitled to the share as a result of the death or bankruptcy of a **shareholder**.

134.4 The singular includes the plural, and the other way around.

134.5 When an Act is referred to this includes an amendment to the Act as well as its inclusion in a later Act. This principle of interpretation also applies to other kinds of **legislation**.

134.6 A word which is defined in the **Companies Act** or the **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 in the **Companies Act** or the **Regulations**.

134.7 Where the **legislation** or the **Articles** say that something can be done by passing an *ordinary resolution*, this can also be done by passing a *special resolution* or an *extraordinary resolution*.

134.8 Where the **Articles** refer to a document being **made effective** this means being signed, sealed or *executed* in some other legally valid way.

134.9 Where the **Articles** refer to **certificated shares**, this means that ownership of the shares can be transferred using a **written** transfer document (rather than in accordance with the **Regulations**) and that a share certificate is usually issued to the owner.

134.10 Where the **Articles** refer to **uncertificated shares**, this means that ownership of the shares can be transferred in accordance with the **Regulations** without using a **written** transfer document and that no share certificate is issued to the owner.

134.11 Where the **Articles** refer to **clear days** the number of days does not include the two days between which the interval is measured. For example, if notice is required to be given a number of **clear days** before a meeting, neither the date notice is delivered, or treated as being delivered, nor the date of the meeting is taken into account.

134.12 Where the **Articles** refer to a *show of hands*, a **shareholder** may vote in **person** at a meeting (including by electronic means or any other method which the **Board** approves).

## EXPLANATION OF TERMS

The aim of this explanation of terms is to help readers understand **O<sub>2</sub>'s Memorandum and Articles**. It explains words used in the Memorandum and **Articles** - the words might mean different things in other documents. This explanation of terms is not legally part of the Memorandum or **Articles** and it does not affect their meaning. The explanations are intended to be a general guide - they are not precise. Words which are printed in italics have their own heading in the explanation.

The **Secretary** welcomes any suggestions for extra words to include, or improvements. **Shareholders** can write to the **Secretary** at Wellington Road, Slough SL1 1YP.

<i>address</i>	Where used in relation to <i>electronic communications</i> it includes any number or address used for the purpose of that communication.
<i>adjourn</i>	Where a meeting has a break, to be continued at a later time or day, at the same or a different place.
<i>allot</i>	When new shares are set aside for the <b>person</b> they are intended for, they are <i>allotted</i> . This will normally be after the <b>person</b> has agreed to <b>pay</b> for new shares, or has become entitled to new shares for any other reason. As soon as a share is <i>allotted</i> , that <b>person</b> gets the right to have their name put on the register of <b>shareholders</b> . When the <b>person</b> has been registered, the share has also been <i>issued</i> .
<i>asset</i>	Anything which is of any value to its owner.
<i>attorney</i>	An <i>attorney</i> is a <b>person</b> who has been appointed to act for another <b>person</b> . The <i>attorney</i> is appointed by a formal document, called a <i>power of attorney</i> .
<i>automatically entitled to a share by law</i>	In some situations, a <b>person</b> will be entitled to have shares which are registered in somebody else's name registered in their own name. Or the <b>person</b> can require the shares to be transferred to another <b>person</b> . When a shareholder dies, or the sole survivor of joint <b>shareholders</b> dies, their <i>personal representatives</i> have this right. If a shareholder is made bankrupt, their <i>trustee</i> in bankruptcy has the right.
<i>beneficial interest or beneficial ownership</i>	The <b>person</b> to whom something really belongs has the <i>beneficial interest</i> in it. This <b>person</b> may not be the registered (or legal) owner of the thing. For example, if a parent holds shares for their child, the child is the <i>beneficial</i> owner, and the parent is the legal owner. See also <i>trustees</i> .
<i>bond</i>	A promise to pay issued by a borrower to a lender.
<i>brokerage</i>	Commission which is paid to a broker by a <b>company</b> issuing shares, where the broker's clients have applied for shares.
<i>capitalise</i>	To convert some or all of the <i>reserves</i> of a <b>company</b> into capital (such as shares).
<i>capital redemption reserve</i>	A <i>reserve</i> of funds which a <b>company</b> may have to set up to maintain its capital base when shares are <i>redeemed</i> or bought back.



<i>company representative</i>	If a <b>company</b> owns shares, it can appoint a <i>company representative</i> to attend a <b>shareholders' meeting</b> to speak and vote for it.
<i>consolidate</i>	When shares are consolidated, they are combined with other shares. For example, every three £1 shares might be consolidated into one new £3 share.
<i>debenture</i>	A typical debenture is a type of long-term borrowing by a <b>company</b> . The loan usually has to be repaid at a fixed date in the future, and carries a fixed rate of interest.
<i>declare</i>	Generally, when a dividend is <i>declared</i> , it becomes due to be paid.
<i>divide</i>	When shares are divided they are split into shares which have a smaller <i>face value</i> . For example, a £1 share might be divided into two 50p shares.
<i>electronic communication</i>	This is a term used in the <b>Companies Act</b> (and the Electronic Communications Order 2000). It covers communication by <b>electronic mail</b> , fax, telephone and CD-rom and is broad enough to cover new methods of communication which may be developed in the future.
<i>equity securities</i>	<p>In section 89 of the <b>Companies Act</b>, this means all the shares of a <b>company</b> except:</p> <ul style="list-style-type: none"> <li>• shares which only have a limited right to share in the <b>company's</b> income or <i>assets</i>, for example, most types of preference shares;</li> <li>• shares held as a result of share schemes for employees (such as profit sharing schemes);</li> <li>• some shares held by the founders of the <b>company</b>; and</li> <li>• bonus shares <i>issued</i> when the <b>company</b> <i>capitalises reserves</i>.</li> </ul> <p><i>Equity securities</i> can also include <i>securities</i> which can be converted into those shares, or which allow their holder to <i>subscribe</i> for those shares.</p>
<i>ex-dividend</i>	Once a share has gone ex-dividend, a <b>person</b> who buys the share in the market will not be entitled to the dividend which has been <i>declared</i> shortly before it was bought. The seller remains entitled to this dividend, even though it will be paid after they have sold their share.
<i>Executed</i>	A document is executed when it is signed, or sealed or made valid in some other way.
<i>Exercise</i>	When a power is <i>exercised</i> , it is put to use.
<i>extraordinary resolution</i>	A decision reached by a majority of at least 75 per cent of votes cast. The <b>Companies Act</b> requires <i>extraordinary resolutions</i> to

be passed in certain situations.

*face value*

The *face value* of one **Ordinary Share** is 0.1p and of one **deferred share** is £1.00. This value is shown on the share certificate for a share, if there is one. When **O<sub>2</sub>** issues new shares this can be for a price which is at a *premium* to the *face value*. When shares are bought and sold on the stock market this can be different from the *face value*. The *face value* is sometimes also called the *nominal value* or *par value*.

*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, they promise to make good any losses or damage which the other might suffer in particular circumstances. The **person** who gives the indemnity is said to indemnify the other **person**.

*in issue*

See *issue*.

*instrument*

A formal legal document.

*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*.

*liability*

A debt or other financial obligation.

*negotiable instrument*

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

*nominal value or par value*

See *face value*.

*operator*

CRESTCo Limited or any other *operator* of a *relevant system* under the **Regulations**.

*ordinary resolution*

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

*personal representative*

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*

A *poll* vote is usually a card vote but could be an electronic vote, for example, where **people** present at a meeting press a keypad. On a *poll* vote, the number of votes which a shareholder, *proxy* or *company representative* has will depend on the number of shares they own. An Ordinary Shareholder has one vote for each share they own. A *poll* vote is different to a *show of hands* vote, where each shareholder who is entitled to vote has just one vote, however many shares they own.

<i>power of attorney</i>	A formal document which legally appoints one or more <b>people</b> to act on behalf of another <b>person</b> .
<i>premium</i>	If <b>O<sub>2</sub></b> issues a new share for more than their <i>face value</i> (for example, because the market value is more than the <i>face value</i> ), the amount above the <i>face value</i> is the <i>premium</i> .
<i>proxy</i>	A <i>proxy</i> is a <b>person</b> who is appointed by a shareholder to attend a meeting and vote for that shareholder. A <i>proxy</i> is appointed by using a <b>proxy form</b> or in any other way the <b>Board</b> decide. A <i>proxy</i> does not have to be a shareholder. A <i>proxy</i> can vote on a <i>poll</i> and on a <i>show of hands</i> . A <i>proxy</i> can speak at the meeting under the <b>Articles</b> .
<i>proxy form</i>	A form which a shareholder uses to appoint a <i>proxy</i> to attend a meeting and vote for them. The <b>Articles</b> permit this form to be sent by fax or <b>electronic mail</b> or a shareholder to appoint a <i>proxy</i> by telephone. The <i>proxy form</i> or appointment must be received by <b>O<sub>2</sub></b> at least 48 hours before the meeting to which it relates.
<i>quorum</i>	The minimum number of <b>shareholders</b> or directors who must be present before a meeting can begin. When this number is reached, the meeting is said to be quorate.
<i>rank or ranking</i>	When either capital or income is distributed to <b>shareholders</b> , it is paid out according to the <i>rank</i> (or ranking) of the shares. For example, a share which <i>ranks</i> before another share in sharing in <b>O<sub>2</sub></b> 's income is entitled to have its dividends paid first, before any dividends are paid on shares which <i>rank</i> 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 <i>rank</i> first, then on shares which <i>rank</i> next. The same applies for repayments of capital. Capital must be paid first on shares which <i>rank</i> first in sharing in <b>O<sub>2</sub></b> 's capital, then on shares which <i>rank</i> next.
<i>recognised clearing house</i>	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.
<i>recognised investment exchange</i>	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 <b>London Stock Exchange</b> is a <i>recognised investment exchange</i> .
<i>redeem and redemption</i>	When a share is <i>redeemed</i> , it goes back to <b>O<sub>2</sub></b> in return for a sum of money (the redemption price) which was fixed before the share was <i>issued</i> . This process is called <i>redemption</i> and the shares are then cancelled. A share which can be redeemed is called a <i>redeemable</i> share.
<i>relevant securities</i>	Any shares of a <b>company</b> , 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 <b>company</b> . Also included are any <i>securities</i> which can be converted into shares, or which allow their holders to <i>subscribe</i> for shares. This is defined in more detail

in the **Companies Act**.

*relevant system*

This is a term used in the **legislation** for a computer-based 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 in favour of another **person**. This transfers the right to have the share registered to another **person**. This process is called renunciation.

*remainder*

The interest in property that is left after another interest in the property ends, such as full title after a life estate (the right to use the property until death). A *remainder* is different from a *reversion* which gives title back to the grantor of the property or to the grantor's descendants.

*reserve fund or reserve*

A fund which has been set aside in a **company's** accounts - 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**.

*retire by rotation*

At Annual **General Meetings** members of the **Board** retire three **years** after they were elected. This gives the **shareholders** the chance to confirm their appointments by voting on whether to re-elect them.

*revoke*

To withdraw or cancel.

*reversion*

The return to the grantor or their heirs of property after all interests in the property given to others have terminated.

*rights issue*

A way in 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** can be offered the chance to buy one new share from the **company** for every four they already have.

*securities*

Financial *instruments* such as shares, *bonds*, and *debentures*.

*share premium account*

If a new share is *issued* by **O<sub>2</sub>** for more than its *face value* (because the market value is more than the *face value*) then the amount above the *face 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 **shareholder**, *proxy* or *company representative* raises their hand to vote at a meeting. Each **shareholder**, *proxy* or *company representative* who is entitled to vote has just one vote, no matter how many shares they hold or represent.

*special notice*

If *special notice* of a resolution is required by the **legislation**, the resolution is not valid unless **O<sub>2</sub>** has been told about the intention to propose it at least 28 days before the meeting at which it is proposed.

<i>special resolution</i>	A decision reached by a majority of at least 75 per cent of votes cast. <b>Shareholders</b> must be given at least 21 <b>clear days' notice</b> of a proposal to consider a special resolution.
<i>special rights</i>	These are the <b>rights</b> of a particular class of shares, as distinct from <b>rights</b> which apply to all shares generally. Examples of <i>special rights</i> are <b>rights</b> to income or <i>assets</i> and voting <b>rights</b> .
<i>subscribe for shares</i>	To agree to take new shares in a <b>company</b> (usually for a cash payment).
<i>subject to</i>	Means that something else has priority, or prevails, or must be taken into account. When a statement is <i>subject to</i> another statement, this means that the first statement must be read with the other statement, which will prevail if there is a conflict.
<i>subsidiary</i>	A <b>company</b> which is controlled by another <b>company</b> (for example, because the other <b>company</b> owns a majority of its shares) is called a <i>subsidiary</i> of that <b>company</b> . This is defined in more detail in the <b>Companies Act</b> .
<i>subsidiary undertaking</i>	<p>This is also a term used in the <b>Companies Act</b>. It is a wider definition than <i>subsidiary</i>. Generally speaking it is a <b>company</b> which is controlled by another <b>company</b> because the other <b>company</b>:</p> <ul style="list-style-type: none"> <li>• has a majority of the votes in the <b>company</b>, either alone or acting with others;</li> <li>• is a <b>shareholder</b> who can appoint or remove a majority of the directors; or</li> <li>• can <i>exercise</i> dominant influence over the <b>company</b> because of anything in the <b>company's</b> memorandum or Articles or because of a certain kind of contract.</li> </ul>
<i>takeover offer</i>	An offer to acquire all the shares, or all the shares of any class, in a <b>company</b> (except shares already held by the <b>person</b> making the offer). This is defined in more detail in the <b>Companies Act</b> .
<i>tenant in common</i>	Where two or more <b>people</b> hold title to property in which each has an "undivided interest" and an equal right to use the property, even if the percentages of interests are not equal. If one of the tenants in common dies, the remaining tenant(s) do not automatically become entitled to the property. Each interest can be separately sold, mortgaged or willed to another.
<i>trustee</i>	A <b>person</b> who holds property of any kind for the benefit of one or more other <b>people</b> under a kind of arrangement which the law treats as a trust. The <b>people</b> whose property is held by the <i>trustee</i> are called the <i>beneficial</i> owners.
<i>underwrite</i>	A <b>person</b> who agrees to buy new shares if they are not bought by other <b>people</b> <i>underwrites</i> the share offer.
<i>unincorporated associations</i>	Associations, partnerships, societies and other bodies which the law does not treat as legal <b>persons</b> separate from their members.

*warrant or dividend warrant*

Similar to a cheque for a dividend.

*winding 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 **O<sub>2</sub>'s** *assets* will receive any funds which are left over before any shares which *rank* after them.