

Written Resolution of the Members of the Company

Circulation date: 17 December 2009

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that the following resolution be passed as a special resolution (the "Resolution").

SPECIAL RESOLUTION

THAT with effect from the passing of this Resolution:

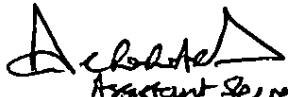
- (A) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of Section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
- (B) the Articles of Association as appended to this Resolution at 'annex 1' be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

AGREEMENT

Please read the notes at the end of this document before signifying your agreement to the Resolution.

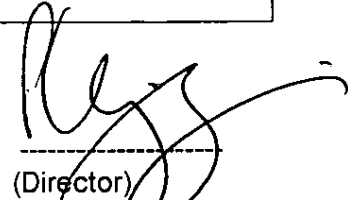
The undersigned, the persons entitled to vote on the Resolution on 17 December 2009 hereby irrevocably agree to the Resolution:

Executed by
National Grid plc
(shareholder)


Assistant Secretary
(Secretary)

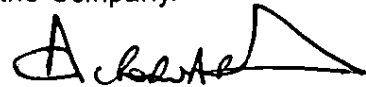
Date: 17 December 2009

Executed by
NG Nominees Limited
(shareholder)


(Director)

Date: 17 December 2009

The above Special Resolution was passed as a Written Resolution pursuant to Chapter 2 of Part 13 of the Companies Act 2006 before the date indicated below on which it would otherwise have lapsed, the signatories being the two members of the Company.



Director/Assistant/ Secretary

NOTES

1. If you agree with the Resolution, please indicate your agreement by signing and dating this document where indicated above and returning it to the Company either by hand or by post to the Company Secretary at 1-3 Strand, London WC2N 5EH

If you do not agree to the Resolution, you do not need to do anything: you will not be deemed to agree if you fail to reply.

2. Once you have indicated your agreement to the Resolution, you may not revoke your agreement.

3. Unless, by 13 January 2010, sufficient agreement has been received for the Resolution to pass Resolution, please ensure that your agreement reaches us before or during this date.

WEDNESDAY



RM

RW0UOG1M

23/12/2009

COMPANIES HOUSE

253

The Companies Acts

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

National Grid Holdings One plc

CMS Cameron McKenna LLP

Mitre House

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London EC1A 4DD

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The Companies Acts
A PUBLIC COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of
National Grid Holdings One plc

PART 1
INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms and interpretation

- 1.1 In the articles, unless the context requires otherwise the following words in bold text have the meaning given below:

“Act” means the Companies Act 2006;

“articles” means the company’s articles of association;

“bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“Board Sealing Committee” means a committee which may consist of one or more committee members and may include the directors and secretary together with any other person appointed by the directors, the quorum for which shall be one committee member, and which is authorised by the directors for the purpose of approving the affixing of the common seal of the company to any document;

“chairman” has the meaning given in article 12;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“instrument” means a document in hard copy form;

“paid” means paid or credited as paid;

“register of members” means the register of members of the company for the time being; and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2 The relevant model articles (within the meaning of section 20 of the Act) are excluded.

- 1.3 Unless the context otherwise requires, other words or expressions contained in the articles bear the same meaning as in the Act as in force on the date when the articles become binding on the company.

- 1.4 Except where the contrary is stated or the context otherwise requires, any reference in the articles to a statute or statutory provision includes any order, regulation, instrument or other subordinate legislation made under it for the time being in force, and any reference to a statute, statutory provision, order, regulation, instrument or other subordinate legislation includes any amendment, extension, consolidation, re-enactment or replacement of it for the time being in force.
- 1.5 Words importing the singular number only include the plural and vice versa. Words importing the masculine gender include the feminine and neuter gender. Words importing persons include corporations.

2. Liability of members

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

**PART 2
DIRECTORS**

DIRECTORS' POWERS AND RESPONSIBILITIES

3. Directors' general authority

Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

4. Members' reserve power

- 4.1 The members may, by special resolution (being a positive vote by 75% of the members voting), direct the directors to take, or refrain from taking, specified action.
- 4.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

5. Directors may delegate

- 5.1 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:

- 5.1.1 to such person or such committee consisting of one or more persons;
- 5.1.2 by such means (including by power of attorney);
- 5.1.3 to such an extent;
- 5.1.4 in relation to such matters or territories; and
- 5.1.5 on such terms and conditions

as they think fit. The power to delegate shall be effective in relation to the powers, authorities and discretions of the directors generally and shall not be limited by the fact that in certain of the articles, but not in others, express reference is made to particular powers, authorities or discretions being exercised by the directors or by a committee authorised by the directors.

- 5.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- 5.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

6. Committees

- 6.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- 6.2 A member of a committee need not be a director.
- 6.3 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

7. Directors to take decisions collectively

- 7.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a written resolution in accordance with article 16.
- 7.2 Where a director is a corporation, a director or the secretary of the corporation shall be deemed to be a duly authorised representative of the corporation for the purposes of attending any meeting of directors and signing any resolution or otherwise indicating the view of the corporation on the matter.

8. Calling a directors' meeting

- 8.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary to give such notice.
- 8.2 Notice of any directors' meeting must indicate its proposed date, time and location and, if the directors participating in the meeting might not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 8.3 Notice of a directors' meeting shall be given to each director in the manner agreed by the directors (including by electronic means) provided that, if that director is for the time being absent from the United Kingdom, he has given the company his address for sending or receiving documents or information by electronic means outside the United Kingdom.
- 8.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than seven days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

9. Participation in directors' meetings

- 9.1 Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when
 - 9.1.1 the meeting has been called and takes place in accordance with the articles, and
 - 9.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 9.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 9.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

10. Quorum for directors' meetings

- 10.1 At a directors' meeting, if a quorum is not participating, no proposal is to be voted on, except a proposal to call another meeting.
- 10.2 Subject to article 10.3, the quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- 10.3 For the purposes of any meeting held pursuant to article 15 to authorise a director's conflict, if there is only one director besides the director concerned and directors with a similar interest, the quorum shall be one.

11. Meetings where total number of directors less than quorum

- 11.1 This article applies where the total number of directors for the time being is less than the quorum for directors' meetings.
- 11.2 If there is only one director, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so.
- 11.3 If there is more than one director:
 - 11.3.1 a directors' meeting may take place, if it is called in accordance with the articles and at least two directors participate in it, with a view to appointing sufficient directors to make up a quorum or calling a general meeting to do so; and
 - 11.3.2 if a directors' meeting is called but only one director attends at the appointed date and time to participate in it, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so.

12. Chairing of directors' meetings

- 12.1 The directors may appoint a director to chair their meetings generally, who shall be known as the chairman.
- 12.2 The directors may terminate the chairman's appointment as chairman at any time.
- 12.3 If no director has been appointed chairman, or the chairman does not wish to chair the meeting or is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors may appoint one of themselves to chair it.

13. Casting vote

- 13.1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
- 13.2 But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

14. Directors' interests

Except to the extent that article 15 applies or the terms of any authority given under that article otherwise provide, and without prejudice to such disclosure as is required under the Act, a director may be a party to, or otherwise interested in, any transaction or arrangement with the company and shall be entitled to participate in the decision-making process for quorum and voting purposes on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty that conflicts or may conflict with the interests of the company.

15. Conflicts of interest

- 15.1 Subject to the provisions of the Act and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director may, notwithstanding his office or that, without the authorisation conferred by this article 15.1, he would or might be in breach of his duty under the Act to avoid conflicts of interest, be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any undertaking in the same group as the company, or promoted by the company or by any undertaking in the same group as the company, or in which the company or any undertaking in the same group as the company is otherwise interested.
- 15.2 No director shall:
- 15.2.1 by reason of his office, be accountable to the company for any benefit which he derives from any office or employment, or from any transaction or arrangement, or from any interest in any undertaking, that is authorised under article 15.1 (and no such benefit shall constitute a breach of the duty under the Act not to accept benefits from third parties, and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit);
 - 15.2.2 be in breach of his duties as a director by reason only of his excluding himself from the receipt of information, or from participation in discussion (whether at meetings of the directors or otherwise), that will or may relate to any office, employment, transaction, arrangement or interest that is authorised under article 15.1; or
 - 15.2.3 be required to disclose to the company, or use in relation to the company's affairs, any confidential information obtained by him in connection with any office, employment, transaction, arrangement or interest that is authorised under article 15.1 if his doing so would result in a breach of a duty or an obligation of confidence owed by him in that connection.
- 15.3 A general notice given 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; and 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.
- 15.4 The directors may, if the quorum and voting requirements set out below are satisfied, authorise any matter that would otherwise involve a director breaching his duty under the Act to avoid conflicts of interest, and any director (including the director concerned) may propose that the director concerned be authorised in relation to any matter the subject of such a conflict provided that:
- 15.4.1 such proposal and any authority given by the directors shall be effected in the same way that any other matter may be proposed to and resolved upon by the directors under the provisions of the articles, except that the director concerned and any other director with a similar interest:
 - (a) shall not be counted for quorum purposes as participating in the decision-making process while the conflict is under consideration;
 - (b) may, if the other directors so decide, be excluded from participating in the decision-making process while the conflict is under consideration; and

- (c) shall not vote on any resolution authorising the conflict except that, if any such director does vote, the resolution will still be valid if it would have been agreed to if his votes had not been counted; and

15.4.2 where the directors give authority in relation to such a conflict:

- (a) they may (whether at the time of giving the authority or at any time or times subsequently) impose such terms upon the director concerned and any other director with a similar interest as they may determine, including, without limitation, the exclusion of that director and any other director with a similar interest from the receipt of information, or participation in discussion (whether at meetings of the directors or otherwise) related to the conflict;
- (b) the director concerned and any other director with a similar interest will be obliged to conduct himself in accordance with any terms imposed from time to time by the directors in relation to the conflict but will not be in breach of his duties as a director by reason of his doing so;
- (c) the authority may provide that, where the director concerned and any other director with a similar interest obtains information that is confidential to a third party, the director will not be obliged to disclose that information to the company, or to use the information in relation to the company's affairs, where to do so would amount to a breach of that confidence;
- (d) the authority may also provide that the director concerned or any other director with a similar interest shall not be accountable to the company for any benefit that he receives as a result of the conflict;
- (e) the receipt by the director concerned or any other director with a similar interest of any remuneration or benefit as a result of the conflict shall not constitute a breach of the duty under the Act not to accept benefits from third parties;
- (f) the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
- (g) the directors may withdraw such authority at any time.

15.5 Subject to article 15.6, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman, whose ruling in relation to any director other than the chairman is to be final and conclusive.

15.6 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

16. Resolutions in writing

A written resolution, circulated to all directors in accordance with any procedures for notification and timescale of response to such resolution as agreed by the directors, which is then signed or confirmed by electronic means by the minimum number of directors (normally two directors) required to make a directors' meeting or a meeting of a committee quorate (and forming the majority of those actually voting) is just as valid and effective as a resolution passed by those directors at a meeting or committee meeting which is validly called and held.

17. Records of decisions to be kept

The directors must ensure that the company keeps a record, in hard copy form, for at least 10 years from the date of the decision recorded, of every decision taken by the directors.

18. Directors' discretion to make further rules

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

APPOINTMENT OF DIRECTORS

19. Methods of appointing and removing directors

19.1 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:

19.1.1 by ordinary resolution of the members;

19.1.2 by a majority decision of the directors.

19.2 A person ceases to be a director as soon as:

19.2.1 notification is received by the company from the director that he is resigning from office as director, and such resignation has taken effect in accordance with its terms;

19.2.2 a bankruptcy order is made against him or he makes any arrangement or composition with his creditors generally in satisfaction of his debts;

19.2.3 he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as a director;

19.2.4 a registered medical practitioner who is treating him gives a written opinion to the company stating that the director has become physically or mentally incapable of acting as a director and may remain so for more than three months or, by reason of his mental health, a court makes an order which wholly or partly prevents him from personally exercising any powers or rights that he would otherwise have;

19.2.5 without the permission of the other directors, he is absent from directors' meetings for six consecutive months (whether or not an alternate appointed by him attends) and the other directors resolves that his office is vacated;

19.2.6 he ceases to be a director by virtue of the Act or is prohibited by law from being a director or is removed from office under the articles;

19.2.7 notice in writing that he is to vacate office executed by or on behalf of all the directors other than him, or any alternate for him who is not an alternate for another director or himself a director, is delivered to the company at its registered office or tendered at a meeting of the directors. Separate notices in substantially the same form each executed by or on behalf of one or more of those directors shall together be as effective as a single notice signed by all of them; or

19.2.8 his contract of service as a director expires or is terminated without being renewed within 14 days.

20. Majority member's rights to appoint and remove directors

- 20.1 Any member or members holding a majority in nominal amount of the issued voting ordinary share capital may at any time appoint any person to be a director, whether as an additional director or to fill a vacancy, or an alternate director and may remove from office any director howsoever appointed or any alternate director. Any such appointment or removal shall be effected by notice in writing to the company by the relevant member(s). Any such appointment or removal shall take effect when it is delivered to the registered office of the company or, if it is produced at a meeting of the directors, when it is so produced or, if sent by electronic means to an address generally used by the company, when it is sent.
- 20.2 Any removal shall be without prejudice to any claim that a director may have under any contract between him and the company.

21. No retirement by rotation

No director shall be subject to retirement by rotation.

22. Directors' remuneration

- 22.1 Directors may undertake any services for the company that the directors decide.

- 22.2 Directors are entitled to such remuneration as the directors determine:

22.2.1 for their services to the company as directors; and

22.2.2 for any other service which they undertake for the company

and such remuneration shall be divided between the directors in such proportions and in such manner as they may unanimously determine or, in default of such determination, equally, except that any director holding office for less than a year or other period for which remuneration is paid shall rank in such division in proportion to the fraction of the year or other period in which he has held office.

- 22.3 Any director who is appointed to any executive office or at the request of the directors serves on any committee or devotes special attention to the business of the company or goes or resides abroad for any purposes of the company shall receive such extra remuneration by way of salary, commission, participation in profits or otherwise as the directors may determine in addition to or in lieu of any remuneration paid to, or provided for, such director by or pursuant to any other of the articles.

- 22.4 Subject to the articles, a director's remuneration may include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

- 22.5 Unless the directors decide otherwise, directors' remuneration accrues from day to day.

- 22.6 Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

23. Directors' expenses

The company may pay any reasonable expenses which the directors (and any alternate directors and any company secretary) properly incur in connection with their attendance at:

- 23.1.1 meetings of directors or committees of directors;

23.1.2 general meetings of members

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

ALTERNATE DIRECTORS

24. Appointment and removal of alternate directors

24.1 Any director may appoint as an alternate any other director, or any other person, to:

24.1.1 exercise that director's powers; and

24.1.2 carry out that director's responsibilities

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

24.2 Any appointment or removal of an alternate must identify the proposed alternate and be effected by notice in writing to the company signed by his appointor, or in any other manner approved by the directors.

25. Rights and responsibilities of alternate directors

25.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.

25.2 Except as the articles specify otherwise, alternate directors:

25.2.1 are deemed for all purposes to be directors;

25.2.2 are liable for their own acts and omissions;

25.2.3 are subject to the same restrictions as their appointors; and

25.2.4 are not deemed to be agents of or for their appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

25.3 A person who is an alternate director but not a director:

25.3.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);

25.3.2 may participate in a written resolution of the directors (but only if his appointor does not participate); and

25.3.3 shall not be counted as more than one director for the purposes of the articles.

25.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.

- 25.5 An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

26. Termination of alternate directorship

- 26.1 An alternate director's appointment as an alternate terminates:

- 26.1.1 when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
- 26.1.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- 26.1.3 on the death of the alternate's appointor; or
- 26.1.4 when the alternate's appointor's appointment as a director terminates or the alternate is removed from office under article 20.1.

**PART 3
DECISION-MAKING BY MEMBERS**

ORGANISATION OF GENERAL MEETINGS

27. Procedure

Subject to the Act and provided the company is a wholly-owned subsidiary of National Grid plc, the directors may make whatever arrangements they consider appropriate for the holding of and the regulation of proceedings at general meetings.

**PART 4
SHARES AND DISTRIBUTIONS**

SHARES

28. Power to issue shares

- 28.1 Without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution of the members and, subject to being authorised by ordinary resolution of the members in accordance with the Act, the directors may offer, allot, grant options over, or otherwise dispose of rights to subscribe for, or to convert any security into, shares to such persons and on such terms as they think fit.

- 28.2 Shares may be issued with a premium to be paid to the company in consideration for the issue.

29. Power to issue redeemable shares

The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

30. Company not bound by less than absolute interests

Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

31. Fractions of shares

If any shares are consolidated or divided, the directors have the power to deal with any fractions of shares which result. The directors can sell any shares representing fractions as they think fit and distribute the net proceeds of sale to the member or among the members in proportion to their fractional entitlements in line with the law, their rights and interests. The directors can sell to anyone (including the company, if the law allows this) and can authorise any person to transfer those shares to the buyer or in line with the buyer's instructions. The buyer does not need to check how the company used the money and the buyer's ownership of the shares will not be affected if the sale was irregular or invalid in any way.

32. Share certificates and register of members

32.1 The terms of any issue of shares will ordinarily be that share certificates will not be provided unless specifically requested by the relevant member(s), in which case the company shall issue the member, free of charge, with one or more certificates in respect of the shares which that member holds. A member may request the company to provide confirmation of its membership by means of inspection or provision of a certified copy of the register of members at any reasonable time.

32.2 Every certificate issued must specify:

32.2.1 in respect of how many shares, of what class, it is issued;

32.2.2 the nominal value of those shares;

32.2.3 if the shares are fully paid; and

32.2.4 any distinguishing numbers assigned to them.

32.3 No certificate may be issued in respect of shares of more than one class.

32.4 Only one certificate may be issued in respect of any shareholding registered in the names of more than one holder.

32.5 Certificates must:

32.5.1 have affixed to them the company's common seal; or

32.5.2 be otherwise executed in accordance with the Act.

32.6 The directors may determine, either generally or in relation to any particular case, that any signature on any certificate need not be autographic but may be applied by some mechanical or other means, or printed on the certificate, or that certificates need not be signed.

33. Replacement share certificates

33.1 If a certificate issued in respect of a member's shares is:

33.1.1 damaged or defaced, or

33.1.2 said to be lost, stolen or destroyed,

that member is entitled to be issued with a replacement certificate in respect of the same shares.

33.2 A member exercising the right to be issued with such a replacement certificate:

- 33.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;
- 33.2.2 must return the certificate which is to be replaced to the company if it is damaged or defaced; and
- 33.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

34. Share transfers

- 34.1 Shares may be transferred by means of a stock transfer form, or any other form approved by the directors, which is executed by or on behalf of the transferor and (if any of the shares is partly paid) the transferee.
- 34.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 34.3 The company may retain any instrument of transfer which is registered.
- 34.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

DIVIDENDS AND OTHER DISTRIBUTIONS

35. Procedure for declaring dividends

- 35.1 The company may by ordinary resolution of the member(s) declare dividends, and the directors may decide to pay interim dividends.
- 35.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 35.3 No dividend may be declared or paid unless it is in accordance with members' respective rights.
- 35.4 Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.
- 35.5 If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 35.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 35.7 If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.
- 35.8 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

36. Payment of dividends and other distributions

The directors may determine the means of payment of dividends, and dividends may be declared or paid in any currency. The directors may agree with any member that dividends which may at any time or from time to time be declared or become due on that member's shares

in one currency shall be paid or satisfied in another, and may agree the basis of conversion to be applied and how and when the amount to be paid in the other currency shall be calculated and paid and for the company or any other person to bear the costs involved.

37. No interest on distributions

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

37.1.1 the terms on which the share was issued, or

37.1.2 the provisions of another agreement between the holder of that share and the company.

38. Non-cash distributions

38.1 Subject to the terms of issue of the share in question, the company may, by ordinary resolution of the member(s) on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

38.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

38.2.1 fixing the value of any assets;

38.2.2 paying cash to any member entitled on the basis of that value in order to adjust the rights of recipients; and

38.2.3 vesting any assets in trustees.

39. Waiver of distributions

Members may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if:

39.1.1 the share has more than one holder; or

39.1.2 more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

40. Authority to capitalise and appropriation of capitalised sums

40.1 Subject to the articles, the directors may, if they are so authorised by an ordinary resolution of the member(s):

40.1.1 decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

40.1.2 appropriate any sum which they so decide to capitalise (a **capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (the **persons entitled**) and in the same proportions.

- 40.2 Capitalised sums must be applied:
- 40.2.1 on behalf of the persons entitled; and
 - 40.2.2 in the same proportions as a dividend would have been distributed to them.
- 40.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 40.4 A capitalised sum which was appropriated from profits available for distribution may be applied:
- 40.4.1 in or towards paying up any amounts unpaid on existing shares held by the persons entitled; or
 - 40.4.2 in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 40.5 Subject to the articles the directors may:
- 40.5.1 apply capitalised sums in accordance with articles 40.3 and 40.4 partly in one way and partly in another;
 - 40.5.2 make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
 - 40.5.3 authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

PART 5

ADMINISTRATIVE ARRANGEMENTS

41. Means of communication to be used

- 41.1 Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in electronic or hard copy form or any way in which the Act provides for documents or information to be sent or supplied by or to the company.
- 41.2 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 41.3 A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

42. Company seals

- 42.1 Any common seal may only be used by the authority of the directors or of a committee.
- 42.2 The directors may decide by what means and in what form any common seal is to be used and may authorise any person or its Board Sealing Committee to use the seal.
- 42.3 For the purposes of this article, the following persons may be so authorised:

- 42.3.1 any director of the company;
- 42.3.2 the company secretary; or
- 42.3.3 any person or member of a Board Sealing Committee authorised by the directors for the purpose of signing or authenticating any document to which the common seal is affixed.

43. Provision for employees on cessation of business

The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

44. Secretary

Subject to the Act, the directors shall appoint a company secretary (or two or more persons as joint secretary) for such term, at such remuneration and upon such conditions as the directors may think fit; and any company secretary (or joint secretary) so appointed may be removed by the directors.

DIRECTORS' INDEMNITY AND INSURANCE

45. Indemnity

45.1 Subject to the articles (but without prejudice to any indemnity which a director or other officer is otherwise entitled):

45.1.1 any director or other officer may be indemnified out of the company's assets to whatever extent the directors may determine against:

- (a) any liability incurred by that officer in connection with any negligence, default, breach of duty or breach of trust in relation to the company or a group undertaking,
- (b) any liability incurred by that officer in connection with the activities of the company or a group undertaking in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act),
- (c) any other liability incurred by that officer as an officer of the company or a group undertaking; and

45.1.2 the company shall provide funds to meet expenditure incurred or to be incurred by that officer in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the company or any of its group undertakings, or any investigation, or action proposed to be taken, by a regulatory authority in that connection, or for the purposes of an application for relief, or in order to enable the officer to avoid incurring such expenditure.

45.2 This article does not authorise any indemnity that would be prohibited or rendered void by any provision of the Act or by any other provision of law.

46. Insurance

46.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any director or other officer in respect of any relevant loss.

46.2 In this article, a **relevant loss** means any loss or liability which has been or may be incurred by a director or other officer in connection with that officer's duties or powers in relation to the company, any of its group undertakings or any pension fund or employees' share scheme of the company or of any of its group undertakings.