

THE COMPANIES ACTS 1948 TO 1980

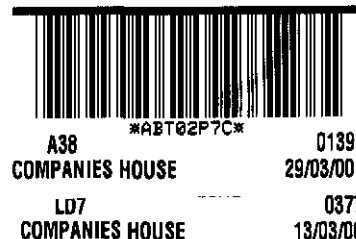
COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

MICROSOFT LIMITED

(as amended on 29th February 2000)



PRELIMINARY

1. (a) Subject as hereinafter provided, the regulations contained in Part I of Table A in the first schedule to the Companies Act 1948 (hereinafter referred to as 'The Act'), as amended by The Companies Act 1980, shall apply to the Company, and any reference hereinafter to Table A shall be deemed to be a reference to Part I thereof (but not Part II), so amended.
- (b) Regulations 3, 24, 75, 79, 88, 89, 90, 91, 92, 94 and 97, of Table A shall not apply to the Company.
- (c) The expressions 'relevant shares', 'relevant employee shares', 'relevant securities' and 'equity securities', wheresoever appearing herein, shall bear the meanings ascribed to them by the Companies Act 1980.

SHARES

2. (a) Subject to the provisions of Table A and to the following provisions of these Articles, the Directors shall have authority to exercise any power of the Company to offer, allot or otherwise dispose of any shares in the Company, or any relevant securities, to such persons, at such times and generally on such terms and conditions as they think proper provided that, insofar as the Company in General Meeting shall not have varied, renewed or revoked the said authority,
- (i) The Directors shall not be authorised to make any offer or allotment of shares in the Company, or grant any right to subscribe for, or to convert any securities into, shares in the Company if such an allotment, or an allotment in pursuance of such offer or right, would result in the aggregate of the shares or stock in issue exceeding £100 in nominal value, and such limitation shall constitute the maximum amount of the relevant securities which at any time remain to be allotted by the Directors hereunder.

*Presented for filing by*

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(ii) The period within which the said authority to allot relevant securities may be exercised shall be limited to five years, commencing upon the date of the incorporation of the Company.

(b) Any offer or agreement in respect of relevant securities, which is made prior to the expiration of such authority and in all other respects within the terms of such authority, shall be authorised to be made, notwithstanding that such offer or agreement would or might require relevant securities to be allotted after the expiration of such authority and, accordingly, the Directors may at any time allot any relevant securities in pursuance of such offer or agreement.

(c) The authority conferred upon the Directors to allot relevant securities may at any time, by Ordinary Resolution of the Company in General Meeting, be revoked, varied or renewed (whether or not it has been previously renewed hereunder) for a further period not exceeding five years.

(d) Any such resolution as is described in regulations 40, 44 and 45 of Table A shall not, unless expressly provided by the terms thereof or otherwise inconsistent herewith, be deemed to vary, revoke or renew the authority herein contained.

3. Section 17(6) of the Companies Act 1980 shall not apply to any allotment of relevant securities by the Company. Unless otherwise determined by the Company in General Meeting, any equity securities shall, before they are allotted on any terms to any person, be first offered on the same or more favourable terms to each person who holds relevant shares or relevant employee shares in the proportion which is, as nearly as practicable, equal to the proportion in nominal value held by him of the aggregate of such shares in issue.

Such offer shall be made by notice in writing specifying the number of shares in respect of which the offer is made and the period, being not less than twenty one days, within which the offer, if not accepted, will be deemed to be declined. After the expiration of such period, or on receipt of notice of the acceptance or refusal of every offer so made, the Directors may, subject to these Articles, dispose of such securities as have not been taken up in such manner as they think proper. The Directors may, in like manner, dispose of any such securities as aforesaid, which by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in the manner hereinbefore provided.

4. (a) No share shall be issued at a discount.

(b) The Company shall not have power to issue share warrants to bearer.

(c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

5. Subject to the provisions of section 58 of The Act, any preference shares may with the sanction of a Special Resolution be issued upon the terms that they are or at the opinion of the Company are liable to be redeemed.

#### **LIEN**

6. In regulation 11 of Table A, the words "(not being a fully paid share)" and the words "(other than fully paid shares)" shall be omitted.

#### **TRANSFER OF SHARES**

7. (a) The Directors may, in the absolute discretion and without assigning any reason therefor, decline to register any transfer of any share, whether or not it is a fully paid share.

(b) The instrument of transfer of a fully paid share need not be executed by or on behalf of the transferee and regulation 22 of Table A shall be modified accordingly.

#### **DIRECTORS**

8. Unless and until otherwise determined by the Company in General Meeting, the number of the Directors shall not be less than one nor more than seven. The first Directors will be the person or persons named in the statement delivered to the Registrar of Companies in accordance with section 21 of the Companies Act 1976.

9. If and so long as there shall be one Director only he shall be entitled to exercise all the powers and shall carry out all the duties assigned to Directors and the provisions of these Articles and the regulations of Table A shall be construed accordingly. In regulation 99 of Table A for the word "two" there shall be substituted the word "one".

10. The words "in General Meeting" shall be inserted after the words "unless the Company" in regulation 78 of Table A.

#### **BORROWING POWERS**

11. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and, subject to Section 14 of the Companies Act 1980, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

#### **DIRECTORS' INTERESTS**

12. A Director may vote in respect of any contract or arrangement in which he, or any person with whom he is connected, is interested and be counted in the quorum present at any meeting of the Directors or, if otherwise so entitled, at any General Meeting of the Company at which any such contract or arrangement is proposed or considered, and if he shall so vote,

his vote shall be counted. This Article shall have effect in substitution for paragraphs (2) and (4) of regulation 84 of Table A, which paragraphs shall not apply to the Company.

#### **APPOINTMENT AND REMOVAL OF DIRECTORS**

13. The office of a Director shall be vacated -

- (a) If by notice in writing to the Company he resigns the office of Director.
- (b) If he ceases to be a Director by virtue of section 182 of The Act.
- (c) If he becomes bankrupt or enters into any arrangement or composition with his creditors generally.
- (d) If he is prohibited from being a Director by any order made under the provisions of section 188 of the Act.
- (e) If he becomes of unsound mind.
- (f) If he is removed from office by a resolution duly passed under section 184 of the Act.

14. Any person may be appointed or elected as a Director, whatever may be his age, and no Director shall be required to vacate his office by reason of his attaining or having attained the age of seventy years or any other age.

15. In addition and without prejudice to the provisions of section 184 of The Act, the Company may by Ordinary Resolution remove any Director before the expiration of his period of office. The Company may by Ordinary Resolution appoint another person in place of a Director so removed and, without prejudice to the powers of the Directors under regulation 95 of Table A, may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. In regulation 95 of Table A, the words "but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting" shall be omitted.

#### **PROCEEDINGS OF DIRECTORS**

16. A Director may from time to time by notice in writing to the Company appoint any person approved by his co-Directors to act as an alternate Director at any meeting of the Board from which he is himself absent, and may in like manner remove any person so appointed from office. An alternate Director so appointed may also be removed from his office by not less than twenty-four hours' notice in writing to the Company given by a majority of the co-Directors of the Director by whom he was appointed. An alternate Director appointed under this Article shall not be required to hold any qualification or be entitled to any remuneration from the Company, but he shall be entitled, while holding office

as such, to receive notice of and be counted in the quorum at meetings of Directors and to attend, speak and vote thereat in place of and in the absence of the Director appointing him.

**16A** A meeting of the Directors may be validly held notwithstanding that all of the Directors are not present at the same place and at the same time provided that:

- (a) a quorum of the Directors at the time of the meeting are in direct communication with each other whether by way of telephone or audio-visual link; and
- (b) a quorum of the Directors entitled to attend a meeting of the Directors agree to the holding of the meeting in the manner described herein.

#### **INDEMNITY**

**17.** Subject to the provisions of Section 205 of The Act, and in addition to such indemnity as is contained in regulation 136 of Table A, every Director, Secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred by him in or about the execution and discharge of the duties of his office.

#### **SECRETARY**

**18.** The first Secretary of the Company shall be the person named as the first Secretary of the Company in the statement delivered under Section 21 of the Companies Act 1976.