

GLASGOW

OUR REF

MBL/SDC/111,053-6/EM

DATE

XP
4/10/99

SC55493

ARTICLES OF ASSOCIATION
of
SCOTTISH HIGHLAND HOTELS PLC

Maclay Murray & Spens
Solicitors

EDINBURGH GLASGOW LONDON BRUSSELS

MMS1/39337/1

151 ST VINCENT STREET
GLASGOW G2 5NJ

DX GLASGOW BOX NO 67 TELEPHONE 0141-248 5011
FAX 0141-248 5819 & 0141-221 2968 TELEX 77474 VINDEX



INDEX

Articles

Preliminary	1- 2
Share Capital	3- 4
Variation of Rights	5- 6
Alteration of Share Capital	7- 8
Conversion of Shares into Stock	9-12
Purchase of own Shares	13
Shares	14-17
Share Certificates and Uncertificated Shares	18-22
Calls on Shares	23-28
Forfeiture and Lien	29-38
Transfer of Shares	39-45
Transmission of Shares	46-48
General Meetings	49-52
Notice of General Meetings	53-56
Proceedings at General Meetings	57-66
Votes of Members	67-78
Corporations acting by Representatives	79
Directors	80-86
Executive Directors	87-88
Alternate Directors	89-90
Appointment and Retirement of Directors	91-98
Meetings and Proceedings of Directors	99-109
Borrowing Powers	110
General Powers of Directors	111-115
Secretary	116
The Seal	117-118
Authentication of Documents	119-120
Reserves	121
Dividends	122-135
Untraced Shareholders	136
Capitalisation of Profits and Reserves	137
Accounts	138-141
Minutes and Books	142-143
Auditors	144-146
Notices	147-151
Winding Up	152-153
Indemnity	154

THE COMPANIES ACT 1985
C O M P A N Y L I M I T E D B Y S H A R E S
ARTICLES OF ASSOCIATION

OF

SCOTTISH HIGHLAND HOTELS PLC

Adopted by Special Resolution passed on 4 October 1996

=====

PRELIMINARY

1. The regulations contained in Table A of the Companies (Tables A to F) Regulations 1985 and in any other regulations made by the Secretary of State pursuant to Section 8 of the Companies Act 1985 (as from time to time amended) and in any Table A applicable to the Company under any former enactment relating to companies shall not apply to the Company.
2. In these Articles (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively:-

the Act

The Companies Act 1985 and every
statutory modification or
re-enactment thereof.

these Articles	These Articles of Association in their present form or as from time to time altered.
the Auditors	The auditors of the Company for the time being.
the Company	Scottish Highland Hotels plc.
CREST	The relevant system operated by CRESTCo Limited in terms of the Regulations and "relevant system" has the meaning assigned to it in the Regulations.
the Directors	The Board of Directors of the Company for the time being or the Directors present at a duly convened meeting of the Directors at which a quorum is present as the context requires.
Dividend	Dividend and/or bonus.
the Group	The Company and any company which is from time to time a subsidiary or holding company of the Company or a subsidiary of a holding company of the Company.
London Stock Exchange	London Stock Exchange Limited

Month	Calendar month.
the Office	The registered office of the Company for the time being.
Recognised Person	An allottee or transferee of shares, debentures or debenture stock of the Company mentioned in Section 185(4) of the Act.
the Register	The Register of Members of the Company to be kept pursuant to Section 352 of the Act.
the Regulations	The Uncertificated Securities Regulations 1995 as amended from time to time together with any rules promulgated thereunder for the time being in force.
the Seal	The Common Seal of the Company.
the Secretary	Any person or a partnership appointed by the Directors to perform any of the duties of the Secretary and where two or more persons are appointed to act as Joint Secretaries the term shall include any one of those persons.
the Securities Seal	An official seal of the authorised by Section 40 of the Act.
the Statutes	The Act and every other act for the time being in force concerning companies and any subordinate

legislation thereunder for the time being in force in so far as the same applies to the Company.

the United Kingdom Great Britain and Northern Ireland.

Year Calendar year.

The expressions "debenture" and "debenture holder" shall respectively include "debenture stock" and "debenture stockholder".

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include corporations.

A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles. The expression "special notice" shall mean notice given in accordance with the provisions of the Statutes in any case where special notice of a resolution is required.

Powers of delegation shall not be restrictively construed but the widest interpretation shall be given thereto and except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under these Articles or under another delegation of the power.

References to writing include references to any visible and non-transitory substitute for writing.

Subject as aforesaid, any words or expressions defined in the Statutes shall (if not inconsistent with the subject or context) bear the same meanings in these Articles.

SHARE CAPITAL

3. (A) The authorised share capital of the Company at the date of adoption of these Articles is £3,000,000 divided into 40,000,000 Ordinary Shares of £0.05 each ("Ordinary Shares") and 1,000,000 Redeemable Preference Shares of £1.00 each ("Preference Shares") (together hereinafter called "shares").
- (B) The rights attaching to the respective classes of shares shall be as follows:-

(a) As regards income:-

The profits of the Company available for distribution shall be applied as follows:-

- (i) First in paying to the holders of the Preference Shares a cumulative preferential net cash dividend (hereinafter in these Articles referred to as "the Preference Dividend") at the rate of 5.5 per cent per annum on the capital for the time being paid up thereon, accruing from 1 November 1996 and payable half yearly on 30 April and 31 October in each year.
- (ii) Second in paying any remaining profits which the Company determines by

ordinary resolution to distribute in any financial year to the holders of Ordinary Shares.

- (iii) Every dividend shall be distributed to the appropriate shareholders pro-rata according to the amounts paid up or credited as paid up on the shares held by them respectively and shall accrue on a daily basis.
- (iv) Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act the Preference Dividend shall (notwithstanding any provision of these Articles and in particular notwithstanding that there has not been a recommendation of the Directors or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall be a debt due by the Company and be payable in priority to any other dividend.

(b) As regards capital:-

On a return of assets on liquidation, the assets of the Company available for distribution amongst the Members of the Company shall be applied:-

- (i) Firstly, in paying to the holders of the Preference Shares £1.10 in respect of each Preference Share held by them.

(ii) Secondly, and subject to the provisions of Article 153, in repaying to the holders of the Ordinary Shares £0.05 in respect of each Ordinary Share held by them.

(iii) Thereafter, and subject to the provisions of Article 153, the balance of such assets shall be distributed among the holders of the Ordinary Shares.

(c) As regards redemption:-

(i) Subject to the provisions of the Statutes all of the Preference Shares shall be redeemed automatically on 1 November 1998 at £1.10 per Preference Share or if on that date the Company cannot comply with the provisions of the Act relating to redemption, on such later date as the Company shall first be able to comply.

(ii) The Company shall redeem in accordance with the provisions of this Article all the Preference Shares at £1.10 per Preference Share immediately upon the happening of any of the following events on or before 1 November 1998:-

(1) the sale (whether in one transaction or in a series of transactions) of not less than 90% of the Ordinary Shares; or

- (2) any transaction or event which results in a 50% controlling interest in the Company being held by some person(s) other than a holder of Ordinary Shares in the Company immediately prior to such transaction or event.

The expression "50% controlling interest" shall mean an interest (within the meaning of Schedule 13 Part 1 and Section 324 of the Act) in shares in the Company conferring in aggregate 50% or more of the total voting rights conferred by all the issued shares in the Company.

- (iii) Save as provided in sub-paragraphs (i) and (ii) of this Article 3(B)(c) no holder of Preference Shares shall be entitled to require the Company to redeem all or any of the Preference Shares.
- (iv) The Company may at its option redeem in accordance with the provisions of this Article all of the Preference Shares at any time and from time to time provided that it shall (x) give to the holders not less than 21 days prior written notice of its intention to redeem; and (y) redeem at £1.10 per Preference Share.
- (v) Each registered holder of the Preference Shares shall be bound to

deliver to the Company at the Office for the time being, the certificate for his shares which are to be redeemed and on the redemption date or on the fourteenth day after receipt by the Company of the appropriate certificate or an indemnity reasonably satisfactory to the Company, or as soon as the Company is able to comply with the provisions of the Act relating to redemption (whichever is the later) the Company shall pay to him the amount payable in respect of such redemption and such payment shall be made through a bank if the Company shall think fit. If any Preference Shareholder whose shares are liable to be redeemed shall fail or refuse to deliver up the certificate or indemnity for his shares, the Company may retain the redemption monies until delivery of the certificate or of an indemnity in respect thereof reasonably satisfactory to the Company but shall thereupon pay the redemption monies to the shareholder.

(d) As regards voting:-

At a general meeting of the Company every holder of Ordinary Shares who is present in person or (being a corporation) by representative shall on a show of hands have one vote and every holder of Ordinary Shares who is present in person or by proxy or (being a corporation) by representative

shall on a poll have one vote for each Ordinary Share of which he or it is the holder.

The Preference Shares:-

- (i) shall not entitle the holders to vote on any resolution (other than a resolution for the winding up of the Company or abrogating any of the special rights attached to such shares) unless the dividend on the Preference Shares is 6 calendar months or more in arrears. Subject as aforesaid, at a meeting the business of which includes the consideration of a resolution upon which the holders of Preference Shares are entitled to vote in respect of each such (but no other) resolution on a show of hands every holder of Preference Shares who is present in person or (being a corporation) by a representative shall have one vote and on a poll every such holder present in person or by proxy or by representative shall have one vote for every Preference Share of which he is the holder; and
- (ii) shall entitle the holders thereof to receive notice of and attend at every general meeting of the Company.

- 4. (A) Subject to the provisions of the Statutes and without prejudice to any rights attached to any

existing shares, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Directors may determine.

- (B) Subject to the provisions of the Statutes and to the requirements of the London Stock Exchange, the Company may issue shares which are to be, or at the option of the Company or of the shareholders are liable to be, redeemed.

VARIATION OF RIGHTS

5. Whenever the share capital of the Company is divided into different classes of shares the special rights attached to any class may, subject to the provisions of the Statutes, be modified or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class (but not otherwise), and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, mutatis mutandis, apply except that:-

- (a) the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy not less than one

third in nominal amount of the issued shares of the class (unless all the shares of the class are registered in the name of a single shareholder, in which case the quorum shall be that single shareholder or, in the case of a corporate shareholder one person being the duly authorised representative of that shareholder);

- (b) at an adjourned meeting the necessary quorum shall be one person holding shares of the class or his proxy;
 - (c) each holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him; and
 - (d) a poll may be demanded by any one holder of shares of the class whether present in person or by proxy.
6. The special rights attached to any class of shares shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith.

ALTERATION OF SHARE CAPITAL

7. The Company may from time to time by ordinary resolution:-
- (a) increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its share

capital into shares of larger amount than its existing shares;

- (c) subject to the provisions of the Statutes, sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association and the resolution may determine that, as between the shares resulting from such sub-division, any of them may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its authorised capital by the amount of the shares so cancelled.

Where any difficulty arises in regard to any consolidation or division under this Article, the Directors may settle the same as they think expedient and in particular, but without prejudice to the foregoing generality, may issue fractional certificates or arrange for the sale of shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the members who would have been entitled to the fractions, and for this purpose the Directors may authorise some person to transfer the shares representing fractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity of the proceedings relating to the sale.

8. The Company may by special resolution reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner and with and subject to any confirmation and consent required by law.

CONVERSION OF SHARES INTO STOCK

9. The Company may by ordinary resolution convert all or any paid-up shares into stock, and may from time to time by like resolution reconvert all or any stock into paid-up shares of any denomination. After the passing of any resolution converting all the fully paid up shares of any class in the capital of the Company into stock, any shares of that class which subsequently become fully paid and rank pari passu in all other respects with such shares shall, by virtue of this Article and such resolution, be converted into stock transferable in the same units as the shares already converted.
10. The holders of stock may transfer the same, or any part thereof, in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred, or as near thereto as circumstances admit; and the Directors may from time to time fix the minimum amount of stock transferable not, without the sanction of an ordinary resolution of the Company, being greater than the nominal amount of the shares from which the stock arose.
11. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the

shares from which the stock arose, but no such privileges or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

12. All of the provisions of these Articles as are applicable to the paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall be construed accordingly.

PURCHASE OF OWN SHARES

13. The Company may, subject to the provisions of the Statutes and with the prior sanction of both a special resolution of the members and an extraordinary resolution passed at a separate class meeting of the holders of any class of convertible shares, purchase its own shares (including any redeemable shares). Otherwise, except to the extent permitted by the Statutes, no part of the funds of the Company shall be employed in the subscription for or purchase of or in loans upon the security of shares in the Company or in any company which is its holding company. The Company shall not (except as authorised by the Statutes) directly or indirectly give any financial assistance for the purpose of or in connection with a subscription for or purchase of such shares, nor (except as aforesaid) make any loan to any of the Directors or to any Director of any company which is its holding company nor enter into any guarantee or provide any security in connection with any such loan.

SHARES

14. Subject to Sections 80, 89 to 96 (inclusive) of the Act and to any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
15. The Company shall be entitled, but shall not be bound, to accept and, in case of acceptance, shall be entitled to record in such a manner as it may think fit, notices of any trust(s) in respect of any of the shares of the Company. Notwithstanding any such acceptance and/or the making of any such record, the Company shall not be bound to see to the execution, administration or observance of any trust, whether expressed, implied or constructive, in respect of any shares of the Company, and shall be entitled to recognise and give effect to the acts and deeds of the registered holders of such shares as if they were the absolute owners thereof. For the purpose of this Article "trust" includes any right in respect of any shares of the Company, other than an absolute right thereto in the registered holder thereof for the time being or such other rights in case of transmission thereof as are hereinafter mentioned.
16. The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and that the rate of the commission shall not exceed the rate of 10 per cent. of the price at which the shares in respect of which the commission is paid are issued. Such commission may be satisfied in whole or in part by the allotment (if so agreed) of

fully or partly paid shares. The Company may also on any issue of shares pay such brokerage as may be lawful.

17. The Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose and none of the provisions of these Articles relating to the transfer of shares shall preclude the Directors from recognising any renunciation of any allotment of shares.

SHARE CERTIFICATES AND UNCERTIFICATED SHARES

18. Every person (other than a member whose shares are in uncertificated form in accordance with Article 22 or a Recognised Person in respect of whom the Company is not by law required to complete and have ready for delivery a certificate) whose name is entered as a member in the Register shall be entitled, without payment, to receive within two months of lodgement of transfer or of the date of allotment or the date of expiration of any right of renunciation (whichever is the later) or within such other period as the terms of the issue shall provide one certificate for all his shares of any one class, or upon payment of such reasonable sum as the Directors may from time to time determine, several certificates, each for one or more of his shares of any one class.
19. (A) Every share certificate shall be issued under the Seal or the Securities Seal and shall specify the

number, class and distinguishing numbers (if any) of the shares to which it relates and the amount paid up thereon.

- (B) The Directors may determine, either generally or in particular cases, that any signature on share certificates need not be autographic but may be affixed to such certificates by some mechanical means or may be printed or that such certificates need not be signed by any person.
 - (C) No certificate shall be issued representing shares of more than one class.
20. (A) In the case of a share held jointly by several persons the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of such joint holders shall be sufficient delivery to all.
- (B) The Company shall not be bound to register more than four persons as the joint holders of any share (except in the case of executors or trustees of a deceased member).
 - (C) Any one of the joint holders of a share may give effectual receipts for any dividends or return of capital payable in respect of such share.
21. (A) Where some only of the shares comprised in a share certificate are transferred the old certificate shall be cancelled and a new certificate for the balance of such shares issued in lieu without charge.
- (B) Any two or more certificates representing shares of any one class held by any member may at his

request be cancelled and a single new certificate for such shares issued in lieu without charge.

- (C) If a share certificate shall be damaged or defaced or is alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the holder upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of any exceptional out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
 - (D) In the case of shares held jointly by several persons any such request may be made by any one of the joint holders.
22. (A) The Company may but shall have no obligation to provide for any one or more classes of its shares or other securities to be issued, transferred, registered or otherwise dealt with in uncertificated form in accordance with the Regulations and to be held in or be eligible for settlement by means of a relevant system, including CREST, notwithstanding any inconsistency between this and any other of these Articles.
- (B) In relation to any share or other security which is in uncertificated form, these Articles shall have effect subject to the provisions of the Regulations and (so far as consistent with them) to the following provisions:-
 - (a) the Company shall not be obliged to issue a certificate evidencing title and all

references in these Articles to a certificate in respect of any shares or securities shall be deemed inapplicable to shares or securities which are in uncertificated form;

- (b) the registration of title to and transfer of any shares or securities in uncertificated form shall be effected in accordance with the Regulations and there shall be no requirement for a written instrument of transfer;
- (c) a properly authenticated dematerialised instruction given in accordance with the Regulations shall be given effect in accordance with the Regulations;
- (d) any communication required or permitted by these Articles to be given by a person to the Company may be given in accordance with and in any manner (whether or not in writing) prescribed or permitted by the Regulations;
- (e) if any provision of these Articles is inconsistent in any respect with the terms of the Regulations in relation to shares or securities of the Company which are in uncertificated form, the Regulations will be given effect.

- (C) The Directors shall have the power to elect, without further consultation with the holders of any shares or securities of the Company (except where such shares or securities are constituted by virtue of some deed, document or source other than these Articles) that any single or all classes of shares and securities of the Company become capable of being traded on CREST or any other

relevant system in uncertificated form in accordance with the Regulations.

- (D) Subject to the Regulations shares issued in certificated form may be converted into uncertificated form and vice versa.

CALLS ON SHARES

23. Subject to the terms of allotment, the Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value or, when permitted, premium). A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
24. Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company as required by the notice the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may, before receipt by the Company of any sum due thereunder, be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable therefor notwithstanding the subsequent transfer of the shares in respect whereof the call was made.
25. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment

thereof to the time of actual payment at such rate (not exceeding a rate 4 per cent. per annum above the base lending rate charged by the Company's bankers for the time being) as the Directors determine, but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

26. An amount payable in respect of a share upon allotment or at any fixed date (whether on account of nominal value or premium or as an instalment of a call) shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
27. Subject to the terms of allotment, the Directors may on the issue of shares differentiate between the allottees or the holders as to the amount of calls to be paid and the times of payment.
28. The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the money so received, or upon so much thereof as from time to time exceeds the amount then called upon such shares, the Company may pay interest at such rate (not exceeding a rate one per cent. per annum above the base lending rate charged by the Company's bankers for the time being) as the member paying such sum and the Directors may agree. Sums so paid in advance shall not entitle participation in any dividend.

FORFEITURE AND LIEN

29. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may give to him not less than fourteen days' notice requiring payment of the amount unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.
30. The notice shall name a further day (not being less than fourteen days from the date of the notice) on or before which and the place where the payment required by the notice is to be made and shall state that if the notice is not complied with the shares on which the call has been made will be liable to be forfeited.
31. If the notice is not complied with, any share in respect of which such notice has been given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends or other moneys payable in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder and, in such case, references herein to forfeiture shall include surrender.
32. When any share has been forfeited, notice of the forfeiture shall forthwith be given to the person who was before forfeiture the holder of the share or the person who was before forfeiture entitled to the share by reason of the death or bankruptcy of the holder (as the case may be); but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.

33. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to execute an instrument of transfer (or in the case of shares held or dealt with in uncertificated form, an instruction given in accordance with the Regulations) of a forfeited or surrendered share to any such other person.
34. A person any or all of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificates for the shares forfeited, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at a rate of four per cent. per annum above the base lending rate charged by the Company's bankers for the time being (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part. The provisions of this Article shall apply mutatis mutandis to a person whose shares are held or dealt with in uncertificated form.
35. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all

moneys (whether presently payable or not) called or payable at a fixed time in respect of such share. The Company's lien (if any) on a share shall extend to any amount, including, without prejudice to the foregoing generality, dividends payable in respect of it. The Directors may at any time declare any share to be exempt wholly or partially from the provisions of this Article.

36. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien if some sum in respect of which the lien exists is presently payable and is not paid within fourteen days after a notice in writing shall have been given to the holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy or otherwise by operation of law, demanding payment and stating that if the notice is not complied with the shares may be sold.
37. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities in respect whereof the lien exists so far as the same are then payable and any residue shall (upon surrender to the Company for cancellation of the certificate, or in the case of shares held or dealt with in uncertificated form any similar or like document or action of surrender carried out in accordance with the Regulations, for the shares sold and subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For the purpose of giving effect to any such sale the Directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the direction of, the purchaser.

38. A statutory declaration in writing by a Director or the Secretary of the Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration shall (subject to the execution of a transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

39. Subject to such of the restrictions of these Articles as may be applicable, any member may transfer all or any of his shares by instrument of transfer in the usual common form or in any other form which the Directors may approve. The instrument of transfer of a share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof.
40. Subject to such of the restrictions of these Articles as may be applicable and to the Regulations, any member may transfer all or any of his shares held in uncertificated form by means of a relevant system, including CREST.

41. The registration of transfers may be suspended at such times, and for such periods (not exceeding thirty days in any year) as the Directors may from time to time determine and either generally or in respect of any class of shares; provided that a register of shares held in uncertificated form shall not be closed without the consent of the Operator (as defined in the Regulations).
42. (A) Save only as permitted in these Articles or as may be permitted and approved by the London Stock Exchange, any fully paid share may be transferred without restriction. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid up (but not so as to prevent dealings in shares from taking place on an open and proper basis) or on which the Company has a lien. The Directors may also refuse to register a transfer of shares in uncertificated form if the circumstances referred to in Regulation 23(1) or 23(3) of the Regulations shall apply or in the case of shares held in certificated form unless the instrument of transfer:-
- (a) is lodged (duly stamped if necessary) at the Office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do);
 - (b) is in respect of only one class of share;
 - (c) is in favour of not more than four persons jointly (except in the case of executors or

trustees of a deceased member).

(B) If the Directors refuse to register a transfer they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

43. All instruments of transfer which are registered shall, subject to Article 45 hereof, be retained by the Company but any instrument of transfer which the Directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.
44. No fee shall be charged by the Company in respect of the registration of any instrument of transfer or other document relating to or affecting the title to any shares.
45. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiry of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars

thereof in the books or records of the Company; provided always that:-

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article;
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

- 46. If a member dies, the survivors or survivor where the deceased was a joint holder, and the executors or personal representatives or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
- 47. (A) Subject to the provisions of the preceding Article, any person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law may (subject as hereinafter provided) upon such evidence being produced as the Directors may from

time to time properly require either (i) be registered as holder of the share (in either a personal or representative capacity) or (ii) transfer such share to some other person. If he elects to become registered himself he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the provisions of these Articles relating to the transfer of shares shall apply to the notice, dematerialised instruction (as defined in the Regulations) or instrument of transfer as if it were an instruction given or an instrument of transfer signed by that member before his death or bankruptcy, as the case may be, including, without prejudice to the foregoing generality, the right of the Directors to decline or suspend registration.

- (B) The intimation to the Company, by or on behalf of any person becoming entitled to a share in accordance with sub-paragraph (A) of this Article, of the evidence therein required shall be deemed to be a request by him to be registered as holder of the share in a representative capacity unless he shall otherwise elect, provided always that such registration shall not impose any personal liability upon him in respect of the share.

48. Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a share in consequence of the death or bankruptcy of a member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall have the rights, including rights as to dividends and other moneys payable in respect of the share, to which he would be entitled if he were the registered holder of the share, except that he shall

not before being registered as the holder of the share be entitled in respect of it to receive notice of, attend or vote at any meeting of the Company or at any separate meeting of the holders of any class of shares in the Company.

GENERAL MEETINGS

49. An annual general meeting shall be held once in every year, at such time (within a period of not more than 15 months after the last preceding annual general meeting) and place as the Directors may determine.
50. All general meetings of the Company other than each annual general meeting shall be called extraordinary general meetings.
51. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an extraordinary general meeting.
52. The provisions of these Articles relating to general meetings shall apply, with necessary modifications, to any general meeting of the holders of a separate class of shares.

NOTICE OF GENERAL MEETINGS

53. An annual general meeting and any extraordinary general meeting called for the passing of a special resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company shall be called by twenty-one days' notice in writing at the least and any other extraordinary general meeting by fourteen days' notice in writing at the least. The period of notice shall in each case be

exclusive of the date on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereinafter mentioned to the Auditors, to the Directors and to all members who are entitled under these Articles to receive such notices from the Company; provided that a general meeting, notwithstanding that it has been called by a shorter notice than that specified above, shall be deemed to have been duly called if it is so agreed:-

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right;

provided also that the accidental omission to give notice or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send an instrument of proxy to or the non-receipt of notice or such instrument of proxy by any person entitled thereto shall not invalidate the proceedings at any general meeting.

54. (A) Every notice calling a general meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

- (B) In the case of an annual general meeting, the notice shall also specify the meeting as such.
 - (C) In the case of any general meeting at which any resolution is to be proposed as an extraordinary resolution or as a special resolution, the notice shall contain a statement to that effect.
55. The Directors shall, on the requisition of members in accordance with the provisions of the Statutes, but subject as therein provided:-
- (a) give to the members entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting;
 - (b) circulate to the members entitled to have notice of any general meeting any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
56. In the event of special notice of any resolution having been given to the Company in accordance with the provisions of the Statutes the Company shall give to the members notice of such resolution in the same manner and at the same time as it gives notice of the meeting at which it is to be moved or, if that is not practicable, shall give them notice thereof in manner hereinafter provided not less than twenty-one days before the meeting. The notice so given by the Company shall specify the fact that special notice has been given to the Company of the intention to propose the resolution in question.

PROCEEDINGS AT GENERAL MEETINGS

57. The Chairman of the Directors (if any), or in his absence the Deputy Chairman, shall preside as chairman at a General meeting. If neither the Chairman nor the Deputy Chairman be present within fifteen minutes after the time appointed for holding the meeting and be willing to act, the Directors present shall choose one of their number or, if there is only one Director present and willing to act, he shall be Chairman. If no Director be present within fifteen minutes, or if all the Directors present decline to take the chair, the members present and entitled to vote shall choose one of their number to be chairman of the meeting.
58. A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of share in the Company.
59. No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy shall be a quorum for all purposes.
60. If within fifteen minutes from the time appointed for a general meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such day time and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the members present in person or

by proxy shall be a quorum.

61. (A) The chairman of any general meeting at which a quorum is present may with the consent of the meeting (and shall, if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.
- (B) Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors.
- (C) When a meeting is adjourned for fourteen days or more at least seven days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
62. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special or extraordinary resolution no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
63. A resolution put to the vote of a meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is demanded by:-

- (a) the chairman of the meeting; or
- (b) at least two members entitled to vote at the meeting; or
- (c) a member or members representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand by a person as proxy for a member shall be the same as a demand by the member.

64. (A) Unless a poll is duly demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.
- (B) The demand for a poll may, at any time before the close of the meeting or the taking of the poll, whichever is the earlier, be withdrawn but only with the consent of the chairman of the meeting and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- (C) A poll shall be taken in such manner (including the use of ballot or voting papers or tickets) as

the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

- (D) The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers (who need not be members) and may fix a time and place for the purpose of declaring the result of the poll.

65. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.
66. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such time (not being more than thirty days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

67. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the share.
68. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder or otherwise under any legal disability or being minor may vote, whether on a show of hands or on a poll, by his judicial factor, curator bonis, guardian or other person authorised in that behalf, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting or for the taking of the poll at which it is desired to vote and in default the right to vote shall not be exercisable.
69. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a general meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.
70. (A) If a member or any other person appearing to be interested in shares in the Company shall have been served with a notice under Section 212 (a "Section 212 Notice") of the Act and:-
- (1) is in default in supplying the information

thereby required within the period of 14 days (where the shareholding concerned represents at least 0.25 per cent. of the issued share capital of the relevant class of shares in the Company) or 28 days (in all other cases); or

- (2) in purported compliance with such a statutory notice, makes a statement which is false in a material particular,

the Company may send him a notice (a "Direction Notice") of disenfranchisement and he shall not thereafter, so long as the Direction Notice continues to be in force, be entitled to attend or vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class in person or by proxy or to exercise any privilege as a member in relation to meetings of the Company.

In addition, where the shareholding concerned represents at least 0.25 per cent of the issued share capital of the Company, the Company may by the same or further notice (also a "Direction Notice") provide that, so long as the Direction Notice continues to be in force, payment of dividends on the shares concerned (including shares issued in lieu of dividend) shall be withheld and the Company may refuse to register a transfer of such shares other than a sale to a bona fide third party whom the Directors are satisfied is unconnected with the transferor.

- (B) Without prejudice to the provisions of paragraph (A) of this Article, a sale through a recognised investment exchange (as defined in the Financial

Services Act 1986) or any other stock exchange (including the London Stock Exchange) in which the Company's shares are normally traded and acceptance of a take over offer for the Company shall be deemed to be a transfer to a bona fide unconnected third party.

- (C) A Direction Notice shall (with immediate effect) cease to be in force:-
- (a) in respect of all the shareholding concerned if the information required by the Section 212 Notice is supplied to the satisfaction of the Company;
 - (b) in respect of any shares forming part of the shareholding concerned if the Company receives notice and the Directors are of the opinion that those shares have been sold to a bona fide unconnected third party; or
 - (c) if the Directors decide to waive the restriction in whole or in part.
- (D) As soon as practicable after the Direction Notice has ceased to be in force in relation to any shares forming part of the shareholding concerned, such shares shall cease to be disenfranchised, any dividends withheld pursuant to the Direction Notice shall be paid (without interest thereon) and there shall be no restriction on any transfer of such shares save as may otherwise apply pursuant to these Articles.
- (E) For the purposes of this Article, a person shall be treated as appearing to be interested in any shares in the Company if the member holding such

shares has given to the Company a notification under the said Section 212 which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant notification under the said Section 212) the Company knows of, or has reasonable cause to believe that, the person in question is or may be interested in the shares.

(F) The provisions of this Article are without prejudice to the provisions of Section 216 of the Act and, in particular, the Company may apply to the court under Section 216(1) whether or not these provisions apply or have been applied.

(G) A Direction Notice may be cancelled by the Directors at any time.

71. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

72. If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the resolution unless it is pointed out at the same meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the chairman of the meeting be of sufficient magnitude to vitiate the resolution.

73. On a poll votes may be given either personally or by

proxy or by a representative and a person entitled to more than one vote may appoint more than one proxy and need not use all his votes or cast all the votes he uses in the same way.

74. A proxy need not be a member of the Company.
75. An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:-
- (a) in the case of an individual shall be signed by the appointor or his attorney; and
 - (b) in the case of a corporation shall be either given under its common seal or signed on its behalf by a Director or the Secretary or an attorney or other person duly authorised by the corporation.

The signature on such instrument need not be witnessed. The Directors may, if they think fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney, or a notarially certified copy thereof, must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument may be treated as invalid.

76. An instrument appointing a proxy must be left at a place specified for that purpose in, or by way of note to or in any document accompanying, the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or

adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) not less than 24 hours before the time appointed for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

77. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which the proxy is given as the proxy thinks fit but shall not confer any further right to speak at the meeting except with the permission of the chairman of the meeting.
78. A vote cast or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous death or insanity of the principal or the determination of the authority of the person voting or demanding a poll unless notice of the death, insanity or determination was received by the Company at the Office at least twenty four hours before the commencement of the meeting or adjourned meeting at which the vote is cast or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll.

CORPORATIONS ACTING BY REPRESENTATIVES

79. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.

DIRECTORS

80. Unless otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two nor more than 14 in number.
81. Directors shall not require any shareholding qualification.
82. The ordinary remuneration of the Directors (other than any Director who holds any executive office including for this purpose the office of Chairman or Deputy Chairman where such office is held in an executive capacity, or employment with the Company or a subsidiary of the Company entitling him to remuneration under any agreement and who is not thereby entitled to any fees as a Director) shall not exceed £100,000 or such other amount as may from time to time be determined by ordinary resolution of the Company. Such remuneration shall be deemed to accrue from day to day and shall be divisible among the Directors in such proportion and manner as the Directors may determine.

83. Any Director who holds any executive office (including for this purpose the office of Chairman or Deputy Chairman where such office is held in an executive capacity), or employment with the Company or a subsidiary of the Company, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such remuneration by way of salary, commission, participation in profits or otherwise, in addition to or in substitution for his ordinary remuneration as a Director, as the remuneration committee of the Company may determine, and such additional remuneration shall not be taken into account for the purposes of the limitation contained in Article 82.
84. The Directors may also be paid all reasonable travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.
85. Subject to the provisions of the Statutes and of these Articles and provided that he has disclosed to the Directors the nature and extent of any interest, a Director, notwithstanding his office, may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he, any company in which he is interested or any firm of which he is a member may hold and be remunerated in respect of any office or place of profit (including that of manager and/or secretary but other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for

the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

86. A Director may be or become a director or other officer of, or otherwise interested in, any other company in which the Company is a shareholder or is otherwise interested, and shall not (unless it is otherwise agreed) be liable to account to the Company for any remuneration or other benefits receivable by him as a director or officer of or from his interest in such other company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing them or any of their number directors or officers of such other company or voting or providing for the payment of remuneration to the directors or officers of such other company.

EXECUTIVE DIRECTORS

87. The Directors may from time to time appoint one or more of their body to any executive office (including where considered appropriate, the office of Chairman or Deputy Chairman) on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment. Remuneration of executive officers shall be as specified by the remuneration committee of the Company and may be either in addition to or in lieu of the ordinary remuneration as Directors.

88. (A) The appointment of any Director to any executive office shall automatically determine if he ceases to be a Director, but without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (B) The Directors may entrust to and confer upon any Director holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

ALTERNATE DIRECTORS

89. Subject to the unanimous consent of the Directors, each Director shall have the power at any time to appoint as his alternate, to act in his place during his absence, either another Director or any other person approved for that purpose by a resolution of the Directors and, at any time, to terminate such appointment. Any such alternate is referred to in these Articles as an alternate Director.
90. (A) The appointment of an alternate Director shall automatically determine in any of the following events:-
- (a) if his appointor shall terminate the appointment;
 - (b) on the happening of any event which, if he were a Director, would cause him to vacate the office of Director;
 - (c) if by writing under his hand left at the

Office he shall resign such appointment;
and

- (d) if his appointor shall cease for any reason to be a Director otherwise than by retiring and being re-appointed at the same meeting.
- (B) An alternate Director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served upon him) be entitled to receive notice of meetings of the Directors and of any committee of the Directors of which his appointor is a member and to attend and, in place of his appointor, to vote and be counted for the purpose of a quorum at any such meeting at which his appointor is not personally present and generally to perform all functions as a Director of his appointor in his absence, and such alternate Director shall except as provided in this Article and as regards power to appoint an alternate be subject to the provisions of these Articles with regard to Directors.
- (C) An alternate Director may be repaid by the Company such expenses as might properly have been repaid to him if he had been a Director but shall not in respect of his office of alternate Director be entitled to receive any remuneration from the Company. An alternate Director shall be entitled to be indemnified by the Company to the same extent as if he were a Director.
- (D) An alternate Director shall, during his appointment, be an officer of the Company and shall not be deemed to be an agent of his appointor.
- (E) Every appointment and removal of an alternate Director shall be in writing signed by the

appointor and shall take effect (subject to any approval required by paragraph (A) of this Article) upon receipt of such written appointment or removal at the Office or by the Secretary.

- (F) A Director or any other person may act as an alternate Director to represent more than one Director and an alternate Director shall be entitled at meetings of the Directors or any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director.

APPOINTMENT AND RETIREMENT OF DIRECTORS

91. Except as authorised by and in accordance with the provisions of the Statutes, no person shall be eligible for appointment or may continue in office as a Director after he shall have attained the age of 70, provided that any such Director already appointed shall continue to hold such office until the Annual General Meeting following his seventieth birthday when he shall retire as a Director.

92. The office of a Director shall be vacated if:-

- (a) he shall become prohibited by law from acting as a Director, or shall cease to be a Director by virtue of any provision of the Statutes;
- (b) not being a Director holding executive office for a fixed period, he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;
- (c) he shall become bankrupt or apparently bankrupt, be sequestrated or have a receiving order made

against him, or execute a trust deed for behoof of his creditors or shall compound with his creditors generally;

- (d) he is, or may be, suffering from mental disorder and either:-
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983, or in Scotland an application for admission under the Mental Health (Scotland) Act 1960; or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
- (e) he shall be absent from meetings of the Directors for the greater of six consecutive months and six consecutive meetings without the unanimous consent of the Directors and the Directors shall resolve that his office be vacated;
- (f) he shall be removed pursuant to Article 97 hereof;
- (g) he shall be removed from office by notice in writing served upon him signed by all his co-Directors, but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

93. (A) At each Annual General meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation; provided that no Director holding executive office shall be subject to retirement or be taken into account in determining the number of Directors to retire.

(B) Subject to the provisions of the Statutes the Directors to retire by rotation shall be those who have been longest in office since their last appointment or re-appointment but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(C) In addition to those Directors who are required to retire from office by rotation pursuant to paragraph (A) of this Article, any Director who has been appointed by the Directors to fill a casual vacancy on, or as an addition to, the board of Directors shall retire from office at the next following annual general meeting but shall then be eligible to stand for election.

94. The Company, at the meeting at which a Director retires by rotation, may by ordinary resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been reappointed unless:-

(a) at the meeting it is resolved not to fill such vacancy or a resolution for the re-appointment of the Director is put to the meeting and lost;

(b) the Director has given notice in writing to the

Company that he is unwilling to be reappointed;

- (c) the default is due to the moving of a resolution in contravention of the next following Article.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to appoint some other person in the place of the retiring Director or a resolution for his reappointment is put to the meeting and lost and accordingly a retiring Director who is reappointed or deemed to have been reappointed will continue in office without a break.

- 95. A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it. Any resolution moved in contravention of this provision shall be void.

- 96. (A) No person other than a Director retiring by rotation shall be appointed or re-elected a Director at any general meeting unless:-

- (a) he is recommended by the Directors; or
- (b) notice has been given of a resolution to appoint that person as a Director in place of a Director intended to be removed by ordinary resolution pursuant to the next following Article; or
- (c) not less than seven nor more than fourteen days (exclusive of the date on which the notice is served or deemed to be served and of the day of the meeting) before the date appointed for the meeting, notice executed by

a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or reappointment stating the particulars which would if he were so appointed or reappointed be required to be included in the Company's register of Directors, together with notice signed by the person to be proposed of his willingness to be appointed or reappointed.

- (B) Not less than seven nor more than fourteen days before the date appointed for holding a general meeting, notice shall be given to all who are entitled to receive notice of the meeting of any person (other than a Director retiring by rotation at the meeting) who is recommended by the Directors for appointment or reappointment as a Director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment or reappointment as a Director.

97. The Company may (in accordance with and subject to the provisions of the Statutes) by ordinary resolution of which special notice has been given, remove any Director from office (notwithstanding any provision of these Articles or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and may by like resolution appoint another person in place of a Director so removed from office and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy.

98. The Company may by ordinary resolution appoint any person who is willing to act to be a Director either to fill a casual vacancy or as an additional Director and may also determine the rotation in which any additional directors are to retire. Without prejudice thereto, the Directors shall have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with these Articles. Any person so appointed by the Directors shall hold office only until the next annual general meeting and shall then be eligible for reappointment, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof.

MEETINGS AND PROCEEDINGS OF DIRECTORS

99. Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit. At any time any Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. It shall not be necessary to give notice of a meeting to any Director who is absent from the United Kingdom. Any Director may waive notice of any meeting and any such waiver may be retroactive.
100. (A) The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.
- (B) Any Director may participate in a meeting of the Directors by means of conference telephone or

similar communications equipment by means of which all persons participating in the meeting can hear each other and such meeting shall be deemed to have occurred at the place, if any, where most of the Directors participating are present and otherwise where the Chairman of the meeting is present. Participation in a meeting in such manner shall constitute presence in person at such meeting for the purposes of these Articles.

101. Questions arising at any meeting of the Directors shall be determined by a majority of votes. In case of an equality of votes the chairman of the meeting shall have a second or casting vote.

102. Without prejudice to any provisions in the Statutes, a Director who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, if his interest then exists, or in any other case at the first meeting of the Directors after he becomes so interested. A general notice to the Directors given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in all transactions with such company or firm shall be a sufficient declaration of interest under this Article, and after such general notice it shall not be necessary to give any special notice relating to any subsequent transaction with such company or firm, provided that no such notice shall be effective unless it is either given at a meeting of the Directors or the Director giving the same takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.

103.(A) Save as otherwise provided in these Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote.

(B) Subject to the provisions of the Act, a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:-

- (a) the giving of any guarantee security or indemnity to him in respect of money lent to or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any guarantee security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any conduct, arrangement or contract, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription, purchase or exchange in which offer he is or is to be interested by virtue of his being or intending to become a participant in the

underwriting or sub-underwriting thereof;

- (d) any contract, arrangement or proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him within the meaning of Section 346 of the Act) is not the holder of or beneficially interested in one per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);
- (e) a contract, arrangement or proposal relating in any way to a pension fund or retirement or any employees' share scheme under which he may benefit and benefits scheme which has been approved or is conditional upon approval by the Board of Inland Revenue for taxation purposes or of any employees' share scheme under which he may benefit and which does not accord to any Director any privilege or advantage not generally accorded to the employees to whom the scheme relates;
- (f) any contract, arrangement or proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of the Directors, or for the benefit of persons including Directors provided that for the purposes of this sub-paragraph insurance shall mean only insurance against liability incurred by a Director in respect of any act or omission by him referred to in

Article 115(C) or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including Directors.

For the purposes of this Article, an interest of a person who is for any purpose of the Act (as in force on the date of the adoption of these Articles) connected with a Director shall be treated as an interest of the Director and in relation to an alternate Director an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise.

- (C) Where proposals are under consideration concerning the appointment (including the arrangement or variation of the terms thereof or the remuneration thereof) of two or more Directors to offices or employment with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and each of the Directors concerned (if not debarred from voting under paragraph (B)(d) of this Article) shall be entitled to be counted in the quorum in respect of each resolution and to vote in respect of each resolution except that concerning his own appointment (or the arrangement or variation of the terms thereof or the remuneration thereof).
- (D) If any question shall arise at a meeting of Directors or a committee thereof as to the materiality of a Director's interest or as to the right of any Director to vote and such question is not resolved by his voluntarily agreeing to

abstain from voting, the question may be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive, except in a case where the nature or extent of the interest of such Director has not been fairly disclosed. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Directors (for which purposes the chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be fixed and conclusive except in a case when the nature or extent of the interest of the chairman has not been fairly disclosed.

- (E) The Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

104. The continuing Directors or a sole continuing Director may act notwithstanding any vacancies, but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director may act only for the purpose of filling up such vacancies or of calling general meetings. If there be no Directors or Director able or willing to act, then any two members may summon a general meeting for the purpose of appointing Directors.

105. The Directors may appoint from their number a Chairman and a Deputy Chairman and may at any time remove either from such office. If no Chairman or Deputy Chairman shall have been appointed or if at any meeting of the Directors no Chairman or Deputy Chairman shall be willing to preside or be present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be

chairman of the meeting.

106. A resolution in writing signed or approved by letter, facsimile or telex by all the Directors entitled to receive notice of a meeting of Directors shall be as effective as a resolution duly passed at a meeting of the Directors duly convened and held and may consist of several documents in the like form, each signed by one or more Directors. A resolution signed by an alternate Director in the absence of his appointor need not be signed by his appointor.
107. The Directors may delegate any of their powers or discretions to committees consisting of two or more Directors. Any such delegation may be made subject to any conditions the Directors may impose.
108. The meetings and proceedings of any such committee consisting of two or more members shall be governed mutatis mutandis by the provisions of these Articles regulating the meetings and proceedings of the Directors, so far as they are capable of applying and are not superseded by any regulations made by the Directors under the last preceding Article.
109. All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any of the Directors or that any of them were disqualified from holding or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

BORROWING POWERS

110.(A) Subject as hereinafter provided, the Directors may exercise all the powers of the Company to borrow or raise money as they think necessary for the purposes of the Company. The Directors shall take all necessary steps (including the exercise of all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries) for securing that the aggregate amount at any one time outstanding in respect of moneys borrowed by it or them or any of them, (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time, without the previous sanction of an ordinary resolution of the Company exceed a sum equal to two times the Adjusted Total of Capital and Reserves which, for the purposes of this Article shall mean the aggregate of:-

- (a) the amount for the time being paid-up or credited as paid-up on the issued share capital of the Company; and
- (b) the amounts standing to the credit of the reserves (including without limitation the share premium account, revaluation reserve, capital redemption reserve and any credit balance on the consolidated profit and loss account) of the Group;

all as shown in a consolidation of the then latest audited consolidated balance sheets of the Group but after:-

- (c) making such adjustments as may be appropriate in respect of any variation in the issued and paid-up share capital, the share premium account, revaluation reserve and capital

redemption reserve of the Group since the date of its latest audited consolidated balance sheet;

- (d) excluding therefrom any sums set aside for future taxation;
- (e) deducting therefrom an amount equal to the aggregate goodwill and other intangible assets and any debit balance on the consolidated profit and loss account; and
- (f) making such other adjustments as the Auditors consider appropriate.

(B) For the purposes of this Article "borrowings" shall be deemed to include the following except insofar as otherwise taken into account:-

- (a) the nominal amount of any issued share capital and the principal amount of any debentures or borrowed moneys, the beneficial interest whereof is not for the time being owned by a member of the Group, of any body whether corporate or unincorporate and the payment or repayment whereof is the subject of a guarantee or indemnity by a member of the Group;
- (b) the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Group;
- (c) the principal amount of any debenture (whether secured or unsecured) of a member of the Group owned otherwise than by a member of the Group; and

- (d) the principal amount of any preference share capital of any subsidiary owned otherwise than by a member of the Group; and
- (e) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing;

but shall be deemed not to include

- (f) borrowings for the purposes of repaying the whole or any part of borrowings by a member of the Group for the time being outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period;
- (g) borrowings for the purpose of financing any contract in respect of which any part of the price receivable by a member of the Group is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade or by any other Governmental department fulfilling a similar function, to an amount not exceeding that part of the price receivable thereby which is so guaranteed or insured; and
- (h) amounts borrowed or raised which are for the time deposited with H.M. Customs and Excise or any other body designated by any relevant legislation or order in connection with import deposits or any similar governmental scheme to the extent that a member of the Group retains its interest therein.

- (C) An amount equal to the borrowings of any company becoming a subsidiary of the Company immediately after it becomes such a subsidiary shall at the time it becomes such a subsidiary and for a period of six months thereafter, and an amount equal to the borrowings remaining secured on any asset acquired by the Company or any of its subsidiaries immediately after such acquisition shall at the time of such acquisition and for a period of six months thereafter, be deducted in calculating the aggregate amount from time to time outstanding of all borrowings by the Group.
- (D) When the aggregate amount of borrowings required to be taken into account for the purposes of this Article on any particular day is being ascertained, any such moneys denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent at the rate of exchange prevailing on that day in London provided that such moneys shall be converted at the rate of exchange prevailing in London six months before such day if thereby such aggregate amount would be less (and so that for this purpose the rate of exchange shall be taken as the spot rate as at the close of business).
- (E) No lender or other person dealing with the Company shall be concerned to see or enquire whether the limit contained in paragraph (A) of this Article is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual, except in the case of express notice to the lender or the recipient of the security at the time the debt was incurred or the security given that the limit hereby imposed had been or was thereby exceeded.

- (F) The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures or securities, and upon such terms as to the time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as they may think proper including a right for the holder of bonds, debentures or securities to exchange the same for shares in the Company of any class authorised to be issued.
- (G) The Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage of or charge upon all or any part of the undertaking or property of the Company, both present and future, and upon any capital remaining unpaid, upon the shares of the Company whether called up or not, or by any other security, and the Directors may confer upon any mortgagee or person in whom any debenture or security is vested such rights and powers as they think necessary or expedient, and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or raised, and confer upon the trustees or any receiver to be appointed by them or by any debenture-holder such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management or the realisation thereof or the making, receiving or enforcing of calls upon the members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated by the Company.
- (H) The Directors may give security for the payment of any moneys payable by the Company in like manner as for the payment of money borrowed or raised,

but in such case the amount shall for the purposes of the limitation contained in paragraph (A) of this Article be reckoned as moneys borrowed.

- (I) A certificate or report by the Auditors as to the amount of the Adjusted Total of Capital and Reserves or the amount of any borrowings or to the effect that the limit imposed by this Article has not been or will not be exceeded at any particular time or times shall be conclusive evidence of such amount or facts for the purposes of this Article.

GENERAL POWERS OF DIRECTORS

111. The business and affairs of the Company shall be managed by the Directors, who in addition to the powers and authorities expressly conferred upon them by these Articles or otherwise may exercise all such powers and do all such acts and things as may be exercised or done by the Company in general meeting, subject to the provisions of the Statutes, these Articles and the Memorandum of Association of the Company and any directions given by the Company in general meeting; provided that no such direction given by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such direction had not been given, and that the general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

112. The Directors may arrange that any branch of the business carried on by the Company or any other business in which the Company may be interested shall be carried on by or through one or more subsidiary companies, and they may on behalf of the Company make such arrangements as they think advisable for taking the profits or bearing the losses of any branch or

business so carried on or for financing, assisting or subsidising any such subsidiary company or guaranteeing its contracts, obligations or liabilities and they may appoint any persons (whether Directors or not) to act as directors, executive directors or managers of any such company or any other company in which the Company may be interested and remove any such persons, and may determine the remuneration (whether by way of salary, commission on profits or otherwise) of any person so appointed.

113. The Directors may by power of attorney or otherwise appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorneys or agents of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney or agent as the Directors may think fit, and may also authorise any such attorney or agent to sub-delegate all or any of the powers, authorities and discretions vested in him.

114. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

115.(A) The Directors may give or award pensions, annuities, gratuities, superannuation, allowances and bonuses or any share or interest in the profits of the Company's business or any part

thereof to any persons who are or have at any time been in the employment or service of the Company or of any company which is a subsidiary company of, or allied or associated with, the Company or any such subsidiary, or who are or have at any time been Directors or officers of the Company or any such other company as aforesaid, and who hold or held salaried employment in the Company or such other company, and to the dependants of such persons; and may (whether or not in conjunction with one or more subsidiary or associated companies) establish, support and maintain funds or schemes (whether contributory or non-contributory) for providing pensions, sickness or compassionate allowances, life assurance or other benefits for such persons or dependants as aforesaid or any of them or any class of them; and may establish and support or aid in the establishment and support of any schools and any educational, scientific, literary, religious or charitable institutions or trade societies, whether or not such societies be solely in connection with the trade carried on by the Company or such other company as aforesaid, and any club or other establishment calculated directly or indirectly to advance the interests of the Company or its members or such other company as aforesaid or of such persons as aforesaid; and may subscribe or guarantee money for any exhibition or for any public, general or useful object.

- (B) The Directors may pay, enter into agreements to pay or make grants (revocable or irrevocable and either subject or not subject to any terms or conditions) of pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which

such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding Article. Any such pension or benefit may, as the Directors consider desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement.

- (C) Without prejudice to the provisions of Article 154, the Directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or Auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company or any of the predecessors of the Company or of such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which employees of the Company or of any other such company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any other such company, subsidiary undertaking or pension fund.

SECRETARY

116. Subject to the provisions of the Act, the Secretary

shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

THE SEAL

117. (A) The Seal and any Securities Seal shall be used only by the authority of the Directors or of a committee authorised by the Directors in that behalf.
- (B) The Directors may determine who shall sign any instrument to which the Seal is affixed and unless otherwise so determined it shall be signed autographically by one Director and the Secretary or by two Directors save that the provisions of Article 19 (B) shall apply as regards any certificates for shares or debentures or other securities of the Company.
- (C) The Securities Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Any such securities or documents sealed with the Securities Seal shall not require to be signed.
118. The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

AUTHENTICATION OF DOCUMENTS

119. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to

authenticate any documents affecting the constitution of the Company, any resolutions passed by the Company or the Directors or any committee and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

120. Any provision of the Statutes or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

RESERVES

121. The Directors may from time to time set aside out of the profits of the Company (including any premiums received upon the issue of debentures or other securities of the Company) before recommending any dividend whether preferential or otherwise and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be

invested in such investments as the Directors may think fit. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions of the Statutes.

DIVIDENDS

122. Subject to the terms of Article 3(B)(a), the Company may by ordinary resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no such dividend shall exceed the amount recommended by the Directors. No dividend or interim dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The declaration of the Directors as to the amount of the profits of the Company available for payment of dividends shall be conclusive.
123. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and subject thereto may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
124. Except as otherwise provided by the rights attached to any shares or the terms of issue thereof all dividends shall (as regards any shares not fully paid throughout

the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article no amount paid on a share in advance of calls shall be treated as paid on the share.

125. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to such share.

126. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Directors may deduct from any dividend or other moneys payable to any member on or in respect of a share all sums of money (if any) presently due and payable by him to the Company on account of calls or otherwise in relation to shares of the Company.

(C) The Directors may retain the dividends payable upon shares in respect of which any person is, under the provisions as to the transmission of shares hereinbefore contained, entitled to become a member or which any person is under those provisions entitled to transfer until such person shall become a member in respect of such shares or shall transfer the same.

127. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the

shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

128. Any dividend or any other monies payable on or in respect of shares may be paid by cheque, warrant or similar financial instrument, or by other means (including direct bank transfer or payment through a relevant system), sent to the registered address of the member or person entitled thereto or, in the case of joint holders, to the registered address of the holder who is first named in the Register, or sent to such person and to such address as the holder or joint holders or person entitled thereto may in writing direct. Such payment may be sent by post or equivalent means of delivery or by such other means offered by the Company including electronic media, as the holder or joint holders may in writing agree. Every such cheque, warrant, financial instrument or other form of payment shall be made payable to the order of the person to whom it is sent or to such other person as the holder or joint holders or person entitled thereto may in writing direct, and payment of the cheque, warrant, instrument or other form of payment shall be a good discharge to the Company. Every such payment shall be sent at the risk of the person entitled thereto.

129. The payment by the Directors of any unclaimed dividend or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof and any dividend unclaimed after a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

130. The Company may, upon the recommendation of the Directors, by ordinary resolution direct payment of a

dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

131. (A) The Directors may, if authorised by an ordinary resolution of the Company, offer any holders of shares the right to elect to receive further shares (whether or not of that class), credited as fully paid, instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution (a "scrip dividend") in accordance with the following provisions of this Article.
- (B) The ordinary resolution may specify a particular dividend (whether or not already declared) or may specify all or any dividends declared within a specified period.
- (C) The basis of allotment shall be decided by the Directors so that, as nearly as may be considered convenient, the value of the further shares, including any fractional entitlement, is equal to the amount of the cash dividend which would otherwise have been paid (disregarding the amount of any association tax credit).
- (D) For the purposes of paragraph (C) above the value of the further shares shall be calculated by

reference to the middle-market quotation for a fully paid share of the relevant class, adjusted if necessary for the proposed dividend, as shown in the Daily Official List published by the London Stock Exchange for the five business days immediately preceding or following the announcement of the cash dividend to which the scrip dividend relates, as the Directors may decide.

132. Notwithstanding any other provision of these Articles, but without prejudice to any rights attached to any shares, the Company or the Directors may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made. In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.
133. Any notice or other document may be served or delivered by the Company by reference to the Register as it stands at any time not more than 15 days before the date of service or delivery. No changes in the register after that time shall invalidate that service or delivery.
134. Any registered joint holder or other person jointly entitled to a share in consequence of the death or bankruptcy of the holder, may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
135. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General meeting or resolution of the Directors, may specify

that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

UNTRACED SHAREHOLDERS

136.(A) The Company shall be entitled to sell at the best price reasonably obtainable any share or stock of a Member, or any share or stock to which a person is entitled by transmission, if and provided that:-

- (a) for a period of twelve years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the member, or to the person entitled by transmission, to the share or stock at his address on the Register or other last known address given by the member or the person entitled by transmissions to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the member or the person entitled by transmission, provided that in any such period of twelve years the Company has paid at least three dividends whether interim or final and no such dividend has been claimed; and
- (b) the Company has, on or after the expiration of the said period of twelve years, by advertisement in both a leading London daily

newspaper and in a newspaper circulating in the area in which the address referred to in paragraph (a) of this Article is located given notice of its intention to sell such share or stock; and

(c) the Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the member or person entitled by transmission; and

(d) the Company has first given notice in writing to the Quotations Department of the London Stock Exchange in London of its intention to sell such shares or stock.

(B) To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of such shares or stock and such instrument of transfer shall be as effective as if it had been executed by the registered holder of or person entitled by the transmission to such share or stock. The Company shall account to the member or other person entitled to such share or stock for the net proceeds of such sale by carrying monies in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such member or other person. Monies carried to such separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company if any) as the Directors may from time to time think fit.

CAPITALISATION OF PROFITS AND RESERVES

137. The Directors may with the authority of an ordinary resolution of the Company:-

- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) of any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- (b) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or partly in one way and partly in the other; but the share premium account, the capital redemption reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this Article in fractions; and
- (d) authorise any person to enter on behalf of all the

members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

ACCOUNTS

138. The Directors shall cause to be kept accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes and such records shall be kept at the Office, or at such other place as the Directors think fit, and shall always be open to inspection by the officers of the Company. Subject as aforesaid no member of the Company or other person shall have any right of inspecting any account or book or document of the Company except as conferred by the Statutes or by ordinary resolution of the Company or ordered by a court of competent jurisdiction or authorised by the Directors.
139. The Directors shall from time to time, in accordance with the provisions of the Statutes, cause to be prepared and to be laid before a general meeting of the Company such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary.
140. A copy of the Directors' report accompanied by the balance sheet and profit and loss account which is to be laid before a general meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of meetings from the

Company under the provisions of the Statutes or of these Articles; provided that this Article shall not require a copy of these documents to be sent to any member to whom a summary financial statement is sent in accordance with the Statutes or to more than one of joint holders or to any person of whose address the Company is not aware, but any member or holder of debentures to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. If all or any of the shares or debentures of the Company shall for the time being be listed on any stock exchange, there shall be forwarded to the secretary of any stock exchange in the official list of which the Company's shares may at the request of the Company be quoted such number of copies of such documents as may for the time being be required under its regulations or practice.

141. Save as may be necessary for complying with the provisions of the Statutes regarding the contents of the Directors' report or as may be required by the rules of the London Stock Exchange or as the Company may by extraordinary resolution otherwise resolve, the Directors shall not be bound to publish any list or particulars of the securities or investments held by the Company or to give any information with reference to the same to any member.

MINUTES AND BOOKS

142. (A) Directors shall cause Minutes to be made in books kept for the purpose:-
- (a) of all appointments of officers made by the Directors; and
 - (b) of all resolutions and proceedings at all meetings of the Company and of any class of members of the Company and of the Directors

and of any committee of Directors, including the names of the Directors present at each such meeting.

(B) Any such Minutes, if signed by the chairman of the meeting to which they relate or at which they are read, shall be received as prima facie evidence of the facts therein stated.

143. Any register, index, minute book, book of account or other book required by these Articles or the Statutes to be kept by or on behalf of the Company may be kept either by making entries in bound books or by recording them in any other manner. In any case in which bound books are not used, the Directors shall take adequate precautions for guarding against falsification and for facilitating its discovery.

AUDITORS

144. Auditors shall be appointed and their duties regulated in accordance with the provisions of the Statutes.

145. Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.

146. An Auditor shall be entitled to attend any General meeting and to receive all notices of and other communications relating to any general meeting which any member is entitled to receive and to be heard at any general meeting on any part of the business of the meeting which concerns him as Auditor.

NOTICES

147. (A) Any notice to be given to or by any person pursuant to these Articles shall be in writing, except that a notice calling a meeting of the Directors need not be in writing.

(B) The Company may give any notice or deliver any document (including a share certificate) to any member either personally or by sending it by first class post in a prepaid envelope addressed to such member at his registered address or by leaving it at such address and may give any notice either in accordance with the foregoing or by means of electronic media including facsimile and E-mail. A member whose registered address is not within the United Kingdom and who gives the Company an address in the United Kingdom as his address for the service of notices shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the expiration of twenty-four hours after the time when the envelope containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such envelope was properly addressed, stamped and posted. Where one notice is served by electronic means, service shall be deemed to be effected when the transmission has been completed.

148. Any notice given to that one of the joint holders of a share whose name stands first in the Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose a joint holder having no registered address in the United Kingdom and not having supplied an address

within the United Kingdom for the service of notices shall be disregarded.

149. A person entitled to a share in consequence of the death or bankruptcy of a member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address within the United Kingdom for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the share. Save as aforesaid, any notice may be given or document delivered in any manner in which it might have been given or delivered if the death or bankruptcy or liquidation had not occurred.

150. (A) A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purpose for which it was called.

(B) Every person who becomes entitled to a share shall be bound by any notice in respect of that share which before his name is entered in the Register has been duly given to a person from whom he derives his title.

151. If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised

on the same date in at least two leading national daily newspapers with appropriate circulation, one of which shall be published in London and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

WINDING UP

152. The Directors shall have power in the name and on behalf of the Company to present a petition to the Court for the Company to be wound up.
153. Subject to the provisions of Article 3(B)(b)(i), if the Company is wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of an Extraordinary Resolution, divide among the holders of Ordinary Shares in specie or in kind the whole or any part of the assets of the Company and may for such purposes value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of holders of the Ordinary Shares as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but no member shall be compelled to accept any assets in respect of which there is a liability.

INDEMNITY

154. Subject to the provisions of the Statutes but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto.