

HERMES FUND MANAGERS LIMITED

COMPANY NUMBER: 01661776

Minutes of the Extraordinary General Meeting of the Company
held at Lloyds Chambers, 1 Portsoken Street, London E1 8HZ
on the 2nd day of June 2009.

Present, and representing the sole member, Britel Fund Trustees Limited:

Mr R D Kent

Mr N Labram

Quorum and Chairman

Mr Kent took the Chair of the Meeting, declared that there was a quorum present and formally opened the Meeting. The notice convening the meeting was taken as read.

IT WAS REPORTED that the single member had signed a consent to short notice of the Meeting.

Business of the Meeting

THERE WAS PRODUCED at the Meeting a form of consent (attached) signed by the representative of the single member, giving the right to attend and vote at the Meeting being held and to the passing thereat, as a special resolution of the Company, the resolution set out in the Notice convening the Meeting, notwithstanding that less than 21 days notice thereof had been given AND IT WAS unanimously agreed that the Notice convening the meeting be taken as read.

Approvals

It was RESOLVED that the following resolution be and is hereby passed as a Special Resolution:

THAT the Articles of Association of the Company currently in effect be amended and restated by their deletion in their entirety and the substitution in their place of the Amended and Articles of Association in the form presented to the meeting, a copy of which is annexed hereto.

Any Other Business

There being no further business the Meeting closed.

.....
Chairman

WEDNESDAY



AAFMWALC

A25

10/06/2009

94

COMPANIES HOUSE



EVERSHEDS

Company No. 1661776

Articles of Association of Hermes Fund Managers Limited

Incorporated 3 September 1982
Adopted by special resolution passed on 2 June 2009

Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Tel 0845 497 9797
Fax 0845 498 4994
Int +44 113 243 0391
DX 12027 Leeds-27
www.eversheds.com

CONTENTS

Article		Page
1	PRELIMINARY	1
2	INTERPRETATION.....	1
3	AUTHORISED SHARE CAPITAL	11
4	ALLOTMENT OF SHARES	11
5	DIVIDENDS	12
6	PUT OPTION	14
7	CALL OPTION	19
8	LEAVER PROVISIONS	21
9	CONVERSION OF GROWTH SHARES	27
10	VALUATION	28
11	CAPITAL	29
12	VOTING	29
13	LIEN.....	30
14	CALLS ON SHARES AND FORFEITURE	31
15	TRANSFER OF SHARES	31
16	GENERAL MEETINGS	32
17	NOTICE OF GENERAL MEETINGS	32
18	PROCEEDINGS AT GENERAL MEETINGS	32
19	WRITTEN RESOLUTIONS	33
20	NUMBER OF DIRECTORS	33
21	ALTERNATE DIRECTORS	33
22	APPOINTMENT AND RETIREMENT OF DIRECTORS	34
23	DISQUALIFICATION AND REMOVAL OF DIRECTORS	35
24	DIRECTORS' APPOINTMENTS AND INTERESTS.....	35
25	DIRECTORS' GRATUITIES AND PENSIONS	38
26	PROCEEDINGS OF DIRECTORS	38
27	THE SEAL.....	39
28	NOTICES.....	39
29	WINDING UP	40
30	INDEMNITIES FOR DIRECTORS.....	40
31	DOCUMENTS SENT IN ELECTRONIC FORM OR BY MEANS OF A WEBSITE	41
32	VARIATION OF RIGHTS.....	41

THE COMPANIES ACTS 1985 AND 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

HERMES FUND MANAGERS LIMITED (the "Company")¹

Adopted by special resolution passed on 2 June 2009

1. **PRELIMINARY**

The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 in force at the time of adoption of these Articles ("Table A") shall apply to the Company save in so far as they are excluded or varied by these Articles and such regulations (save as so excluded or varied) and these Articles shall be the regulations of the Company.

2. **INTERPRETATION**

2.1 In these Articles and in Table A the following expressions have the following meanings unless inconsistent with the context:

"Accounts"	the consolidated audited accounts of the Company for the Financial Year in question save that such accounts shall for all purposes under these Articles exclude the financial results of HPFM
"A' Growth Share"	an 'A' growth share of £1.00 in the capital of the Company to be issued by the Company to senior personnel forming part of the central management team of the Company
"Articles"	these Articles of Association, whether as adopted on the date of the special resolution stated above or as from time to time altered by special resolution

¹ The name of the Company was changed from Postel Investment Management Limited to Hermes Pensions Management Limited on 31 March 1995 and subsequently from Hermes Pension Management Limited to Hermes Fund Managers Limited on 17 March 2008.

"B' Growth Share"	a 'B' growth share of £1.00 in the capital of the Company
"BTPS"	the final salary pension scheme of British Telecommunications plc currently known as the BT Pension Scheme
"BTPS Funds"	all BTPS assets under management managed by the Hermes Group
"Business Day"	any day (other than a Saturday or Sunday) on which banks are open in London for normal banking business
"Business Unit"	<p>a business unit of the Company in which a holder of Non-'A' Growth Shares is engaged to work (irrespective of which member of the Hermes Group actually employs such holder), being the following business units at the date of adoption of these articles:</p> <ul style="list-style-type: none"> (a) in relation to the holders of 'B' Growth Shares "Business Unit" means Hermes Equity Ownership Services Limited (company number: 5167179); (b) in relation to the holders of 'C' Growth Shares "Business Unit" means the Hermes Real Estate Business Unit; (c) in relation to the holders of 'D' Growth Shares "Business Unit" means the Quantitative Equities Business Unit; (d) in relation to the holders of 'E' Growth Shares "Business Unit" means the Small Companies Business Unit; and (e) in relation to the holders of 'F' Growth Shares "Business Unit" means the Emerging Markets Business Unit.
"Business Unit Base Profits"	in respect of any Growth Shares having a particular Commencement Date, the amount of post tax profit as is determined in accordance with Article 10 in relation to the Third Party

	Business of the relevant Business Unit at the particular Commencement Date
"Call Option"	the call option exercisable by the EBT pursuant to Article 7
"Call Option Period"	the period of 20 Business Days beginning on the Business Day immediately following the expiry of the Put Option Period
"'C' Growth Share"	a 'C' growth share of £1.00 in the capital of the Company
"clear days"	in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect
"Commencement Date"	in relation to a Growth Share shall mean 1 January of the calendar year in which that Growth Share was first allotted and registered in the name of the person (including the EBT) issued with such Growth Share in the register of members of the Company pursuant to such allotment and for the avoidance of doubt each Growth Share shall have its own Commencement Date
"Companies Act 1985"	the Companies Act 1985 (as amended from time to time)
"Companies Act 2006"	the Companies Act 2006 (as amended from time to time)
"connected"	in relation to a Director of the Company has the meaning given in section 252 of the Companies Act 2006
"Consideration"	<p>the sum payable to any member or members of the Group, whether in cash or shares or any other means, as a result of a transaction constituting a particular Trigger Event, calculated after the deduction of:</p> <p>(a) the direct costs incurred (including but not limited to professional fees) in</p>

	respect of such transaction; and
	(b) any taxes and/or duties occurring as a result of such transaction
	in each case, for which any member of the Group is liable
"Contract"	an investment management agreement or other agreement in respect of the investment management of assets
"D' Growth Share"	a 'D' growth share of £1.00 in the capital of the Company
"Deferred Share"	a deferred share of £1.00 in the capital of the Company (which results from the conversion of a Growth Share in accordance with the provisions of Article 9)
"Directors"	the Directors for the time being of the Company or (as the context shall require) any of them acting as the board of Directors of the Company
"EBT"	any trust created at any time by the Company whose beneficiaries are or include holders of Growth Shares and which is empowered to buy the Growth Shares and such expression (where the context so permits) shall include the trustees of such employee trust
"E' Growth Share"	an 'E' growth share of £1.00 in the capital of the Company
"electronic address"	any address or number used for the purposes of sending or receiving documents or information by electronic means
"electronic form" and "electronic means"	have the meaning given in section 1168 of the Companies Act 2006
"F' Growth Share"	an 'F' growth share of £1.00 in the capital of the Company
"Financial Year"	an accounting period in respect of which the Company prepares its audited accounts in

accordance with the relevant provisions of the Statutes

"Group"

in relation to the Company shall mean the Company, any parent company of the Company, any of their respective subsidiary and subsidiary undertakings from time to time as such terms are defined in the Companies Act 1985 and/or Companies Act 2006 (as appropriate) and any partnerships (including limited partnerships and limited liability partnerships) controlled by any such company and "member of the Group" and "Group Member" shall be construed accordingly

"Group Base Profits"

in respect of any "A" Growth Shares having a particular Commencement Date, the amount of post tax profit as is determined in accordance with Article 10 in relation to the Third Party Business of the Hermes Group (excluding HPFM) at the particular Commencement Date

"Growth Shares"

the 'A' Growth Shares, 'B' Growth Shares, 'C' Growth Shares, 'D' Growth Shares, 'E' Growth Shares and 'F' Growth Shares

"hard copy form"

has the meaning given in section 1168 of the Companies Act 2006

"Hermes Group"

the Company, each of its subsidiaries and subsidiary undertakings from time to time as such terms are defined in the Companies Act 1985 and/or Companies Act 2006 (as appropriate), and partnerships (including limited partnerships and limited liability partnerships) controlled by any such company and "member of the Hermes Group" and "Hermes Group Member" shall be construed accordingly

"holder"

in relation to shares means the member whose name is entered in the register of members as the holder of such shares

"HPFM"

Hermes Pension Fund Management Limited

(company number 5154287)

"in writing"

hard copy form or, to the extent agreed (or deemed to be agreed by a provision of the Statutes), electronic form or website communication

"Issue Price"

in respect of a Growth Share the price paid by an individual for the subscription of that Growth Share by such individual

"Latent Value Uplift"

means the difference in the Value of the Third Party Business of the Hermes Group (excluding HPFM) as at 1 January 2009 and as at the date of a relevant Trigger Event save that if the growth in the Value of the Third Party Business of the relevant Business Unit (or part thereof) the subject of the relevant Trigger Event (measured over that same period) is more than 50% of such difference at that time then the Latent Value Uplift shall instead be measured as the difference in the Value of the Third Party Business of the Hermes Group (excluding HPFM) as at 1 January 2009 and as at each subsequent 31 December after such Trigger Event occurs until such time as the growth in the Value of the Third Party Business of the relevant Business Unit (or part thereof) the subject of the relevant Trigger Event in respect of the period from 1 January 2009 to the date of the relevant Trigger Event is not more than 50% of such difference

"Leaver Call Notice"

as defined in **Article 8.6**

"Non-'A' Growth Shares"

the 'B' Growth Shares, 'C' Growth Shares, 'D' Growth Shares, 'E' Growth Shares or 'F' Growth Shares

"office"

the registered office of the Company

"ordinary resolution"

has the meaning given in section 282 of the Companies Act 2006

"Ordinary Shareholder"

a holder of Ordinary Shares of £1.00 each in

	the capital of the Company
"Ordinary Shares"	Ordinary Shares of £1.00 in the capital of the Company
"Potential Growth Share"	a potential growth share of £1.00 in the capital of the Company
"Put Option"	the put option exercisable by a holder of Growth Shares pursuant to Article 6
"Put Option Period"	the period of 20 Business Days beginning on the Business Day immediately following the day on which a Trigger Event occurs
"RMPP"	the final salary pension scheme of the Royal Mail currently known as the Royal Mail Pension Plan
"RMPP Funds"	all RMPP assets under management managed by the Hermes Group
"seal"	the common seal of the Company (if any)
"secretary"	the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary
"share"	includes any interest in a share
"special resolution"	has the meaning given in section 283 of the Companies Act 2006
"Statutes"	the Companies Acts as defined in section 2 of the Companies Act 2006 and every other statute, order, regulation, instrument or other subordinate legislation for the time being in force relating to companies and affecting the Company
"Third Party Business"	<p>subject to the provisions of Article 10.2,</p> <p>(a) in relation to the Hermes Group as a whole (excluding for these purposes HPFM), the aggregate of assets under management managed by each</p>

member of the Hermes Group (excluding for these purposes HPFM) but excluding all BTPS Funds entirely and all RMPP Funds which are managed by the Hermes Group (excluding for these purposes HPFM) prior to the relevant Commencement Date; and

- (b) in relation to an individual Business Unit, the aggregate of assets under management managed by the Business Unit but excluding all BTPS Funds entirely and all RMPP Funds which are managed by the Business Unit prior to the relevant Commencement Date

"Trigger Event"

the following:

- (a) the acquisition or control by a person, other than by another Group Member, of more than 50% of the total voting rights conferred by all shares in the capital of the Company for the time being entitled to vote at all general meetings of the Company;
- (b) the acquisition by a person, other than by another Group Member, of the Contracts relating to more than 50% of the total assets under management managed by, or more than 50% of the management fees associated with the assets under management managed by, the Company;
- (c) the acquisition or control by a person, other than by another Group Member, of more than 50% of the total voting rights conferred by all shares in the capital of a company which contains a Business Unit;
- (d) the acquisition by a person, other than

by another Group Member, of the Contracts relating to more than 50% of the total assets under management managed by, or more than 50% of the management fees associated with the assets under management managed by, a Business Unit;

- (e) each occasion on which there is an acquisition by a person, other than another Group Member, of not more than 50% of the total voting rights conferred by all shares in the capital of a company which contains one or more Business Units;
- (f) each occasion on which there is an acquisition by a person, other than another Group Member, of the Contracts relating to not more than 50% of the total assets under management managed by, or not more than 50% of the management fees associated with the assets under management managed by, a Business Unit; and
- (g) any other event, not being an event listed in paragraphs (a) to (f) above, which the remuneration committee of the Company determines to be an event giving rise to a Trigger Event and which itself relates to the sale in whole or part of either a Business Unit or the contracts relating to the total assets under management of the Business Unit or management fees associated with such assets or the shares or the contracts relating to the total assets under management or management fees of either the Company or a company which contains a Business Unit

"United Kingdom"

Great Britain and Northern Ireland

"Valuation Date"

in the case:

- (a) of the occurrence of a Trigger Event, the last day of the month immediately prior to the month in which such Trigger Event occurs; or
- (b) where a Value of Third Party Business is required pursuant to **Article 8**, the last day of the month immediately prior to the month in which a relevant Leaver Call Notice is served; or
- (c) where Value is required under these Articles to be determined at any time other than at the time specified in paragraphs (a) and (b) of this definition, the time at which such Value is required to be determined

"Value"

at any Valuation Date:

- (a) the estimated capital value of the Hermes Group (excluding HPFM), Business Unit(s) or parts thereof or the Third Party Business of the same; or
- (b) where the context in these Articles so requires, the Consideration, which is attributed to the Hermes Group (excluding HPFM), Business Unit(s) or parts thereof or to the Third Party Business of the same at any Valuation Date

2.2 Unless the context otherwise requires, words or expressions contained in these Articles and in Table A bear the same meaning as in the Statutes but excluding any statutory modification thereof not in force when these Articles become binding on the Company. Regulation 1 of Table A shall not apply to the Company.

2.3 Where the word "**address**" appears in these Articles it is deemed to include postal address and electronic address and "**registered address**" shall be construed accordingly.

2.4 The expression "**working day**" means any day other than Saturday, Sunday and Christmas Day, Good Friday or any other day that is a bank holiday under the Banking and Financial Dealing Act 1971 in the part of the United Kingdom where the Company is registered.

2.5 References to any statute or statutory provision include, unless the context otherwise requires, a reference to that statute or statutory provision as modified, replaced, re-enacted or consolidated and in force from time to time and any subordinate legislation made under the relevant statute or statutory provision.

2.6 In these Articles (except where the context otherwise requires) the masculine includes the feminine and the neuter.

3. **AUTHORISED SHARE CAPITAL**

The authorised share capital of the Company at the date of adoption of these Articles is £100,000,000 divided into 99,976,000 Ordinary Shares, 1,000 'A' Growth Shares, 1,000 'B' Growth Shares, 1,000 'C' Growth Shares, 1,000 'D' Growth Shares, 1,000 'E' Growth Shares, 1,000 'F' Growth Shares and 18,000 Potential Growth Shares.

4. **ALLOTMENT OF SHARES**

4.1 In accordance with section 91(1) of the Companies Act 1985, sections 89(1) and 90(1) to (6) (inclusive) of that Act shall not apply to the Company.

4.2 For the purposes of section 80 of the Companies Act 1985, the Directors are generally and unconditionally authorised to allot relevant securities (as defined by that section) up to a maximum nominal value of the authorised but unissued share capital of the Company provided that this authority shall expire five years after the date of adoption of these Articles, unless previously renewed, revoked or varied in any way save that the Company may before such expiry, make an offer or agreement which will or may require relevant securities to be allotted after such expiry. Subject to the foregoing provisions of this **Article 4.2** the Directors shall not without the authority of the Company in general meeting allot any of the shares in the capital of the Company.

4.3 Where authority has been given to the Directors as referred to in **Article 4.2** to allot shares, the Directors may, subject to the terms of such authority and subject to any terms on which any shares are created or issued, allot such shares to such persons (including any Directors) at such times and generally on such conditions as they think proper provided that no shares shall be issued at a discount contrary to the Statutes.

4.4 In **Articles 4.2** and **4.3** references to allotment of shares shall include references to the grant of any rights to subscribe for, or to convert any security into shares.

4.5 Where authority has been given to the Directors as referred to in **Article 4.2** to grant a right to subscribe for, or to convert any security into, shares the Directors may without further authority allot such shares as may require to be allotted pursuant to the exercise of such right.

5. **DIVIDENDS**

5.1 Subject to the provisions of the Statutes and the requirement to ensure the general prudent financial management of the Company at all times, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.

5.2 Whilst the share capital of the Company is divided into different classes of shares, dividends may be recommended, declared and/or paid on all the shares in the share capital of the Company, all shares of a particular class(es) (without the need to recommend, declare and/or pay any dividend or a dividend of the same amount on all classes of shares) or on any share(s) of the same class (without the need to recommend, declare and/or pay any dividend or a dividend of the same amount on every share of the same class).

5.3 If the Company determines to pay a dividend or other distribution in respect of any Financial Year to the holders of Ordinary Shares such shall rank in priority to the payment of any other dividend or other distribution on any other class of share or any share of any other class and shall be paid *pari passu* according to the number of Ordinary Shares held by such Ordinary Shareholder.

5.4 Subject to payment of any dividend or other distribution declared on the Ordinary Shares the following shall, subject to **Articles 5.5** and **5.9**, apply in respect of dividends declared on Growth Shares:

5.4.1 in the case of a dividend payable to holders of 'A' Growth Shares, such dividend shall be an amount equal to 10% of the increase in post tax profits of the Third Party Business of the Hermes Group (excluding HPFM) (as shown in the Accounts for the Financial Year in respect to which the dividend relates) over the Group Base Profits and shall be payable on each 'A' Growth Share which qualifies for such dividend in accordance with and at the rate calculated in **Articles 5.6** or **5.7** (as appropriate); and

5.4.2 in the case of a dividend payable to holders of Non-'A' Growth Shares, such dividend shall be an amount equal to 20% (or, in the case of the

holders of B Growth Shares, 40%) of the increase in post tax profits of the Business Unit in which the relevant holders work (as derived or extracted from the Accounts for the Financial Year in respect to which the dividend relates) over the Business Unit Base Profits and shall be payable on each Non-'A' Growth Share which qualifies for such dividend in accordance with and at the rate calculated in **Articles 5.6 or 5.7** (as appropriate).

- 5.5 No dividends shall be capable of being declared on a Growth Share until at least the fourth anniversary of the Commencement Date relevant to the issue date of that Growth Share.
- 5.6 If the Directors do declare a dividend in respect of a Growth Share which has been held for between four and five years since the Commencement Date for that Growth Share then such dividend will, subject to **Article 5.9**, be payable on such Growth Share at the rate of 50% of the dividend that would otherwise have been payable on such Growth Share had it been held for 5 years or more calculated in accordance with **Articles 5.4 and 5.7** for Growth Shares of that class.
- 5.7 If the Directors do declare a dividend in respect of a Growth Share which has been held for more than five years since the Commencement Date for that Growth Share then such dividend will, subject to **Article 5.9**, be payable on such Growth Share at an amount equal to 100% of the dividend calculated in accordance with **Article 5.4** in respect of Growth Shares of that class divided by 1000.
- 5.8 The Deferred Shares shall not entitle the holder thereof to any dividend declared by the Company and for the avoidance of doubt, no dividend may be declared by the Company upon any Potential Growth Share whilst it remains a Potential Growth Share prior to its conversion into a Growth Share in accordance with **Article 9.2**.
- 5.9 In the event that a Growth Shareholder has at any time in the period commencing on the day immediately following the Commencement Date of any Growth Share held by them and ending on the date which is the fifth anniversary of such Commencement Date, reduced the number of days upon which they are contractually obliged to work for the Group below the number of days upon which they were contractually obliged to work as at the Commencement Date of the Growth Shares concerned, the remuneration committee of the Company may, in its absolute discretion, but subject always to **Article 5.10**, reduce the amount of the dividend payable to that Growth Shareholder which would otherwise be payable pursuant to **Articles 5.4.1 or 5.4.2** (as appropriate) in such manner as it deems fit.

- 5.10 In the exercise of its discretion pursuant to **Article 5.9**, the remuneration committee of the Company may not reduce the amount payable to a Growth Shareholder to an amount which is less than £A where £A is calculated in accordance with the following formula:

$$£A = \left(\frac{B}{C} \right) £D$$

Where:

£D = the amount calculated pursuant to **Articles 5.4.1** or **5.4.2** (as appropriate)

B = the number of days from the Commencement Date of the Growth Shares concerned to the date of the remuneration committee meeting to determine the amount of the reduced dividend payable (inclusive) (the "**Relevant Date**") in respect of which the Growth Shareholder has actually worked; and

C = the maximum total number of days which the Growth Shareholder could have worked from the Commencement Date of the Growth Shares concerned to the Relevant Date on the assumption that the number of days in respect of which such Growth Shareholder was contractually obliged to work for the Group remained as it was as at the Commencement Date of the Growth Shares concerned throughout the period from the Commencement Date to the Relevant Date.

6. **PUT OPTION**

6.1 Upon a Trigger Event occurring:

6.1.1 the Company shall within 5 Business Days of the Trigger Event concerned occurring inform each relevant holder of Growth Shares of the occurrence of the Trigger Event and the number of Growth Shares over which the relevant holder of Growth Shares may exercise his Put Option, such number of Growth Shares being calculated in accordance with **Article 6.2**; and

6.1.2 a holder of Growth Shares may at his discretion within the Put Option Period serve a notice in writing addressed to the EBT requiring the EBT to acquire such number of Growth Shares held by him as are notified to him pursuant to **Article 6.1.1** (the "**Put Option Notice**").

6.2 In the event that a holder of Growth Shares entitled to serve a Put Option Notice pursuant to **Article 6.1** does serve a Put Option Notice such holder shall specify in the Put Option Notice the number and class of Growth Shares which the EBT shall be required to acquire from such holder, such number being the same

number of Growth Shares as were notified to the holder of Growth Shares by the Company pursuant to **Article 6.1.1** and determined as follows:

6.2.1 in relation to a holder of 'A' Growth Shares:

- 6.2.1.1 if the event giving rise to the Trigger Event is an event listed in sub-clauses (a) or (b) of the definition of Trigger Event, the number of 'A' Growth Shares the subject of such Put Option Notice shall be all 'A' Growth Shares then held by that holder; or
- 6.2.1.2 if the event giving rise to the Trigger Event is an event listed in sub-clauses (c), (d) (e) or (f) of the definition of Trigger Event, the number of 'A' Growth Shares (rounded down to the nearest whole number) the subject of such Put Option Notice shall be such proportion of the number of 'A' Growth Shares held by that holder as is equal to the proportion that:
 - (a) in relation to a Trigger Event listed in sub-clause (c) or (d) of the definition of Trigger Event, the Consideration received or receivable by the relevant member or members of the Hermes Group as a result of the particular Trigger Event concerned which is referable to the Value of the Third Party Business the subject of such Trigger Event bears to the Value of the Third Party Business of the Hermes Group as a whole (excluding for this purpose HPFM) as at the date of the Trigger Event concerned or the most recent Valuation Date;
 - (b) in relation to a Trigger Event in respect of more than one Business Unit, the aggregate Consideration received or receivable by the relevant member or members of the Hermes Group in respect of those Business Units concerned which is referable to the Value of the Third Party Business of the Business Units concerned bears to the Value of the Third Party Business of the Hermes Group as a whole (excluding for this purpose HPFM) as at the date of the Trigger Event concerned or the most recent Valuation Date;
 - (c) in relation to a Trigger Event listed in sub-clause (e) or (f) of the definition of Trigger Event, the Consideration received or receivable by the relevant member or members of the Hermes Group as a result of the particular

Trigger Event concerned which is referable to the Value of the Third Party Business the subject of such Trigger Event bears to the Value of the Third Party Business of the Hermes Group as a whole (excluding for this purpose HPFM) as at date of the Trigger Event concerned or the most recent Valuation Date;

PROVIDED ALWAYS that the Consideration received or receivable in respect of such Business Unit(s) (or part thereof) that relates to the growth in Third Party Business of the Business Unit(s) concerned must be not more than 50% of the most recent calculation of the Latent Value Uplift at the time the relevant Put Option Notice is served on the EBT and if this is not the case, then no Put Option Notice may be served on the EBT by such holder until and unless the Latent Value Uplift rises sufficiently for the Consideration so received or receivable (as referred to above) to be not more than 50% of the most recent calculation of the Latent Value Uplift; or

- 6.2.1.3 if the event giving rise to the Trigger Event is an event listed in sub-clause (g) of the definition of Trigger Event, the number of 'A' Growth Shares the subject of such Put Option Notice shall be determined at the discretion of the remuneration committee of the Company having regard to the event concerned.

6.2.2 in relation to a holder of Non-'A' Growth Shares:

- 6.2.2.1 if the event giving rise to the Trigger Event is an event listed in sub-clauses (a), (b), (c) or (d) of the definition of Trigger Event, the number of Non-'A' Growth Shares the subject of such Put Option Notice shall be all Non-'A' Growth Shares then held by that holder; or
- 6.2.2.2 if the event giving rise to the Trigger Event is an event listed in sub-clauses (e) or (f) of the definition of Trigger Event, the number of Non-'A' Growth Shares (rounded down to the nearest whole number) the subject of such Put Option Notice shall be such proportion of the number of 'A' Growth Shares held by that holder as is equal to the proportion that the Consideration received or receivable by the relevant member or members of the Hermes Group as a result of the particular Trigger Event concerned which is referable to the Value of the Third Party Business the

subject of such Trigger Event bears to the Value of the Third Party Business of the Business Unit as a whole as at the date of the Trigger Event concerned or the most recent Valuation Date; or

- 6.2.2.3 if the event giving rise to the Trigger Event is an event listed in sub-clause (g) of the definition of Trigger Event, the number of Non-'A' Growth Shares the subject of such Put Option Notice shall be determined at the discretion of the remuneration committee of the Company having regard to the event concerned.

6.3 Subject to **Article 6.4**, within 20 Business Days following receipt by the EBT of a Put Option Notice pursuant to **Article 6.2**, the EBT shall make the following payments either by way of a cash payment or the delivery of listed or quoted securities other than Ordinary Shares to the extent that the EBT holds the same or by procuring the issue by the Company of Ordinary Shares in the Company:

- 6.3.1 in the case of a holder of 'A' Growth Shares, an amount in respect of each 'A' Growth Share held by him as is equal to £A where £A is calculated as follows:

$$£A = \frac{B}{1000}$$

where:

B = the amount by which 10% of the Value of the Third Party Business in relation to the Hermes Group (excluding HPFM) on the date of the event giving rise to the Trigger Event, determined by reference to the amount of Consideration receivable in relation to such event giving rise to the Trigger Event, exceeds 10% of the Value of the Third Party Business in relation to the Hermes Group (excluding HPFM) calculated as at the Commencement Date for that particular 'A' Growth Share;

- 6.3.2 in the case of a holder of Non-'A' Growth Shares, an amount in respect of each Non-'A' Growth Share held by him as is equal to £C where £C is calculated as follows:

$$£C = \frac{D}{1000}$$

where:

D = the amount by which 20% (or, in the case of a holder of B Growth Shares, 40%) of the Value of the Third Party Business in relation to the

relevant Business Unit on the date of the event giving rise to the Trigger Event, determined by reference to the amount of Consideration receivable in relation to such event giving rise to the Trigger Event, exceeds 20% (or, in the case of the holders of B Growth Shares, 40%) of the Value of the Third Party Business in relation to that Business Unit calculated as at the Commencement Date for the particular Non-'A' Growth Share.

If the Company decides that any cash payment (or part thereof), as calculated in accordance with the relevant foregoing provisions of this **Article 6.3** ("Relevant Cash Payment"), should instead be settled by the issue of Ordinary Shares then the number of Ordinary Shares to be issued shall equal E where E is calculated as follows:

$$E = \frac{F}{G}$$

where:

F = the Relevant Cash Payment; and

G = the greater of the market value of an Ordinary Share and £1

provided always that E shall be rounded down to the nearest whole number and in any event where E as determined in accordance with the above formula is less than one then E shall be zero.

The Company shall facilitate the issue of such number of Ordinary Shares to the EBT for this purpose.

If the EBT decides to satisfy any Relevant Cash Payment (or part thereof), by the delivery of securities which are quoted or listed other than Ordinary Shares it shall deliver such number of such securities as have a market value equal to the Relevant Cash Payment (or the part thereof to be satisfied by the delivery of such securities) as at the time that such Relevant Cash Payment would otherwise be made).

- 6.4 In the event that a Growth Shareholder has at any time in the period commencing on the day immediately following the Commencement Date of any Growth Share held by them and ending on the date which is the fifth anniversary of such Commencement Date, reduced the number of days upon which they are contractually obliged to work for the Group below the number of days upon which they were contractually obliged to work as at the Commencement Date of the Growth Shares concerned, the remuneration committee, may in its absolute discretion, but subject always to **Article 6.5**, reduce the amount payable by the

EBT in accordance with **Articles 6.3.1** and **6.3.2** above, in such manner as it deems fit to reflect the said reduction in working time.

- 6.5 In the exercise of its discretion pursuant to **Article 6.4**, the remuneration committee of the Company may not reduce the amount payable to a Growth Shareholder to an amount which is less than £H where £H is calculated in accordance with the following formula:

$$£H = \left(\frac{I}{J} \right) £K$$

Where:

£K = the amount calculated as £A according to **Article 6.3.1** (in the case of 'A' Growth Shares) and calculated as £C according to **Article 6.3.2** (in the case of Non-'A' Growth Shares);

I = the number of days from the Commencement Date of the Growth Shares concerned to the Trigger Event (inclusive) in respect of which the Growth Shareholder has actually worked; and

J = the maximum total number of days which the Growth Shareholder could have worked from the Commencement Date of the Growth Shares concerned to the Trigger Event (inclusive) on the assumption that the number of days in respect of which such Growth Shareholder was contractually obliged to work for the Group remained as it was as at the Commencement Date of the Growth Shares concerned throughout the period from that Commencement Date to the Trigger Event (inclusive).

- 6.6 Should the remuneration committee of the Company consider that the formula set out in **Article 6.3** for calculating the number of Ordinary Shares that may be issued in order to settle the Relevant Cash Payment fails to take account of any material dilution effect to the value per Ordinary Share that may be suffered as a result of the issue of the number of Ordinary Shares so determined in accordance with that formula, then, at the remuneration committee's absolute discretion, appropriate adjustments may be made to the formula set out in **Article 6.3** for calculating the number of Ordinary Shares and/or the number of Ordinary Shares to be issued in order to settle the Relevant Cash Payment.

7. **CALL OPTION**

- 7.1 In the event that the EBT has not received a valid Put Option Notice within the Put Option Period then:

- 7.1.1 in the event that the Trigger Event relates to sub-clauses (a), (b), (c), or (d) of the definition of Trigger Event the EBT shall within the Call

Option Period serve a notice in writing addressed to any relevant holder of Growth Shares ("**Call Option Notice**") stating that the EBT will proceed to acquire such number of their Growth Shares as referred to in **Article 7.2**; or

- 7.1.2 in the event that the Trigger Event relates to sub-clauses (e), (f) or (g) of the definition of Trigger Event the EBT, at its discretion, may within the Call Option Period serve a notice in writing addressed to any relevant holder of Growth Shares stating that the EBT will proceed to acquire such number of their Growth Shares as referred to in **Article 7.2**.
- 7.2 The EBT will specify in the Call Option Notice the number and class of Growth Shares which the EBT will acquire, such number and class being the same number and class of Growth Shares as a holder of Growth Shares would have been entitled to state in a Put Option Notice, calculated in accordance with the provisions of **Article 6.2**, in the event that a valid Put Option Notice had been served by the holder of the Growth Shares.
- 7.3 In the event that the EBT has within the Call Option Period served a Call Option Notice then within 20 Business Days following receipt by a holder of Growth Shares of a Call Option Notice the EBT shall:
 - 7.3.1 if the Call Option Notice is in respect of 'A' Growth Shares make a payment to such holder, such payment to be calculated in accordance with the provisions contained in **Article 6.3.1** (and **Article 6.4** where applicable); and
 - 7.3.2 if the Call Option Notice is in respect of Non-'A' Growth Shares make a payment to such holder, such payment to be calculated in accordance with the provisions contained in **Article 6.3.2** (and **Article 6.4** where applicable).
- 7.4 The payment by the EBT pursuant to **Article 7.3** may be settled by way of a cash payment, the delivery of Ordinary Shares which have a market value equal to such cash payment (such number of Ordinary Shares being determined in the same manner as set out in **Article 6.3.2**) or by any other listed or quoted securities with a market value as at the time that such cash payment would otherwise be made which is equal to such cash payment, to the extent that the EBT holds the same.
- 7.5 The recipient of a Call Option Notice (the "Recipient") shall be bound to transfer the Growth Shares comprised in the Call Option Notice to the EBT at the time and place therein specified free from any lien, charge or encumbrance. If the Recipient makes default in so doing, one of the Directors, or some other person duly nominated by a resolution of the board of the Company for that purpose,

shall forthwith be deemed to be the duly appointed attorney of the Recipient with full power to execute, complete and deliver in the name and on behalf of the Recipient a transfer of the relevant Growth Shares to the EBT and all such consents written resolutions and proxies as the appointed attorney shall consider to be necessary or desirable for the purposes of any general meeting of the Company relating to or associated with or required to enable the sale of the Growth Shares to proceed and any Director may receive and give a good discharge for the payment referred to above in respect of those Growth Shares on behalf of the Recipient and (subject to the transfer being duly stamped) enter the name of the EBT in the register of members as the holder or holders by transfer of those Growth Shares so purchased by the EBT. The Board shall forthwith pay the purchase money into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for the Recipient until he shall deliver up his certificate or certificates for the relevant shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) to the Company when he shall thereupon be paid the purchase money.

8. **LEAVER PROVISIONS**

8.1 In this Article the following expressions have the following meanings unless inconsistent with the context:

"Bad Leaver"

as defined in **Article 8.4**

"Bad Leaver Behaviour"

means the following:

- (a) if the Leaver is in material breach of his contract of employment with a member of the Hermes Group ("Employment Contract"); or
- (b) if the Leaver is in breach of his Employment Contract or has acted in a manner which could lead to summary dismissal; or
- (c) if the Leaver commits any act of fraud or dishonesty; or
- (d) if the Leaver breaches any terms or provisions that are expressed to survive termination of his Employment Contract; or
- (e) if the Leaver is unable to continue as

an employee of the member of the Hermes Group which employs him, as a result of any applicable law or regulation; or

- (f) if the Leaver joins, within the period of 2 years (or within a period which is less than 2 years determined at the sole discretion of the remuneration committee) from the date upon which the Leaver ceases to be an employee of the member of the Hermes Group which employs him, a competitor which provides the same or similar services as any member of the Hermes Group; or
- (g) if the Leaver solicits or entices, or attempts to solicit or entice a partner, executive director or director away from any member of the Hermes Group (including any company or partnership); or
- (h) if the Leaver solicits, or attempts to solicit, services provided by any member of the Hermes Group away from a client of any such company; or
- (i) if the remuneration committee determines (whether before or after he becomes a Leaver) that his behaviour is materially detrimental to the interests of the Hermes Group

"Leaver"

a holder of Growth Shares who ceases to be employed by a member of the Hermes Group in such circumstances where he does not immediately become an employee of another member of the Hermes Group

"Serious Ill Health"

an illness or disability certified by a general medical practitioner as rendering the departing employee permanently incapable of carrying out his role as an employee save where such

incapacity has arisen as a result of the abuse of drugs or alcohol

"Vested"

in relation to the holder of a Growth Share means the holder of that share (save where he is a Bad Leaver) remaining entitled on becoming a Leaver to retain that share and to the extent dividends are declared in respect of that Growth Share being entitled to receive such dividends and being entitled to exercise the Put Option in respect of such Growth Share pursuant to and in accordance with **Article 6** but shall remain subject to **Articles 8.6 to 8.8** (inclusive)

- 8.2 The date upon which a holder of Growth Shares ceases to be an employee and becomes a Leaver shall be:
- 8.2.1 where a contract of employment or Directorship is terminated by the employer by giving notice to the employee of the termination of the employment or Directorship, the date of that notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the employer in respect of such termination);
 - 8.2.2 where a contract of employment or Directorship is terminated by the employee by giving notice to the employer of the termination of the employment or Directorship, the date of that notice;
 - 8.2.3 save as provided in **Article 8.2.1**, where an employer or employee wrongfully repudiates the contract of employment and the other accepts that the contract of employment has been terminated, the date of such acceptance;
 - 8.2.4 where a contract of employment is terminated under the doctrine of frustration, the date of the frustrating event; and
 - 8.2.5 where a contract of employment or Directorship is terminated for any reason other than in the circumstances set out in **Articles 8.2.1 to 8.2.4** above, the date on which the action or event giving rise to the termination occurs.
- 8.3 When a holder of Growth Shares becomes a Leaver those Growth Shares held by him for which the Commencement Date:

- 8.3.1 falls less than four years prior to the date on which he becomes a Leaver shall not be Vested;
 - 8.3.2 falls four but less than five years prior to the date on which he becomes a Leaver shall as to 50% of those shares be Vested and the balance of those shares shall not be Vested;
 - 8.3.3 falls five years or more prior to the date on which he becomes a Leaver shall all be Vested.
- 8.4 A holder of Growth Shares who becomes a Leaver shall be a Bad Leaver in respect of all of those Growth Shares then held by him which are:
- 8.4.1 not Vested on the date he becomes a Leaver, if he becomes a Leaver:
 - 8.4.1.1 for a reason other than:
 - (a) death;
 - (b) Serious Ill Health; or
 - 8.4.1.2 in circumstances where the remuneration committee determine (whether before on or after he becomes a Leaver) that he should be treated as a Bad Leaver
 - 8.4.2 Vested on the date he becomes a Leaver, if he becomes a Leaver due to Bad Leaver Behaviour or having been a Leaver engages in Bad Leaver Behaviour.
- 8.5 In the event that a Leaver is:
- 8.5.1 a Bad Leaver in respect of Growth Shares he shall, in accordance with **Articles 8.6 to 8.8** (inclusive), be liable to forfeit the Growth Shares in respect of which he is a Bad Leaver in consideration for the Issue Price per such share, such sum to be paid to the Bad Leaver by the EBT;
 - 8.5.2 not a Bad Leaver in respect of Growth Shares then, subject always to **Articles 8.6 to 8.8** (inclusive), he shall not forfeit his Growth Shares but shall instead be entitled to retain them and to the extent dividends are declared in respect of those Growth Shares be entitled to receive such dividends and shall be entitled to exercise the Put Option in respect of such Growth Shares pursuant to and in accordance with **Article 6** but shall remain subject to **Articles 8.6 to 8.8** (inclusive).

8.6 The EBT may at any time serve a notice in writing addressed to a holder of Growth Shares who is a Leaver (a "Leaver Call Notice") stating that the EBT will proceed to acquire the Growth Shares held by him for cash.

8.7 In the event that the EBT has served a Leaver Call Notice the EBT shall:

8.7.1 in the case of a holder of Growth Shares, make a payment to such person equivalent to the Issue Price for each such Growth Share in respect to which he is a Bad Leaver;

8.7.2 in the case of a holder of 'A' Growth Shares, make a payment to such person for each 'A' Growth Share in respect of which he is not a Bad Leaver equal to £L where £L is calculated in accordance with the following formula:

$$£L = \frac{M}{1000}$$

where:

M = the amount by which 10% of the Value of the Third Party Business in relation to the Hermes Group (excluding HPFM) as at the date of service of the Leaver Call Notice, exceeds 10% of the Value of Third Party Business in relation to the Hermes Group (excluding HPFM) calculated as at the Commencement Date for each of those 'A' Growth Shares.

8.7.3 in the case of a holder of Non-'A' Growth Shares, make a payment to such person for each Non-'A' Growth Share in respect of which he is not a Bad Leaver equal to £N where £N is calculated in accordance with the following formula:

$$£N = \frac{P}{1000}$$

where:

P = the amount by which 20% (or, in the case of a holder of B Growth Shares, 40%) of the Value of the Third Party Business in relation to the relevant Business Unit as at the date of service of the Leaver Call Notice, exceeds 20% (or, in the case of a holder of B Growth Shares, 40%) of the Value of Third Party Business in relation to that Business Unit calculated as at the Commencement Date for that Non-'A' Growth Share.

8.8 The recipient of a Leaver Call Notice (the "Leaver Call Notice Recipient") shall be bound, on due payment of the purchase price being made in accordance with **Article 8.7**, to transfer the Growth Shares comprised in the Leaver Call Notice to the EBT at the time and place therein specified free from any lien, charge or encumbrance. If the Leaver Call Notice Recipient makes default in so doing, one of the Directors, or some other person duly nominated by a resolution of the board of the Company for that purpose, shall forthwith be deemed to be the duly appointed attorney of the Leaver Call Notice Recipient with full power to execute, complete and deliver in the name and on behalf of the Leaver Call Notice Recipient a transfer of the relevant Growth Shares to the EBT and all such consents written resolutions and proxies as the appointed attorney shall consider to be necessary or desirable for the purposes of any general meeting of the Company relating to or associated with or required to enable the sale of the Growth Shares to proceed and any Director may receive and give a good discharge for the payment referred to above in respect of those Growth Shares on behalf of the Leaver Call Notice Recipient and (subject to the transfer being duly stamped) enter the name of the EBT in the register of members as the holder or holders by transfer of those Growth Shares so purchased by the EBT. The Board shall forthwith pay the purchase money into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for the Leaver Call Notice Recipient until he shall deliver up his certificate or certificates for the relevant shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) to the Company when he shall thereupon be paid the purchase money.

8.9 In relation to a holder of:

8.9.1 Growth Shares who ceases to be engaged to work in the particular Business Unit by reference to which such Growth Shares were acquired by virtue of being engaged to work in a different Business Unit or becoming a member of the senior personnel forming part of the central management team of the Company;

8.9.2 Growth Shares who ceases to be a member of the senior personnel forming part of the central management team of the Company by virtue of being engaged to work in a Business Unit,

so that such holder is not a Leaver, they shall be entitled to retain all of the Growth Shares which are held by them at the time of the relevant cessation referred to in **Article 8.9.1** or **8.9.2** above unless the remuneration committee of the Company, in its absolute discretion, determines otherwise within 3 months following such cessation. In any case where the remuneration committee of the Company makes a determination pursuant to this **Article 8.9**, such determination shall expressly deal with what should happen to the relevant Growth Shares including but not limited to the terms and conditions of transfer

of those Growth Shares, the consideration payable for them and the identity of the person or other entity to whom those Growth Shares shall be transferred and the holder of the relevant Growth Shares shall be irrevocably bound by any such determination and shall comply with it. For the avoidance of doubt, the remuneration committee of the Company shall not be bound pursuant to this **Article 8.9** or otherwise to exercise its discretion in favour of any holder of Growth Shares or in order to benefit them.

9. CONVERSION OF GROWTH SHARES

9.1 In the event that the EBT is to acquire Growth Shares either:

- 9.1.1** following receipt of a Put Option Notice served by a holder of Growth Shares pursuant to **Article 6.1**;
- 9.1.2** following service by the EBT of a Call Option Notice pursuant to **Article 7.1**;
- 9.1.3** from a Bad Leaver pursuant to **Article 8.5.1**; or
- 9.1.4** following service by the EBT of a Leaver Call Notice pursuant to **Article 8.6**,

then the provisions of **Articles 9.2 and 9.3** shall apply in relation to each Growth Share to be acquired by the EBT.

9.2 Following the acquisition by the EBT of a Growth Share in any of the circumstances referred to in **Articles 9.1.1 to 9.1.4** above and the subsequent entry of the name of the EBT in the register of members of the Company as the holder of that Growth Share so purchased by the EBT, the Growth Share shall immediately thereafter and automatically, without the need for any shareholder or board of Directors' resolutions, convert into a Deferred Share.

Automatically upon conversion of a Growth Share into a Deferred Share as provided for in **Article 9.2** (a "Converted Share") and without the need for any shareholder or board of Directors resolutions, one Potential Growth Share in the authorised but unissued share capital of the Company shall immediately convert into one Growth Share of the same class as the class such Converted Share was immediately prior to it becoming a Converted Share.

9.3 For the avoidance of doubt:

- 9.3.1** no Potential Growth Share shall be issued under **Article 9.2** or otherwise;
- 9.3.2** a Potential Growth Share shall only convert into a Growth Share in accordance with **Article 9.2**;

- 9.3.3 once a Potential Growth Share has converted into a Growth Share in accordance with **Article 9.2** such Growth Share may be issued by the Company.

10. VALUATION

- 10.1 The board of Directors of the Company, acting either through the board of Directors itself or the remuneration committee of the Company, shall in its absolute discretion determine any valuation, any component part or parameter of any valuation, any mechanism of valuation and any issue of valuation in respect of the matters set out in these Articles including but not limited to the value of each class of Growth Shares in the capital of the Company at any Commencement Date or otherwise, the Value of the Hermes Group (excluding HPFM) (or any part thereof), the determination of assets under management, the Value of a Business Unit (or part thereof), any growth in Value of any Business Unit (or part thereof), the calculation of Consideration, any growth in assets under management, any Value of Third Party Business or the growth thereof, the amount of any Latent Value Uplift and/or any change therein, any post tax profit of any member of the Hermes Group (excluding HPFM) or of any Business Unit (or part thereof), the market value of Ordinary Shares, the amount of Consideration receivable which is referable to any member of the Hermes Group or any Business Unit (or part thereof), or to any Third Party Business (or part thereof) and in each case any growth of such post tax profits and the determination of Business Unit Base Profits or Group Base Profits. The decision of the board of Directors of the Company in relation to any such matter referred to in **Article 10** shall be final and binding on all concerned.
- 10.2 For the avoidance of doubt, any Third Party Business which is purchased for consideration from a party outside the Hermes Group by any member of the Hermes Group or any Business Unit (as the case may be) shall not, in any circumstances, be included in the calculation of Third Party Business for the purpose of these Articles and to the extent it is known:
- 10.2.1 at a Commencement Date that a particular mandate for the management of assets has either been secured or lost for a period following that Commencement Date then the assets under management under the terms of that particular mandate shall, at the discretion of the remuneration committee of the Company, be either included (in the case of a mandate secured) or excluded (in the case of a mandate lost) in the calculation of the aggregate of assets under management managed by either (i) each member of the Hermes Group (excluding HPFM) in the case of sub-clause (a) of the definition of Third Party Business or (ii) the Business Unit in the case of sub-clause (b) of the definition of Third Party Business;

- 10.2.2 at any Valuation Date that a particular mandate for the management of assets has either been secured or lost for a period following that Valuation Date then the assets under management under the terms of that particular mandate shall, at the discretion of the remuneration committee of the Company, be either included (in the case of a mandate secured) or excluded (in the case of a mandate lost) in the relevant calculation of the aggregate of assets under management managed by the Hermes Group (excluding HPFM), Business Unit, Business Units or parts thereof as the case may be.

11. CAPITAL

- 11.1 On a return of capital on liquidation or capital reduction or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:
- 11.1.1 firstly in paying to each Ordinary Shareholder all unpaid arrears of dividends on the Ordinary Shares held by him, calculated down to and including the date the return of capital is made and an amount equal to the subscription price (including any premium paid on subscription) paid up or credited as paid up on the Ordinary Shares by him;
 - 11.1.2 secondly in paying to each holder of Growth Shares all unpaid arrears of dividends on the Growth Shares held by him, calculated in accordance with these Articles and an amount equal to £1.00 per Growth Share held by him;
 - 11.1.3 thirdly in paying to each holder of Deferred Shares an amount equal to £1.00 per Deferred Share held by him; and
 - 11.1.4 thereafter in distributing the balance of such assets amongst the Ordinary Shareholders in proportion to the numbers of the Ordinary Shares held by them respectively.

12. VOTING

- 12.1 Each Ordinary Shareholder shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and the Ordinary Shareholders who (being individuals) are present in person or by proxy or (being corporations) are present by duly authorised representative or by proxy shall, on a show of hands, have one vote each and, on a poll, shall have one vote for each Ordinary Share of which he is a holder.
- 12.2 Each Ordinary Shareholder shall be entitled to appoint more than one proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company provided that each proxy is appointed to exercise the rights

attached to a different Ordinary Share or Ordinary Shares held by the Ordinary Shareholders.

- 12.3 If more than one proxy is appointed in respect of a different Ordinary Share or Ordinary Shares by an Ordinary Shareholder in accordance with **Article 12.2** but the document appointing the proxies does not specify to which share or shares the appointment relates, then the person whose name appears before the name or names of the other proxy or proxies in the document appointing the proxies shall be the only proxy for such Ordinary Shareholder entitled to attend and vote at any general meeting of the Company.
- 12.4 The Growth Shares shall not entitle the holders thereof to receive notice of any general meeting of the Company nor to attend, speak or vote at any such meeting.
- 12.5 The words "be entitled to" shall be inserted between the words "shall" and "vote" in regulation 57 of Table A.
- 12.6 Regulation 62 of Table A shall be amended by inserting the words "(excluding any part of a day that is not a working day)" after the words "48 hours".
- 12.7 At any time when the Company has a sole member any decision which may be taken by the Company in general meeting may be made by the sole member and shall be as valid as if agreed by the Company in general meeting.
- 12.8 If the sole member shall take any such decision as is referred to in **Article 12.7** the sole member shall (unless such decision is made by way of a written resolution) provide the Company with a written record of the decision.
- 12.9 Failure to comply with the provisions of **Article 12.8** shall not affect the validity of any decision made by the sole member and a person dealing with the Company shall not be concerned to inquire whether a written record has been provided to the Company in accordance with **Article 12.8**.
- 12.10 The Deferred Shares shall not entitle the holders thereof to receive notice of any general meeting of the Company nor to attend, speak or vote at any such meeting.

13. **LIEN**

The Company shall have a first and paramount lien on every share (whether or not it is a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all shares (whether fully paid or not) standing registered in the name of any person whether solely or as one of two or more joint holders for all moneys presently payable by him or his estate to the

Company, but the Directors may at any time declare any share to be wholly or part exempt from the provisions of this Article. The Company's lien on a share shall extend to any dividend or other amount payable in respect thereof. Regulation 8 of Table A shall be modified accordingly.

14. CALLS ON SHARES AND FORFEITURE

There shall be added at the end of the first sentence of regulation 18 of Table A, so as to increase the liability of any member in default in respect of a call, the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

15. TRANSFER OF SHARES

- 15.1 The first sentence in regulation 24 of Table A shall not apply to the Company. The words "They may also" at the beginning of the second sentence of that regulation shall be replaced by the words "The Directors may".
- 15.2 In the event that the number of members of the Company shall fall to one there shall, on the occurrence of that event, be entered in the Company's register of members with the name and address of the sole member a statement that the Company has only one member and the date on which the Company became a company having only one member.
- 15.3 In the event that the number of members of the Company shall increase from one member to two or more members there shall, on the occurrence of that event be entered in the Company's register of members with the name and address of the person who was formerly the sole member, a statement that the Company has ceased to have only one member and the date on which the Company became a company having more than one member.
- 15.4 Subject always to **Article 15.5**, the right to transfer shares is restricted as follows. For as long as the Trustees of the BTPS or their respective nominee company or custodian trustee company are a member, no transfer of shares shall be registered without their prior written consent which may be given or withheld in their sole discretion or given subject to such conditions as they may in their sole discretion choose. The Directors shall be bound to register any transfer of shares which has the prior written consent of the Trustees of the BTPS.
- 15.5 All transfers or forfeitures of Growth Shares referred to in **Articles 6, 7 and 8** (whether such be made voluntarily or compulsorily by the holders thereof) and all transfers to and from the EBT (irrespective of the identity of the transferor or transferee) shall not be restricted by the provisions of **Article 15.4** and in particular but without limitation shall not be subject to any requirement to obtain any prior written consent as referred to in such Article. The Directors shall be

bound to register any such transfer of Growth Shares in accordance with the provisions of this **Article 15.5** save where to do so would be unlawful, or would result in shares being held by a minor or by someone of unsound mind or where the legal title to a Growth Share would as a result be held by more than four holders at the same time.

16. GENERAL MEETINGS

16.1 Regulation 36 of Table A shall not apply to the Company.

16.2 The Directors may call general meetings and regulation 37 of Table A shall not apply to the Company.

17. NOTICE OF GENERAL MEETINGS

17.1 Regulation 38 of Table A shall not apply to the Company.

17.2 Every notice convening a general meeting shall:

17.2.1 comply with the provisions of section 325(1) of the Companies Act 2006 as to giving information to members relating to their right to appoint proxies;

17.2.2 be given in accordance with section 308 of the Companies Act 2006, that is in hard copy form, electronic form or by means of a website.

17.3 The Company may send a notice of meeting by making it available on a website or by sending it in electronic form and if notice is sent in either way it will be valid provided it complies with the relevant provisions of the Companies Act 2006.

17.4 Notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the Directors and to the auditors for the time being of the Company and to all persons entitled to a share in consequence of the death or bankruptcy of a member, provided that the Company has been notified of their entitlement.

18. PROCEEDINGS AT GENERAL MEETINGS

18.1 The words, "save that, if and for so long as the Company has only one person as a member, one member present in person or by proxy shall be a quorum" shall be added at the end of the second sentence of regulation 40 of Table A.

18.2 If a quorum is not present within half an hour from the time appointed for a general meeting, the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine. If at the adjourned general

meeting a quorum is not present within half an hour from the time appointed therefor one member present in person or by proxy or (being a body corporate) by representative and entitled to vote upon the business to be transacted shall constitute a quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place. Regulation 41 of Table A shall not apply to the Company.

- 18.3 Regulations 60 and 61 of Table A shall be amended by substituting the word "general" in place of the word "extraordinary".

19. **WRITTEN RESOLUTIONS**

- 19.1 A written resolution, proposed in accordance with section 288(3) of the Companies Act 2006, will lapse if it is not passed before the end of the period of 28 days beginning with the circulation date.

- 19.2 For the purposes of this **Article 19** "circulation date" is the date on which copies of the written resolution are sent or submitted to members or, if copies are sent or submitted on different days, to the first of those days.

20. **NUMBER OF DIRECTORS**

- 20.1 Regulation 64 of Table A shall not apply to the Company.

- 20.2 Unless otherwise determined by ordinary resolution the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than eight, with such minimum number of non-executive directors as the Board shall determine from time to time.

21. **ALTERNATE DIRECTORS**

- 21.1 A Director may appoint any person, including another Director, to be his alternate and may remove from office an alternate so appointed by him. Such appointment shall take effect on being approved by the Directors.

- 21.2 An alternate Director shall be entitled to receive notice of all meetings of the Directors and of all meetings of committees of the Directors of which his appointor is a member (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him). An alternate Director shall be entitled to attend and vote at any such meeting at which the Director appointing him is not personally present and generally to perform all the functions of his appointor at such meeting as a Director in his absence. An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by

notice in writing to the Company from time to time direct. Regulation 66 of Table A shall not apply to the Company.

- 21.3 A Director, or any such other person as is mentioned in regulation 65 of Table A, may act as an alternate Director to represent more than one Director, and an alternate Director shall be entitled at any meeting of the Directors or of 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, but he shall count as only one for the purpose of determining whether a quorum is present and the final sentence of regulation 88 of Table A shall not apply to the Company.

22. **APPOINTMENT AND RETIREMENT OF DIRECTORS**

- 22.1 The Directors shall not be required to retire by rotation and regulations 73 to 80 (inclusive) of Table A shall not apply to the Company.
- 22.2 A member or members holding a majority of the voting rights in the Company (within the meaning of section 736A(2) of the Companies Act 1985) shall have power at any time, and from time to time, to appoint any person to be a Director, either as an additional Director (provided that the appointment does not cause the number of Directors to exceed any number determined in accordance with **Article 20.2** as the maximum number of Directors for the time being in force) or to fill a vacancy and to remove from office any Director howsoever appointed. Any such appointment or removal shall be made by notice in writing to the Company signed by the member or members making the same or, in the case of a member being a corporate body, signed by one of its Directors or duly authorised officers or by its duly authorised attorney and shall take effect upon lodgement of such notice at the office.
- 22.3 The Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director.
- 22.4 The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number determined in accordance with **Article 20.2** as the maximum number of Directors for the time being in force. Any Director so appointed shall be a permanent Director and not subject to re-election or retirement by rotation. Regulation 79 of Table A shall be modified accordingly.
- 22.5 If, immediately following and as a result of the death of a member, the Company has no members and if at that time it has no Directors, the personal representatives of the deceased member may appoint any person to be a Director and the Director who is appointed will have the same rights and be subject to the same duties and obligations as if appointed by ordinary resolution in accordance with **Article 22.3**. If two members die in circumstances rendering

it uncertain which of them survived the other, such deaths shall, for the purposes of this Article, be deemed to have occurred in order of seniority and accordingly the younger shall be deemed to have survived the elder.

23. DISQUALIFICATION AND REMOVAL OF DIRECTORS

23.1 The office of a Director shall be vacated if:

23.1.1 he ceases to be a Director by virtue of any provision of the Statutes or these Articles or he becomes prohibited by law from being a Director; or

23.1.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or

23.1.3 he is, or may be, suffering from mental disorder and either:

23.1.3.1 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

23.1.3.2 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; or

23.1.4 he resigns his office and/or he resigns his employment by notice to the Company; or

23.1.5 he shall for more than six consecutive months have been absent without permission of the Directors from meetings of the Directors held during that period and the Directors resolve that his office be vacated; or

23.1.6 he is removed from office as a Director pursuant to **Article 22.2**.

23.2 Regulation 81 of Table A shall not apply to the Company.

24. DIRECTORS' APPOINTMENTS AND INTERESTS

24.1 Subject to the provisions of the Statutes, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:

- 24.1.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
- 24.1.2 may hold any other office or employment with the Company (other than the office of auditor)
- 24.1.3 may be a Director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;
- 24.1.4 may, or any firm or company of which he is a member or Director may, act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;
- 24.1.5 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
- 24.1.6 save for a vote under section 175(4) of the Companies Act 2006 authorising any conflict of interest which the Director or any other interested Director may have or where the terms of authorisation of such conflict provide that the Director may not vote in situations prescribed by the Directors when granting such authorisation shall be entitled to vote on any resolution and (whether or not he shall vote) shall be counted in the quorum on any matter referred to in any of **Articles 24.1.1 to 24.1.4** (inclusive) or on any resolution which in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever and if he shall vote on any resolution as aforesaid his vote shall be counted.

24.2 For the purposes of **Article 24.1**:

- 24.2.1 a general notice to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified;
- 24.2.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

- 24.2.3 an interest of a person who is for any purpose of the Statutes (excluding any statutory modification not in force when these Articles were adopted) 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.
- 24.3 Regulations 85 and 86 of Table A shall not apply to the Company.
- 24.4 The Directors may, subject to the provisions of this **Article 24.4**, at any time authorise a Director to be involved in a situation in which the Director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company ("a conflict of interest") provided that:
- 24.4.1 in the case of a proposed appointment of a person as a Director, the Directors authorise the conflict of interest before or at the time the Director is appointed to office;
- 24.4.2 in the case of any other Director the Directors authorise the conflict of interest at the time the conflict is declared to them in accordance with the provisions of the Statutes;
- 24.4.3 the Director subject to the conflict of interest or any other interested Director shall not vote and shall not be counted in the quorum in respect of the authorisation given under this **Article 24.4** and if he or any other interested Director does vote, those votes shall not be counted;
- 24.4.4 the Directors may in their absolute discretion impose such terms or conditions on the grant of the authorisation as they think fit and in doing so the Directors will act in such a way in good faith they consider will be most likely to promote the success of the Company;
- 24.4.5 a Director will not be in breach of his duty under sections 172, 174 and 175 of the Companies Act 2006 or the authorisation given by this **Article 24.4** by reason only that he receives confidential information from a third party relating to the conflict of interest which has been authorised by this **Article 24.4** and either fails to disclose it to the Directors or fails to use it in relation to the Company's affairs; and
- 24.4.6 where approval to a transaction which falls within Chapter 4 of Part 10 of the Companies Act 2006 is given by members in accordance with that Chapter further authorisation for that transaction by the Directors under this **Article 24.4** is not necessary.

For the purposes of this **Article 24.4**, 'conflict of interest' includes a conflict of interest and a conflict of duty and a conflict of duties.

25. DIRECTORS' GRATUITIES AND PENSIONS

Regulation 87 of Table A shall not apply to the Company and the Directors may exercise any powers of the Company conferred by its Memorandum of Association to give and provide pensions, annuities, gratuities or any other benefits whatsoever to or for past or present Directors or employees (or their dependants) of the Company or any subsidiary or associated undertaking (as defined in section 1162 of the Companies Act 2006) of the Company and the Directors shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

26. PROCEEDINGS OF DIRECTORS

26.1 Regulation 88 of Table A shall be amended by substituting for the sentence:

"It shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom."

the following sentence:

"Notice of every meeting of the Directors shall be given to each Director and his alternate, including Directors and alternate Directors who may for the time being be absent from the United Kingdom and have given the Company an address within the United Kingdom for service."

26.2 The quorum for the transaction of the business of the Directors shall be four, one of whom shall be a non-executive Director of the Company and regulation 89 of Table A shall be modified accordingly. 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.

26.3 Any Director (including an alternate Director) may participate in a meeting of the Directors or a committee of the Directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Companies Act 1985, he shall be entitled to vote and be counted in a quorum accordingly but not less than four persons as set out in **Article 26.2** whether present at the meeting or in telephonic communication with each other, can be a quorum. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

- 26.4 Regulations 94 to 97 (inclusive) of Table A shall not apply to the Company.
- 26.5 If, and as a consequence of section 175(6) of the Companies Act 2006 a Director cannot vote or be counted in the quorum at a meeting of the Directors then the following shall apply:
- 26.5.1 if the meeting is inquorate then the quorum for the purpose of the meeting shall be one;
- 26.5.2 notwithstanding **Article 26.5.1** if the meeting is still inquorate then it must be adjourned to enable the members of the Company to authorise any situation in which a Director has a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
- 26.6 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 to issue debentures, debenture stock and other securities whether outright or as security for any debt liability or obligation of the Company subject to any specific restraints imposed by the Trustees of the BTPS and agreed by the Company.

27. THE SEAL

If the Company has a seal it shall be used only with the authority of the Directors or of a committee of the Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined, every instrument to which the seal is affixed shall be signed by one Director whose signature shall be attested in the presence of a witness or by one Director and by the secretary or by two Directors. The obligation under regulation 6 of Table A relating to the sealing of share certificates shall only apply if the Company has a seal. Regulation 101 of Table A shall not apply to the Company.

28. NOTICES

- 28.1 When any member has given to the Company as *his registered address* an address outside of the United Kingdom he shall be entitled to have notices given to him at that address. Regulation 112 of Table A shall be amended accordingly.
- 28.2 Where a notice is sent by first class post, the notice shall be deemed to have been given at the expiration of 24 hours after the envelope containing the same is posted. Where a notice is sent in electronic form, the notice shall be deemed to have been given at the expiration of 24 hours after the time of transmission. Regulation 115 of Table A shall be amended accordingly.

28.3 Where a notice is sent by making it available on a website, the notice shall be deemed to have been given either when it was first made available on the website or when the member received or was deemed to have received notice of the fact that the notice was available on the website.

28.4 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 in at least one national daily newspaper 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.

29. **WINDING UP**

In regulation 117 of Table A, the words "with the like sanction" shall be inserted immediately before the words "determine how the division", and the words "extraordinary resolution" shall be replaced by the words "special resolution".

30. **INDEMNITIES FOR DIRECTORS**

30.1 Subject to the provisions of, and so far as may be permitted by, the Statutes but without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company may indemnify every Director, alternate Director, auditor, secretary or other officer of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, including any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a Director, alternate Director, auditor, secretary or other officer of the Company. Regulation 118 of Table A shall not apply to the Company.

30.2 The Directors may purchase and maintain at the cost of the Company insurance cover for or for the benefit of every Director, alternate Director, auditor, secretary or other officer of the Company or of any associated company (as defined in section 256 of the Companies Act 2006) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company), including anything done or omitted to be done or alleged to have been done or omitted to be done by him as a Director, alternate Director, auditor, secretary or other officer of the Company or associated company.

30.3 Subject to the provisions of, and so far as may be permitted by, the Statutes, the Company shall be entitled to fund the expenditure of every Director, alternate Director or other officer of the Company incurred or to be incurred:

30.3.1 in defending any criminal or civil proceedings; or

30.3.2 in connection with any application under sections 144(3), 144(4) of the Companies Act 1985 or section 1157 of the Companies Act 2006.

31. **DOCUMENTS SENT IN ELECTRONIC FORM OR BY MEANS OF A WEBSITE**

31.1 Where the Statutes permit the Company to send documents or notices to its members in electronic form or by means of a website such documents and notices will be validly sent provided the Company complies with the requirements of the Statutes.

31.2 Subject to any requirements of the Statutes, only such documents and notices as are specified by the Company may be sent to the Company in electronic form to the address specified by the Company for that purpose and such documents or notices sent to the Company are sufficiently authenticated if the identity of the sender is confirmed in the way the Company has specified.

32. **VARIATION OF RIGHTS**

32.1 Whenever the share capital of the Company is divided into different classes of share, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding-up) either (i) with the consent in writing of the holders of more than three-fourths of the issued shares of that class, or (ii) with the sanction of a special resolution passed at a separate general meeting of the holders of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company (and to the proceedings at such general meetings) shall apply.

32.2 The special rights conferred upon the holders of the Growth Shares referred to in **Article 32.1** shall be deemed to be varied, to the extent that any variation to **Article 5** (Dividends), **Article 6** (Put Option), **Article 8** (Leaver Provisions) and/or **Article 11** (Capital) is proposed which is materially prejudicial to only that particular class of Growth Shares.