

THE COMPANIES ACTS 1985 and 1989

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

BRITISH ENERGY plc

(as amended
by special resolutions passed on 17 July 2001)

Company Number 162273

Incorporated in Scotland 13th December, 1995



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COMPANIES HOUSE 27/07/01

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A handwritten signature in black ink, appearing to be a stylized 'V' or 'W'.

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INDEX

Clause		Page
1.	Table A not to apply.....	2
2.	Interpretation.....	2
3.	Share capital.....	5
4.	Rights attached to shares.....	14
5.	Uncertificated shares.....	14
6.	Unissued shares.....	16
7.	Authority to allot relevant securities.....	16
8.	Dis-application of pre-emption rights.....	16
9.	Power to pay commission and brokerage.....	17
10.	Power to increase, consolidate, sub-divide and cancel shares.....	17
11.	Power to issue redeemable shares.....	18
12.	Power to purchase own shares.....	19
13.	Power to reduce capital.....	19
14.	Trusts not bound to be recognised.....	19
15.	Variation of rights.....	19
16.	The Special Share.....	20
17.	Limitations on shareholdings.....	22
18.	Issue of certificates.....	28
19.	Charges for and replacement of certificates.....	29
20.	Other methods of recording title.....	29
21.	Lien on partly paid shares.....	29
22.	Enforcement of lien.....	30
23.	Calls.....	30
24.	Interest on calls.....	30
25.	Sums treated as calls.....	31
26.	Power to differentiate.....	31
27.	Payment of calls in advance.....	31
28.	Notice of unpaid calls.....	31
29.	Forfeiture on non-compliance with notice.....	31
30.	Power to annul forfeiture or surrender.....	32
31.	Disposal of forfeited or surrendered shares.....	32
32.	Arrears to be paid notwithstanding forfeiture or surrender.....	32
33.	Sale of shares of untraced members.....	32
34.	Application of proceeds of sale.....	33
35.	Form of transfer.....	34
36.	Right to refuse to register transfers.....	34
37.	No fee payable.....	35
38.	Retention of instruments.....	35
39.	Power to suspend registration of transfers.....	35
40.	Renunciations and other methods of transfer.....	35
41.	Transmission on death.....	35
42.	Election of person entitled by transmission.....	35
43.	Rights of person entitled by transmission.....	36
44.	Disclosure of interests in shares.....	36
45.	Annual general meetings.....	40
46.	Extraordinary general meetings.....	40
47.	Convening of extraordinary general meetings.....	40
48.	Length and form of notice.....	40

49.	Omission or non-receipt of notice and irregularities in publication of notices	41
50.	Special business	42
51.	Quorum.....	42
52.	Chairman	42
53.	Security and order at meetings.....	43
54.	Directors and other persons entitled to attend and speak.....	43
55.	Adjournment	43
56.	Accommodation of persons at meeting	44
57.	Method of voting and demand for poll.....	44
58.	How poll to be taken	45
59.	Chairman's casting vote	45
60.	Amendments to resolutions	45
61.	Voting rights.....	46
62.	Corporate representatives	46
63.	Voting rights of joint holders.....	47
64.	Voting rights of members incapable of managing their affairs.....	47
65.	Voting rights suspended where sums overdue	47
66.	Objections to admissibility of votes	48
67.	Proxies.....	48
68.	Form of proxy.....	48
69.	Deposit of proxy.....	49
70.	Notice of revocation of proxy	50
71.	Members' written resolutions.....	50
72.	Number of directors	50
73.	Directors need not be members	50
74.	Age of directors	51
75.	Appointment of directors by the Company	51
76.	Separate resolutions for appointment of each director.....	51
77.	The board's power to appoint directors.....	51
78.	Retirement of directors	52
79.	Selection of directors to retire by rotation	52
80.	Removal of directors	52
81.	Vacation of office of director.....	53
82.	Executive directors.....	53
83.	Power to appoint alternate directors	54
84.	Remuneration of directors	55
85.	Special remuneration	55
86.	Expenses.....	55
87.	Pensions and other benefits	55
88.	General powers of the board to manage the Company's business	56
89.	Power to act notwithstanding vacancy	56
90.	Provisions for employees	56
91.	Power to borrow money	56
92.	Register of charges.....	60
93.	Nuclear Installations Acts 1965 and 1969	60
94.	Delegation to executive directors	60
95.	Committees	61
96.	Local boards	61
97.	Powers of attorney.....	61
98.	Associate directors	62
99.	Exercise of voting powers.....	62
100.	Registers.....	62

101.	Directors' interests and voting.....	62
102.	Board meetings.....	64
103.	Notice of board meetings.....	65
104.	Quorum.....	65
105.	Chairman or deputy chairman to preside.....	65
106.	Competence of meetings.....	65
107.	Voting.....	65
108.	Telephone meetings.....	65
109.	Resolutions in writing.....	66
110.	Validity of acts of directors in spite of formal defect.....	66
111.	Minutes.....	66
112.	Secretary.....	67
113.	Authentication of documents.....	67
114.	Seal.....	67
115.	Declaration of dividends by the Company.....	68
116.	Fixed and interim dividends.....	68
117.	Calculation and currency of dividends.....	68
118.	Method of payment.....	69
119.	Dividends not to bear interest.....	69
120.	Calls or debts may be deducted from dividends.....	70
121.	Unclaimed dividends etc.....	70
122.	Uncashed dividends.....	70
123.	Dividends in specie.....	70
124.	Scrip dividends.....	70
125.	Capitalisation of reserves.....	72
126.	Capitalisation of reserves - employees' share schemes.....	73
127.	Fixing of record dates.....	74
128.	Accounting records.....	74
129.	Notices to be in writing or in electronic communication.....	75
130.	Service of notices.....	76
131.	Notice by advertisement.....	77
132.	Evidence of service.....	77
133.	Record date for service.....	77
134.	Service of notice on person entitled by transmission.....	78
135.	Destruction of documents.....	78
136.	Powers to distribute in specie.....	79
137.	Indemnity of officers.....	79

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PRELIMINARY

1. Table A not to apply

No regulations contained in any statute or subordinate legislation, including the regulations contained in Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (as amended) apply as the regulations or articles of association of the Company.

2. Interpretation

(1) In these articles, unless the contrary intention appears:

(a) the following definitions apply:

Act	...	means the Companies Act 1985;
address	...	means, in relation to electronic communications, any number or address used for the purposes of such communications;
NE	...	means Nuclear Electric Limited -

		incorporated in England and Wales with registered number 3076445;
these articles	...	means these articles of association, as from time to time amended;
board	...	means the board of directors for the time being of the Company or any of those directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present;
certificated share	...	means a share which is not an uncertificated share and references in these articles to a share being held in certificated form shall be construed accordingly;
clear days	...	means, in relation to a period of notice, 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;
committee	...	means a duly appointed committee of the board;
communication	...	shall have the same meaning as in the Electronic Communications Act 2000;
Custodian Bank	...	shall have the meaning attributed to it by article 17(3)(iv);
director	...	means a director for the time being of the Company;
electronic communication	...	shall have the same meaning as in the Electronic Communications Act 2000;
holder	...	means, in relation to a share, the member whose name is entered in the register as the holder of that share;
Instalment Agreement	...	has the meaning attributed to it by article 17(3)(vi);
London Stock Exchange	...	means the London Stock Exchange plc;
office	...	means the registered office for the time being of the Company;
Operator-instruction		shall have the meaning attributed to it in the

		Regulations;
paid up	...	means paid up or credited as paid up;
participating security	...	means a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of a relevant system in accordance with the Regulations;
person entitled by transmission	...	means a person whose entitlement to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law has been noted in the Register;
recognised person	...	means a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange within the meaning of section 185(4) of the Act;
Register	...	means the register of members kept pursuant to section 352 of the Act;
Regulations	...	means The Uncertificated Securities Regulations 1995;
relevant system	...	shall have the meaning attributed to it in the Regulations;
seal	...	means any common seal of the Company or any official or securities seal which the Company may have or may be permitted to have under the Statutes;
secretary	...	means the secretary of the Company or, if there are joint secretaries, any of the joint secretaries and includes an assistant or deputy secretary and any person appointed by the board to perform any of the duties of the secretary of the Company;
SN	...	means Scottish Nuclear Limited incorporated in Scotland with registered number 117121;
Special Share	...	means the one special rights redeemable preference share of £1 in the capital of the Company;
Special Shareholder	...	means the holder for the time being of the Special Share;

Statutes	...	means the Act and every other statute, statutory instrument, regulation or order for the time being in force concerning companies registered under the Act; and
UKLA	...	means the UK Listing Authority, a division of the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 or any successor enactment;
uncertificated share	...	means a share which is for the time being held in an account within a relevant system and title to which may, by virtue of the Regulations, be transferred by means of a relevant system and references in these articles to a share being held in uncertificated form shall be construed accordingly;
United Kingdom	...	means Great Britain and Northern Ireland;

- (b) any other words or expressions defined in or for the purposes of the Act (as in force, and subject to any statutory modification to the Act in force, on the date of adoption of these articles) or, if not in the Act, in any other of the Statutes have the same meaning in these articles except that the word "**company**" includes any body corporate or association of persons, whether or not a company within the meaning of the Act;
 - (c) any reference in these articles to any statute or statutory provision includes a reference to any modification or re-enactment of it for the time being in force;
 - (d) words importing the singular number include the plural number and vice versa, words importing one gender include any gender and words importing persons include bodies corporate and unincorporated associations;
 - (e) any reference to writing includes a reference to any method of representing or reproducing words in a legible and non-transitory form;
 - (f) any reference to a document being sealed or executed under seal or under the common seal of any body corporate (including the Company) or any similar expression includes a reference to its being executed in any other manner which has the same effect as if it were executed under seal; and
 - (g) any reference to a meeting shall not be taken as requiring more than one person to be present in person if any quorum requirement can be satisfied by one person.
- (2) Subject to the provisions of the Statutes a special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required and a special resolution shall be effective for any purpose for which an extraordinary resolution is required under these articles.

- (3) Headings to these articles are inserted for convenience only and shall not affect construction.

SHARE CAPITAL

3. Share capital

(A) **Authorised Share Capital**

The authorised share capital of the Company is divided into Ordinary Shares of 44 $\frac{28}{43}$ p each (the "**Ordinary Shares**"), A Shares of 60p each (the "**A Shares**") and one special rights redeemable preference share of £1.

(B) **Rights & Restrictions attaching to the Ordinary Shares**

The rights and restrictions attaching to the Ordinary Shares shall be as follows:

1. *Income*

Subject to the payment of the preferential dividend on the A Shares and to the rights attached to the Non-voting Deferred Shares and any other share or class of share, the holders of Ordinary Shares shall be entitled to be paid any profits of the Company available for distribution and determined to be distributed.

2. *Capital*

On a return of capital on a winding-up or otherwise (except on a redemption in accordance with the terms of issue of any share; or purchase by the Company of any share or on a capitalisation issue and subject to the rights of any other class of shares that may be issued) after;

- (a) firstly, paying to the holders of the Special Share the nominal capital paid up on the Special Share; and
- (b) secondly, paying to the holders of the A Shares the nominal capital paid up on the A Shares held by them together with a sum equal to the relevant proportion of the preferential dividend which would have been payable, if the winding-up or other return of capital had taken effect on the last day of the then current Calculation Period (as described in paragraph (C) sub-paragraph 2 of this Article 3),

there shall be paid to the holders of the Ordinary Shares the nominal capital paid up or credited as paid up on such Ordinary Shares together with any further amounts available which shall be paid to the holders of the Ordinary Shares rateably according to the amounts paid up or credited as paid up in respect of each Ordinary Share provided that if £100,000 has been paid on each Ordinary Share then any further sums shall only be paid to the holders of the Ordinary Shares in the same manner after, firstly, paying to the holders of the Non-voting Deferred Shares (as described in paragraph (D) of this Article 3) the nominal capital paid up or credited as paid up on the Non-voting Deferred Shares held by them respectively, and secondly, paying to the holders of the Residual Shares (as described in paragraph (C) sub-paragraph 7 of this Article 3) the nominal capital paid up or credited as paid up on the Residual Shares held by them respectively. The aggregate entitlement of the holders of shares

on a return of capital on a winding-up or otherwise shall be rounded up to the nearest penny.

3. *Attendance and voting in general meetings*

The holders of Ordinary Shares shall be entitled in respect of their holding of such shares, to receive notice of general meetings and to attend, speak and vote at such meetings in accordance with these Articles of Association;

(C) **Rights & Restrictions attaching to the A Shares**

The rights and restrictions attaching to the A Shares shall be as follows:

1. *Income*

- (i) Out of the profits available for distribution in respect of each financial year or other accounting period of the Company, the holders of the A Shares shall be entitled, in priority to any payment of dividend or other distribution to the holders of any Ordinary Shares and before profits are carried to reserves, to be paid a non-cumulative preferential dividend ("preferential dividend") per share at such annual rate on the nominal value thereof as is calculated on an annual basis in accordance with sub-paragraphs (ii) and (iii) below (rounded down to the nearest penny) (exclusive of any associated tax credit relating thereto but inclusive of any withholding tax deductible therefrom), such dividend to be paid (without having to be declared) annually in arrears on 10 August in each year (or if any such date would otherwise fall on a date which is not a Business Day (as defined below) it shall be postponed to the next day which is a Business Day (without any interest or payment in respect of such delay)) (each a "Payment Date"), the first such Payment Date being 10 August 2000.
- (ii) Each twelve month period ending on 9 August is called a "Calculation Period", the first such period commencing on 10 August 1999 and ending on 9 August 2000. The annual rate applicable to each Calculation Period shall be the lower of (A) 25 per cent. per annum and (B) 75 per cent. of the offered rate for deposits in pounds sterling for the Calculation Period in question which appears on the display designated as page 3750 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying London inter-bank offered rates of leading banks for pounds sterling deposits) as determined by Hoare Govett Limited or such other agent as the Company shall appoint from time to time (the "Reference Agent") at or about 11.00 am (London time) on the first Business Day of such Calculation Period.
- (iii) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then sub-paragraph (ii) (B) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded upward, if necessary, to the nearest 1/16 per cent.) of the rates (being at least two) which so appear, as determined by the Reference Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Company (or its Reference Agent) will request each of the banks whose offered rates would have been used for the purposes of the relevant page as determined by the Reference Agent, if the event leading to the application of this sub-paragraph (iii) had not happened, through its principal London office to provide the Company (or such agent) with its offered quotation to leading

banks for pounds sterling deposits in London for the Calculation Period concerned as at 11.00 am (London time) on the first Business Day of such Calculation Period. The rate for such Calculation Period shall be the arithmetic mean (rounded upward, if necessary, to the nearest 1/16 per cent.) of such quotations (or of such of them, being at least two, as are so provided), as determined by the Reference Agent.

- (iv) In this sub-paragraph 1 and sub-paragraph 7 below, the expression "Business Day" means a day upon which pound sterling deposits may be dealt with on the London inter-bank market and commercial banks are generally open in London and "non-cumulative" in relation to the preferential dividend means that the dividend payable on each Payment Date is payable out of the profits of the Company available for distribution in respect of the accounting reference period in which the Payment Date falls (including any reserves representing profits made in previous accounting reference periods) without any right in the case of a deficiency to resort to profits made in subsequent accounting reference periods.
- (v) Payments of preferential dividends shall be made to holders on the register of members on a date selected by the directors being not less than 15 days or more than 42 days (or, in default of selection by the directors, on the date falling 15 days) prior to the relevant Payment Date.
- (vi) Save as provided in sub-paragraph 8 below the holders of the A Shares shall not be entitled to any further right of participation in the profits of the Company.
- (vii) All preferential dividends payable on the A Shares which are unclaimed for a period of 12 years from the date of due payment shall be forfeited and shall revert to the Company.

2. *Capital*

On a return of capital on a winding-up or otherwise (except on a redemption in accordance with the terms of issue of any share, or purchase by the Company of any share or on a capitalisation issue and subject to the rights of any other class of shares that may be issued) after payment to the holders of the Special Share of the nominal capital paid up on the Special Share there shall be paid to the holders of the A Shares the nominal capital paid up on the A Shares held by them respectively together with a sum equal to the relevant proportion of the preferential dividend which would have been payable, if the winding-up or other return of capital had taken effect on the last day of the then current Calculation Period. The relevant proportion shall be the number of days from and including the preceding Payment Date (or, if the date of such winding-up or other return of capital is prior to 10 August 2000, the date of the first issue of A Shares) to, but excluding, the date of such winding-up or other return of capital, divided by 365. The aggregate entitlement of each holder of A Shares on a winding-up or other return of capital in respect of all of the A Shares held by them shall be rounded up to the nearest whole penny. The holders of the A Shares shall not be entitled to any further right of participation in the profits or assets of the Company. If on such a winding-up or other return of capital the amounts available for payment are insufficient to cover in full the amounts payable on the A Shares, the holders of such shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.

3. *Attendance and voting at general meetings*

The holders of the A Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting unless (A) the business of the meeting includes the consideration of a resolution for the winding-up of the Company, in which case the holders of the A Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution or (B) at the date of the notice convening the meeting, the preferential dividend has remained unpaid for six months or more from any Payment Date, in which case the holders of the A Shares shall have the right to attend, speak and vote at such meeting. Whenever the holders of the A Shares are entitled to vote at a general meeting of the Company, on a show of hands every holder thereof who (being an individual) is present in person or (being a corporation) by a representative shall have one vote, and on a poll every such holder shall have such number of votes as he would be entitled to exercise had he been the holder of the Ordinary Shares arising if the A Shares registered in the name of such holder had been converted into such Ordinary Shares immediately prior to such meeting in accordance with the rights of the A Shares provided that if the aggregate number of the votes that would be capable of being cast by holders of A Shares on a poll on any resolution at a general meeting would exceed 14.9 per cent. of the total number of votes capable of being cast by all shareholders on any such resolution, the votes of each A Share shall be reduced equally so that such aggregate number of votes capable of being so cast by holders of A Shares shall be 14.9 per cent. of the total number of votes capable of being so cast by all shareholders.

4. *Purchase*

Subject to the Statutes, but without the need to obtain the sanction of an extraordinary resolution of the holders of the A Shares (notwithstanding the provisions of Article 12 of these Articles of Association), the Company may at any time and at its sole discretion purchase A Shares and/or Ordinary Shares (i) in the market or (ii) by tender available alike to all holders of A Shares and/or as the case may be Ordinary Shares or (iii) by private treaty, in each case at a price and upon such other terms and conditions as the directors may think fit, and Article 12 shall be deemed to be amended accordingly.

5. *Class rights*

The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the A Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the A Shares) shall be treated as being in accordance with the rights attaching to the A Shares and shall not involve a variation of such rights for any purpose. A reduction by the Company of the capital paid up on the A Shares shall be in accordance with the rights attaching to the A Shares and shall not involve a variation of such rights for any purpose, and the Company shall be authorised at any time to reduce its capital (subject to the confirmation of the Court in accordance with the Act and without obtaining the consent of the holders of the A Shares) by paying to the holders of the A Shares the preferential amounts to which they are entitled as set out above.

6. *Form*

The A Shares are not renounceable and will be transferable by an instrument of transfer in any usual form or in any other form which the board may approve.

7. *Conversion into Ordinary Shares at the Company's option*

- (i) On or after 9 June 2001 if the total number of A Shares in issue is or at anytime thereafter becomes less than 140 million then the Company may, on the giving of notice in writing to the holders of the A Shares, convert all but not some only of the A Shares then in issue into Ordinary Shares (which shall include other such shares into which such Ordinary Shares may have been converted on a capital reorganisation of the Company) and Residual Shares (defined in sub-paragraph (a) below) on the date specified in the notice which shall not be less than 10 days nor more than 42 days from the date of such notice (the "Conversion Date") on the following basis in respect of each holding of A Shares:
 - (a) every z A Shares held at the opening of business on the Conversion Date shall be consolidated into one undesignated share having a nominal value equivalent to $(z \times 60 \text{ pence})$, where z equals the number by which 60p divides into the average closing middle market price of an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five Business Days prior to the Conversion Date, provided that no member shall be entitled to a fraction of a share and all fractional entitlements arising out of such consolidation (namely, those arising by reason of there being less than z shares, or less than z shares remaining, in any holding as at the opening of business on the Conversion Date to convert into an undesignated share) shall be consolidated and the share so resulting from such consolidation of fractional entitlements shall be sub-divided and redesignated as (1) such whole number of Ordinary Shares as have an aggregate value at the average closing middle market price of an Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five Business Days prior to the Conversion Date as is most nearly equivalent to but not exceeding the aggregate nominal value of the fractional entitlements so consolidated, and (2) such number of residual shares of $1/43$ pence each ("Residual Shares") as have an aggregate nominal value equivalent to the difference between the nominal value of the whole number of Ordinary Shares and the aggregate nominal value of the fractional entitlements so consolidated in each case referred to in (1) above;
 - (b) the directors shall be authorised to sell the Ordinary Shares arising from the consolidation of fractional entitlements and sub-division under sub-paragraph (a) above and to distribute the net proceeds of sale in due proportion among those members who would otherwise be entitled to such fractional entitlements (rounded down to the nearest whole penny); and
 - (c) each undesignated share resulting from the consolidation of every z A Shares under sub-paragraph (a) above shall be sub-divided into one Ordinary Share of nominal value $44 \frac{28}{43}$ pence and such number of Residual Shares of $1/43$ pence each as have an aggregate nominal value equivalent to the difference between $44 \frac{28}{43}$ pence and the nominal value of the undesignated share.

- (ii) The holders of the Residual Shares shall not be entitled to any dividend or other right to participate in the profits of the Company and shall not be entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting. On a return of capital on a winding-up or otherwise (except on a redemption in accordance with the terms of issue of any share, or purchase by the Company of any share or on a capitalisation issue and subject to the rights of any other class of shares that may be issued) there shall be paid to the holders of the Residual Shares the nominal capital paid up or credited as paid up on such Residual Shares, after firstly paying to the holders of the Special Share the nominal capital paid up on the Special Share and secondly paying to the holders of the Ordinary Shares the nominal capital paid up or credited as paid up on the Ordinary Shares held by them respectively together with the sum of £100,000 on each Ordinary Share and thirdly paying to the holders of the Non-voting Deferred Shares the nominal capital paid up on the Non-voting Deferred Shares held by them in each case rounded up to the nearest whole penny. The holders of the Residual Shares shall not be entitled to any further right of participation in the assets of the Company. The Residual Shares shall not be transferable save as is referred to in sub-paragraph (v) below or with the written consent of the board (or any committee).
- (iii) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Residual Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Residual Shares) shall be treated as being in accordance with the rights attaching to the Residual Shares and shall not involve a variation of such rights for any purpose.
- (iv) A reduction by the Company of the capital paid up on the Residual Shares shall be in accordance with the rights attaching to the Residual Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital (subject to the confirmation of the Court in accordance with the Act and without obtaining the consent of the holders of the Residual Shares).
- (v) The consolidation and sub-division under sub-paragraph (i) above shall be deemed to confer irrevocable authority on the Company at any time thereafter to do all or any of the following without obtaining the sanction of the holder or holders of the Residual Shares:
 - (a) to appoint any person to execute on behalf of any holder of Residual Shares a transfer of all or any part thereof and/or an agreement to transfer the same (without making any payment therefor) to such person as the directors may determine (whether or not an officer of the Company) and who is willing to accept the same;
 - (b) to purchase all or any of the same in accordance with the Act without obtaining the consent of the holders thereof and in consideration of the payment to each of the holders whose shares are purchased an amount equal to one pence in respect of all the Residual Shares then being purchased from him;

- (c) for the purposes of any such purchase, to appoint any person to execute on behalf of any holder of Residual Shares a contract for the sale to the Company of any such Residual Shares held by him;
 - (d) to cancel all or any of the same so purchased in accordance with the Act; and
 - (e) pending any such transfer, purchase or cancellation, to retain the certificates for all or any of the Residual Shares.
- (vi) The Residual Shares will not be listed on any stock exchange. Upon or after the purchase of any Residual Shares in accordance with this paragraph, the directors may consolidate and/or sub-divide and/or convert and/or re-classify the authorised Residual Share capital of the Company existing following such purchase (A) into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount as the shares of such other class and/or (B) into unclassified shares.
 - (vii) The accidental omission to give notice of conversion of the A Shares to, or the non-receipt of notice by, any person entitled to receive notice shall not invalidate the conversion of the A Shares into Ordinary Shares and Residual Shares as referred to above.
 - (viii) The Ordinary Shares issued or consolidated and sub-divided from A Shares, pursuant to this paragraph shall be fully paid and will rank *pari passu* in all respects with the other Ordinary Shares then in issue (except for the right to receive any dividend declared or paid prior to their issue or creation, or in respect of which the record date is fixed for a date prior to their issue). On or prior to the relevant Conversion Date, each holder of A Shares shall deliver the relevant share certificate(s) for his A Shares to the Company although the non-delivery of any share certificate will not prevent or in any way impede the conversion of the relevant A Shares under the terms of this paragraph.
 - (ix) On any Conversion Date, each holder of A Shares being converted pursuant to this paragraph shall be entitled to an amount equal to the relevant proportion of the preferential dividend which would have been payable if the Conversion Date was the same as the last day of the then current Calculation Period. The relevant proportion shall be the number of days from and including the preceding Payment Date to, but excluding, the Conversion Date, divided by 365. The aggregate amount of the preferential dividend payable to each holder of A Shares shall be rounded down to the nearest whole penny.

8. *Initial dividend*

A dividend of 60 pence per A Share (the "Initial Dividend") shall be payable to those persons who become holders of A Shares and whose names are entered on the Register of Members of the Company on admission of the A Shares to the Official List of the London Stock Exchange ("Admission") and who have elected to receive the Initial Dividend by notifying the Company's Registrars in writing in a form approved by the board (or any committee) on or before 5.00 p.m. on 6 August 1999 (or such later time or date as the board (or any committee) may agree). The date for payment of the Initial Dividend shall be 6 October 1999 or such other date as the

board (or any committee) may determine. Each A Share, in respect of which the Initial Dividend is payable, shall at 9.00 a.m. on the day following Admission be converted into a share of 60 pence in the capital of the Company (a "Non-voting Deferred Share") with the rights and restrictions set out in paragraph (D) of this Article 3;

(D) **Rights & Restrictions attaching to the Non-Voting Deferred Shares**

The rights and restrictions attaching to the Non-Voting Deferred Shares shall be as follows:

1. *Income*

Subject to the payment of the preferential dividend on the A Shares and to the rights attached to any other share or class of share, the holders of the Non-voting Deferred Shares shall be entitled to be paid a dividend out of the profits available for distribution in respect of any financial year or other accounting period of the Company and determined to be paid provided that no such dividend shall be payable in respect of any financial year or other accounting period of the Company in respect of which no dividend has been declared on the Ordinary Shares or a dividend (excluding the amount of an associated tax credit) of less than £50 per Ordinary Share has been declared. The Non-voting Deferred Shares shall confer no further right to participate in the profits of the Company.

2. *Capital*

On a return of capital on a winding-up or otherwise (except on a redemption in accordance with the terms of issue of any share, or purchase by the Company of any share or on a capitalisation issue and subject to the rights of any other class of shares that may be issued) there shall be paid to the holders of the Non-voting Deferred Shares the nominal capital paid up or credited as paid up on such Non-voting Deferred Shares after;

- (a) firstly, paying to the holders of the Special Share the nominal capital paid up on the Special Share;
- (b) secondly, paying to the holders of the A Shares the nominal capital paid up on the A Shares held by them together with a sum equal to the relevant proportion of the preferential dividend which would have been payable if the winding-up or other return of capital had taken effect on the last day of the then current Calculation Period (as described in paragraph (C) sub-paragraph 2 of this Article 3); and
- (c) thirdly, paying to the holders of the Ordinary Shares the nominal capital paid up or credited as paid up on the Ordinary Shares held by them respectively together with the sum of £100,000 on each Ordinary Share.

The aggregate entitlement of the holders of shares on a return of capital on winding-up or otherwise shall be rounded up to the nearest penny. The holders of the Non-voting Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

3. *Attendance and voting at general meetings*

The holders of the Non-voting Deferred Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

4. *Class rights*

The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Non-voting Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Non-voting Deferred Shares) shall be treated as being in accordance with the rights attaching to the Non-voting Deferred Shares and shall not involve a variation of such rights for any purpose. A reduction by the Company of the capital paid up on the Non-voting Deferred Shares shall be in accordance with the rights attaching to the Non-voting Deferred Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital (subject to the confirmation of the Court in accordance with the Act and without obtaining the consent of the holders of the Non-voting Deferred Shares).

5. *Company's rights*

The Company has the irrevocable authority at any time to do all or any of the following without obtaining the sanction of the holder or holders of the Non-voting Deferred Shares;

- (a) to appoint any person to execute on behalf of any holder of Non-voting Deferred Shares a transfer of all or any part thereof and/or an agreement to transfer the same (without making any payment therefor) to such person as the directors may determine (whether or not an officer of the Company) and who is willing to accept the same;
- (b) to purchase all or any of the same in accordance with the Act without obtaining the consent of the holders thereof and in consideration of the payment to each of the holders whose shares are purchased an amount equal to one pence in respect of all the Non-voting Deferred Shares then being purchased from him;
- (c) for the purposes of any such purchase, to appoint any person to execute on behalf of any holder of Non-voting Deferred Shares a contract for the sale to the Company of any such Non-voting Deferred Shares held by him; and
- (d) to cancel all or any of the same so purchased in accordance with the Act.

Upon or after the purchase of any Non-voting Deferred Shares in accordance with this paragraph the directors may consolidate and/or sub-divide and/or convert and/or reclassify the authorised Deferred Share capital of the Company existing following such purchase (A) into shares of any other class of share capital into which the authorised share capital is or may at that time be divided of a like nominal amount as the shares of such other class and/or (B) into unclassified shares.

6. *Form*

The Non-voting Deferred Shares shall not be listed on any stock exchange nor shall any share certificates be issued in respect of such shares. The Non-voting Deferred Shares shall not be transferable save as referred to in sub-paragraph 5 above, or with the written consent of the board (or any committee);

4. Rights attached to shares

Subject to the provisions of the Statutes and to the rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the board may decide.

5. Uncertificated shares

- (1) Subject to the Statutes and the rules made and practices instituted by the operator of any relevant system, the board may permit the holding and transfer of any class of shares in uncertificated form by means of a relevant system and, subject as aforesaid, the board may at any time determine that any class of shares shall cease to be a participating security.
- (2) Where any class of shares is a participating security, any share in such class may be changed from an uncertificated share to a certificated share and from a certificated share to an uncertificated share in accordance with and subject to the provisions of the Regulations and the rules made and practices instituted by the operator of the relevant system.
- (3) Shares of a class shall not be treated as forming a separate class from other shares of that class merely because any of the following apply to them:
 - (a) they are enabled or permitted in accordance with the Regulations to become a participating security, or they cease to be a participating security; or
 - (b) any shares of that class are from time to time held in uncertificated form.
- (4) In relation to any share which is, for the time being, held in uncertificated form:
 - (a) the Company may utilise the applicable relevant system to the fullest extent available from time to time in the exercise of any of its powers or functions under the Statutes or these articles or otherwise in effecting any actions and the directors may from time to time determine the manner in which such powers, functions and actions shall be so exercised or effected;
 - (b) any provisions of these articles which are for the time being inconsistent with:
 - (i) the holding of shares in that class in uncertificated form;
 - (ii) the transfer of title to shares in that class by means of a relevant system;
 - (iii) the exercise of any powers or functions by the Company or the effecting by the Company of any actions by means of a relevant system; and
 - (iv) the Regulations
 shall be disapplied.
- (5) Where any class of shares in the capital of the Company is a participating security and the Company is entitled under any provisions of the Statutes or the rules made and practices instituted by the operator of any relevant system or under these articles to dispose of, forfeit, enforce a lien or sell or otherwise procure the sale of any shares which are held in

uncertificated form, such entitlement (to the extent permitted by the Regulations and the rules made and practices instituted by the operator of the relevant system) shall include the right to:

- (a) require any holder of any uncertificated shares which are the subject of any exercise by the Company of any such entitlement, by notice in writing to the holder concerned, to change his holding of such uncertificated shares into certificated form within such period as may be specified in the notice, prior to completion of any disposal, sale or transfer of such shares or direct the holder to take such steps, by instructions given by means of a relevant system or otherwise, as may be necessary to sell or transfer such shares; and/or
- (b) appoint any person to take such other steps, by instruction given by means of a relevant system or otherwise, in the name of the holder of such shares as may be required to effect transfer of such shares and such steps shall be as effective as if they had been taken by the registered holder of the uncertificated shares concerned; and/or
- (c) transfer any uncertificated shares which are the subject of any exercise by the Company of any such entitlement by entering the name of the transferee in the Register in respect of that share as a transferred share; and/or
- (d) otherwise rectify or change the Register in respect of that share in such manner as may be appropriate; and
- (e) take such other action as may be necessary to enable those shares to be registered in the name of the person to whom the shares have been sold or disposed of or as directed by him.

6. Unissued shares

- (1) Subject to the provisions of the Statutes, these articles and any resolution of the Company, the board has general and unconditional authority to allot (with or without conferring a right of renunciation), grant options over, offer or otherwise deal with or dispose of any unissued shares (whether forming part of the original or any increased capital), or rights to subscribe for or convert any security into shares, to such persons, at such times and generally on such terms and conditions as the board may decide but no share may be issued at a discount.
- (2) The board may at any time after the allotment of a share but before a person has been entered in the Register as the holder of the share recognise a renunciation of the share by the allottee in favour of another person and may grant to an allottee a right to effect a renunciation on the terms and conditions the board thinks fit.

7. Authority to allot relevant securities

The Company may from time to time pass an ordinary resolution referring to this article and authorising, in accordance with section 80 of the Act, the board to exercise all the powers of the Company to allot relevant securities and:

- (a) on the passing of the resolution the board shall be generally and unconditionally authorised to allot relevant securities (as defined for the purposes of that section) up to the aggregate nominal amount specified in the resolution; and

- (b) unless previously revoked the authority shall expire on the day specified in the resolution (not being more than five years after the date on which the resolution is passed),

but any authority given under this article shall allow the Company, before the authority expires, to make an offer or agreement which would or might require relevant securities to be allotted after it expires and to allot securities in pursuance of that offer or agreement.

8. Dis-application of pre-emption rights

- (1) Subject to the board being generally authorised to allot relevant securities in accordance with section 80 of the Act, the Company may from time to time resolve by a special resolution referring to this article that the board be given power to allot equity securities for cash and, on the passing of the resolution, the board shall have power to allot (pursuant to that authority) equity securities for cash as if section 89(1) of the Act did not apply to the allotment but that power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue; and
- (b) to the allotment (other than in connection with a rights issue) of equity securities having:
 - (i) in the case of relevant shares, a nominal amount; or
 - (ii) in the case of other equity securities, giving the right to subscribe for, or to convert into, relevant shares having, a nominal amount,

not exceeding in aggregate the sum specified in the special resolution,

and unless previously revoked that power shall expire:

- (i) on the date (if any) specified in the special resolution or;
- (ii) if no date is specified, 15 months after the date on which the special resolution is passed or if earlier at the conclusion of the next annual general meeting of the Company,

but the Company may before the power expires make an offer or agreement which would or might require equity securities to be allotted after it expires and may allot securities in pursuance of that offer or agreement.

- (2) For the purposes of this article:

- (a) "equity security" and "relevant share" have the meanings given to them in section 94 of the Act; and
- (b) "rights issue" means an offer or issue to or in favour of ordinary shareholders on the Register on a date fixed by the board where the equity securities respectively attributable to the interests of all those shareholders are proportionate (as nearly as practicable) to the respective number of ordinary shares held by them on that date subject to the board having a right to make such exclusions or other arrangements as the board considers necessary or expedient (including treating holdings of the same

holder or holders of shares of the same class which are held in certificated and uncertificated form as if they were separate holdings, unless the board otherwise determines) in relation to fractional entitlements or legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange.

9. Power to pay commission and brokerage

The Company may exercise all powers of paying commission and brokerage conferred or permitted by the Statutes. Subject to the Statutes, commission or brokerage may be satisfied by the payment of cash or the allotment of fully or partly-paid shares or the grant of an option to call for an allotment of shares or by any combination of these methods.

10. Power to increase, consolidate, sub-divide and cancel shares

(1) The Company may by ordinary resolution:

- (a) increase its capital by the creation of new shares of such amount as the resolution prescribes; and
- (b) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

(2) The Company may at any time on, or prior to, or by reference to a record date on or prior to, the Second Instalment Payment Date (as defined in the Instalment Agreement) by way of ordinary resolution passed at a general meeting of the Company at which the Secretary of State for Trade and Industry or his nominee shall have voted in favour of the resolution proposing such matters or at any other time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (b) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association or these articles, but so that the proportion between the amount paid up and the amount (if any) not paid up on each share resulting from the sub-division shall be the same as it was in the case of the share from which the share resulting from the sub-division is derived.

(3) A resolution by which any share is sub-divided may determine that, as between the holders of the shares resulting from the sub-division, one or more of the shares may have such preferred or other special rights, or may have such qualified or deferred rights or be subject to such restrictions, as compared with the other or others, as the Company has power to attach to new shares.

(4) If as a result of any consolidation and division or sub-division of shares any members would become entitled to fractions of a share, the board may on behalf of those members deal with the fractions as it thinks fit. In particular, the board may:

- (a) sell the shares representing the fractions to any person (including, subject to the provisions of the Statutes, the Company) for the best price reasonably obtainable and distribute the net proceeds of sale in due proportion among those members (except

that any proceeds less than £3, or such other sum fixed by the board, may be retained for the benefit of the Company). For the purpose of any such sale the board may authorise some person to execute an instrument of transfer of shares to or as directed by the purchaser, who shall not be bound to see to the application of the purchase money; nor shall his nor, if different, the transferee's title to the shares be affected by any irregularity in or invalidity of the proceedings relating to the sale; or

- (b) subject to the Statutes, issue to a member credited as fully paid by way of capitalisation the minimum number of shares required to round up his holding of shares to a number which, following consolidation and division or subdivision, leaves a whole number of shares (such issue being deemed to have been effected immediately before consolidation or subdivision, as the case may be). The amount required to pay up those shares may be capitalised as the board thinks fit out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares. A resolution of the board capitalising part of the reserves has the same effect as if the capitalisation had been declared by ordinary resolution of the Company pursuant to article 125. In relation to the capitalisation the board may exercise all the powers conferred on it by article 125 without an ordinary resolution of the Company.

11. Power to issue redeemable shares

Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, any share may be issued on terms that it is to be redeemed or is liable to be redeemed at the option of the Company or the shareholder.

12. Power to purchase own shares

Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares in any way. If, at the date proposed for approval of a proposed purchase of equity share capital, there are in issue shares of a class entitling the holders to convert into equity share capital of the class proposed to be purchased, no such purchase may take place unless it has been sanctioned by an extraordinary resolution passed at a separate meeting (or meetings if there are two or more classes) of the holders of that class of convertible shares, unless there are provisions in the relevant trust deed or terms of issue permitting the Company to purchase its own equity share capital.

13. Power to reduce capital

Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

14. Trusts not bound to be recognised

The Company shall not be bound to recognise but shall be entitled to recognise in such manner and to such extent as it may think fit any trusts in respect of any of the shares of the Company. Notwithstanding any such recognition, the Company shall not be bound to see to the execution, administration or observance of any trust, whether expressed, implied or constructive, in respect of any shares of the Company and shall be entitled to recognise and

give effect to the acts and deeds of the registered holders of such shares as if they were the absolute owners thereof. For the purposes of this article "trust" includes any right in respect of any shares of the Company other than an absolute right thereto in the registered holder thereof for the time being or such other rights in the case of transmission thereof as are mentioned in these articles.

VARIATION OF RIGHTS

15. Variation of rights

- (1) Subject to the provisions of the Statutes, whenever the capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied:
 - (a) in such manner (if any) as may be provided by those rights; or
 - (b) in the absence of such provision, either with the consent in writing of the holders of at least three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares validly held in accordance with these articles, but not otherwise.
- (2) All the provisions of these articles relating to general meetings of the Company or to the proceedings at general meetings shall apply, *mutatis mutandis*, to every such separate general meeting, except that:
 - (a) no member, other than a director, is entitled to notice of it or to attend unless he is a holder of shares of that class;
 - (b) no vote may be given except in respect of a share of that class;
 - (c) the quorum at the meeting is two persons present in person holding or representing by proxy at least one-third in nominal value of the issued shares of that class;
 - (d) the quorum at an adjourned meeting is two persons holding shares of that class who are present in person or by proxy; and
 - (e) a poll may be demanded in writing by a member present in person or by proxy and entitled to vote at the meeting and on a poll each member has one vote for every share of that class of which he is the holder.
- (3) Unless otherwise expressly provided by the terms of their issue, the rights attached to any class of shares shall not be deemed to be varied by:
 - (a) the creation or issue of further shares ranking *pari passu* with them or subsequent to them or by the purchase or redemption by the Company of its own shares or by any other reduction of capital, in each case in accordance with the Statutes and article 12 or article 13; or

- (b) the Company permitting, in accordance with the Regulations, the holding and transfer of shares of a class in uncertificated form by means of a relevant system or by any such shares being held from time to time as uncertificated shares.

THE SPECIAL SHARE

16. The Special Share

- (1) The Special Share may only be issued to, held by and transferred to one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury or any other person acting on behalf of the Crown.
- (2) Notwithstanding any provision in these articles to the contrary, each of the following matters shall be deemed to be a variation of the rights attaching to the Special Share and shall accordingly be effective only with the consent in writing of the Special Shareholder and without such consent shall not be done or caused to be done:
 - (a) the amendment or removal or alteration of the effect of (which, for the avoidance of doubt, shall include the ratification of any breach of) all or any of the following:
 - (i) in article 2 (Interpretation), the definition of "**Special Share**" and "**Special Shareholder**";
 - (ii) this article;
 - (iii) article 17 (Limitations on shareholdings);
 - (iv) in article 44 the proviso to paragraph (4) and paragraphs (10) to (12) (inclusive) (Disclosure of interests in shares);
 - (v) article 72 (Number of directors);
 - (vi) paragraphs 4 and 5(1) of the memorandum of association of the Company;
 - (b) the creation or issue of any shares in the Company with voting rights attached, other than those which are, or would on issue be:
 - (i) shares comprised in the relevant share capital (as defined in section 198(2) of the Act) of the Company; or
 - (ii) shares which do not constitute equity share capital (as defined in section 744 of the Act) and which, when aggregated with all other such shares, carry or on issue would carry the right to cast less than 15 per cent. of the maximum number of votes capable of being cast on a poll on any resolution at any general meeting of the Company (in whatever circumstances, and for whatever purpose, the same may have been convened);
 - (c) the variation of any voting rights attached to any shares in the Company (and, for the avoidance of doubt, the creation or issue of shares falling within paragraph (b) (i) or (ii) above shall not be regarded as a variation for the purposes of this paragraph);
 - (d) the appointment of the chairman of the board;

- (e) the passing of a resolution for a members' voluntary winding-up of the Company;
 - (f) the amendment or removal or alteration of the effect of (which, for the avoidance of doubt, shall include the ratification of any breach of) the articles of association of NE or SN, if the effect would be to enable the board of directors of NE or SN to issue any shares (other than to the Company) without the consent in writing of the Special Shareholder;
 - (g) the giving by the Company of any consent or agreement to (including without limitation the casting of any vote in favour of) any issue of shares in NE or SN (other than to the Company);
 - (h) the disposal by the Company of all or any of the shares held by it in NE or SN or of any rights or interests therein or the entering into by the Company of any agreement or arrangement with respect to, or to the exercise of any rights attaching to, such shares.
- (3) For the purposes of sub-paragraph (2)(h) "**disposal**" shall include any sale, gift, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other alienation or disposition to a third party.
 - (4) Notwithstanding any other provisions of these articles to the contrary, the Special Shareholder shall be entitled to receive notice of, and to attend and speak at, any general meeting or any separate meeting of the holders of any class of shares, but the Special Share shall carry no right to vote nor any other rights at any such meeting.
 - (5) In a distribution of capital on a winding up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid on the Special Share in priority to any repayment of capital to any other member. The Special Share shall confer no other right to participate in the capital, and no right to participate in the profits, of the Company.
 - (6) The Special Shareholder may, after consulting the Company and subject to the provisions of the Act, require the Company to redeem the Special Share at par at any time after 30th September, 2006 by giving notice to the Company and delivering to it the relevant share certificate. Upon redemption of the Special Share the provisions of this article shall cease to have effect.

LIMITATIONS ON SHAREHOLDINGS

17. Limitations on shareholdings

- (1) The purpose of this article is to prevent, until the date of redemption of the Special Share pursuant to article 16(6), any person, other than a Permitted Person, from directly or indirectly owning or controlling the right to cast on a poll 15 per cent. or more of the votes at general meetings of the Company.
- (2) This article shall remain in force until the date of redemption of the Special Share pursuant to article 16(6) notwithstanding any provision in these articles to the contrary. Thereafter this article shall be and shall be deemed to be of no effect, the separate register required under article 17(4) shall no longer be maintained by the Company and any notice calling for a Required Disposal (whether given before or after the date of redemption of the Special Share) and the obligations and powers of the board under this article in respect of a Required

Disposal shall cease to have effect; but the validity of anything done under this article before that date shall not otherwise be affected and any actions taken hereunder before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

(3) In this article:

(i) **"Additional Interest"** means any such interest as is referred to in paragraph (vii)(b) below;

(ii) **"ADR Depositary"** means a custodian or depositary or its nominee, approved by the board, acting under contractual arrangements with the Company by which it or that nominee holds shares in the Company or Interim Rights and issues:

(A) American Depositary Receipts evidencing rights in relation to those shares or a right to receive them; or

(B) Interim American Depositary Receipts evidencing such Interim Rights or a right to receive them,

but shall not include any such custodian or other person whose approval by the board is withdrawn by the board by notice given to such custodian or other person in consequence of a breach of its obligations under such arrangements;

(iii) **"Clearing House"** means a recognised person or a pooled nominee service provided by an operator of any relevant system (including, for the avoidance of doubt, CREPON Limited when acting in its capacity as nominee in connection with the pooled nominee service provided by CRESTCo Limited);

(iv) **"Custodian Bank"** has the same meaning as in the Instalment Agreement;

(v) **"Holder"** means a person who has an interest in shares of the Company or in Interim Rights evidenced respectively by American Depositary Receipts or Interim American Depositary Receipts issued by an ADR Depositary;

(vi) **"Instalment Agreement"** means the Instalment Agreement to be dated 26th June, 1996 and made between the Secretary of State for Trade and Industry, the Company, The Royal Bank of Scotland plc and each Purchaser;

(vii) **"interest"**, in relation to shares, means:

(a) any interest which would be taken into account in determining for the purposes of Part VI of the Original Act whether a person has a notifiable interest in a share (including any interest which he would be taken as having for those purposes); and

(b) any interest which would have been included within section 208(4)(b) of the Original Act had the entitlements referred to in that provision extended to "entitlements" which could arise under an agreement or arrangement as defined in section 204(5) and (6) of the Original Act;

and **"interested"** shall be construed accordingly;

- (viii) **"Interim Rights"** has the same meaning as in the Instalment Agreement;
- (ix) **"Original Act"** means the Companies Act 1985 as in force at the date of adoption of this article and notwithstanding any repeal, modification or re-enactment thereof after that date (including, for the avoidance of doubt, any repeal, modification or re-enactment by regulations made by the Secretary of State pursuant to section 210A of that Act to the definition of "relevant share capital" in section 198(2) of that Act or to the provisions as to what is taken to be an interest in shares in section 208 or as to what interests are to be disregarded in section 209) but so that the percentages giving rise to a notifiable interest in section 199(2) (a) and (b) of that Act shall be three per cent. and ten per cent. respectively or such lesser percentages as may from time to time be prescribed in relation to section 199(2)(a) and (b) respectively;
- (x) **"Permitted Person"** means:
 - (a) an ADR Depositary, acting in its capacity as such;
 - (b) the Custodian Bank, acting in its capacity as such;
 - (c) a Clearing House, acting in its capacity as such;
 - (d) the chairman of a meeting of the Company or of a meeting of the holders of Relevant Share Capital or of any class thereof when exercising the voting rights conferred on him under paragraph 17(8) below;
 - (e) a trustee (acting in that capacity) of any employees' share scheme of the Company;
 - (f) the Crown or one of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury and any other person acting on behalf of the Crown;
 - (g) any person who has an interest but who, if the incidents of his interest were governed by the laws of England and Wales, would in the opinion of the board be regarded as a bare trustee of that interest, in respect of that interest only;
 - (h) an underwriter in respect of interests in shares which exist only by virtue of a contingent obligation to purchase or subscribe for such shares pursuant to underwriting or sub-underwriting arrangements approved by the board or, for a period of three months, in respect of interests in shares purchased or subscribed for by it pursuant to such an obligation;
 - (i) any other person who (under arrangements approved by the board) subscribes or otherwise acquires Relevant Share Capital (or interests therein) which has been allotted or issued with a view to that person (or purchasers from that person) offering the same to the public, for a period not exceeding three months from the date of the relevant allotment or issue (and in respect only of the shares so subscribed or otherwise acquired);

- (j) Depository Trust Company and/or its nominee acting in the capacity of a clearing agency in respect of dealings in American Depositary Receipts and Interim American Depositary Receipts; or
- (k) any person who has an interest, and who shows to the satisfaction of the board that he has it, by virtue only of being entitled to exercise or control the exercise (within the meaning of section 203(4) of the Original Act) of one-third or more of the voting power at general meetings of any company which is a Permitted Person within (a) to (j) above;
- (xi) "**Purchaser**" has the same meaning as in the Instalment Agreement;
- (xii) "**Relevant Person**" means any person (whether or not identified) who has, or who appears to the board to have, at any time an interest in shares which carry the right to cast 15 per cent. or more of the total votes attaching to Relevant Share Capital of all classes (taken as a whole) and capable of being cast on a poll, or who is deemed for the purposes of this article to be a Relevant Person;
- (xi) "**Relevant Share Capital**" means the relevant share capital (as defined in section 198(2) of the Original Act) of the Company;
- (xii) "**Relevant Shares**" means all shares comprised in the Relevant Share Capital in which a Relevant Person has, or appears to the board to have, an interest or which are deemed for the purposes of this article to be Relevant Shares; and
- (xiii) "**Required Disposal**" means a disposal or disposals of such a number of Relevant Shares or interests therein as will cause a Relevant Person to cease to be a Relevant Person, not being a disposal to another Relevant Person (other than a Permitted Person) or a disposal which constitutes any other person (other than a Permitted Person) a Relevant Person;

and, for the purposes of this article, where the board resolves that it has made reasonable enquiries and that it is unable to determine:

- (i) whether or not a particular person has an interest in any particular shares comprised in Relevant Share Capital; or
- (ii) who is interested in any particular shares so comprised,

the shares concerned shall be deemed to be Relevant Shares and all persons interested in them to be Relevant Persons.

- (4) Subject to the provisions of this paragraph, and without prejudice to article 44, the provisions of Part VI of the Original Act shall apply in relation to the Company as if those provisions extended to Additional Interests and accordingly, the rights and obligations arising under that Part shall apply in relation to the Company, its members and all persons interested in Relevant Share Capital, as extended by this paragraph; but so that there shall be entered in a register kept by the Company for that purpose all interests disclosed to the Company under this article which shall be separate and in addition to that register required by section 211 of the Act to be kept by the Company. The rights and obligations created by this paragraph in respect of interests in shares (including, but not limited to, Additional Interests) are in addition to and separate from those arising under Part VI of the Act. Sections 210(3) to (6), 211(10), 213(3)

(so far as it relates to Section 211(10)), 214(5), 215(8), 216(1) to (4), 217(7), 218(3) and 219(3) and (4), 454, 455, 732 and 733 of the Original Act shall not apply in respect of Additional Interests.

- (5) If, to the knowledge of the board, any person other than a Permitted Person is or becomes a Relevant Person (including, without limitation, by virtue of being deemed to be one), the board shall give notice to all persons (other than persons referred to in paragraph (10) below) who appear to the board to have interests in the Relevant Shares and, if different, to the registered holders of those shares. The notice shall set out the restrictions referred to in paragraph (8) below and call for a Required Disposal to be made within 21 days of the giving of the notice to the registered holder or such longer period as the board considers reasonable. If the Relevant Shares are held by either the Custodian Bank or an ADR Depositary, the notice shall state that:
- (a) a specified Purchaser or specified Purchasers (the "**Relevant Purchaser(s)**") (excluding an ADR Depositary) or a specified Holder or specified Holders (the "**Relevant Holder(s)**"), as the case may be, is or are believed or deemed to be a Relevant Person or Persons or is or are persons through whom a Relevant Person or Persons is or are believed or deemed to be interested in shares of the Company in either case as specified in the notice; and
 - (b) the board believes that each Relevant Purchaser or Relevant Holder or the Relevant Person or Persons, as the case may be, believed or deemed to be interested in shares in the Company is or are deemed to be interested in the number of shares of the Company specified in relation to that person in the notice.

The board may extend the period in which any such notice is required to be complied with and may withdraw any such notice (whether before or after the expiration of the period referred to) if it appears to it that there is no Relevant Person in relation to the shares concerned. After the giving of such a notice, and save for the purpose of a Required Disposal under this or the following paragraph, no transfer of any of the Relevant Shares may be made or registered until either the notice is withdrawn or a Required Disposal has been made to the satisfaction of the board and registered.

- (6) If a notice given under paragraph (5) above has not been complied with in all respects to the satisfaction of the board and has not been withdrawn, the board shall (except as otherwise provided in the Instalment Agreement), so far as it is able, make a Required Disposal (or procure that a Required Disposal is made) and shall give written notice of the disposal to those persons on whom the notice was served. The Relevant Person(s) and the registered holder(s) of the shares duly disposed of shall be deemed irrevocably and unconditionally to have authorised the board to make such Required Disposal. The manner, timing and terms of any such Required Disposal made or sought to be made by the board (including but not limited to the price or prices at which the same is made and the extent to which assurance is obtained that no transferee, except a Permitted Person, is or would become a Relevant Person) shall be such as the board determines, based on advice from bankers, brokers, or other persons the board considers appropriate consulted by it for the purpose, to be reasonably practicable having regard to all the circumstances, including but not limited to the number of shares to be disposed of and the requirement that the disposal be made without delay; and the board shall not be liable to any person (whether or not a Relevant Person) for any of the consequences of reliance on such advice. If, in relation to a Required Disposal to be made by the board, Relevant Shares are held by more than one holder (treating joint holders of any Relevant

Shares as a single holder) the board shall cause as nearly as practicable the same proportion of each holding (so far as known to it) of the Relevant Shares to be sold.

- (7) For the purpose of effecting any Required Disposal, the board may authorise in writing any officer or employee of the Company to execute any necessary transfer on behalf of any holder and may enter the name of the transferee in the Register in respect of the transferred shares notwithstanding the absence of any share certificate and may issue a new certificate to the transferee and an instrument of transfer executed by such person shall be as effective as if it had been executed by the registered holder of the transferred shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of the disposal shall be received by the Company whose receipt shall be a good discharge for the purchase money, and shall be paid (without any interest being payable in respect of it and after deduction of any expenses incurred by the board in the sale) to the former holder (or, in the case of joint holders, the first of them named in the Register) together with, if appropriate, a new certificate in respect of the balance of the Relevant Shares to which he is entitled upon surrender by him or on his behalf of any certificate in respect of the Relevant Shares sold and formerly held by him. For the purposes of effecting a Required Disposal of any shares held in uncertificated form the board may exercise any of the powers conferred on the Company by article 5(5).
- (8) A holder of a Relevant Share to whom a notice has been given under (and complying with) paragraph (5) above shall not in respect of that share be entitled, until such time as the notice has been complied with to the satisfaction of the board or withdrawn, to attend or vote at any general meeting of the Company or meeting of the holders of Relevant Share Capital or of any class thereof, or to exercise any other right conferred by membership in relation to any such meeting; and the rights to attend (whether in person or by representative or proxy), to speak and to demand and vote on a poll which would have attached to the Relevant Share had it not been a Relevant Share shall vest in the chairman of any such meeting. The manner in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The chairman of any such meeting shall be informed by the board of any share becoming or being deemed to be a Relevant Share.
- (9) Without prejudice to the provisions of the Act and subject to the provisions of this article, the board may assume without enquiry that a person is not a Relevant Person unless the information contained in the registers kept by the Company under Part VI of the Original Act as applied and extended by this article to include the separate register to be kept under paragraph (4) above, appears to the board to indicate to the contrary or the board has reason to believe otherwise, in which circumstances the board shall make reasonable enquiries to discover whether any person is a Relevant Person.
- (10) The board shall not be obliged to give any notice required under this article to be given to any person if it does not know either his identity or his address. The absence of such a notice in those circumstances and any accidental error in or failure to give any notice to any person to whom notice is required to be given under this article shall not prevent the implementation of, or invalidate, any procedure under this article.
- (11) If any director has reason to believe that a person (not being a Permitted Person) is a Relevant Person, he shall inform the other directors.
- (12) Save as otherwise provided in this paragraph, the provisions of these articles applying to the giving of notice of meetings to members shall apply to the giving to a member of any notice required by this article. Any notice required by this article to be given to a person who is not a

member, or who is a member or, in the case of joint holders, who is the person first named in the Register, whose registered address is not within the United Kingdom and who has not given to the Company an address within the United Kingdom at which notices may be given to him, shall be deemed validly served if it is sent through the post in a pre-paid envelope addressed to that person at the address (or, if more than one, at one of the addresses), if any, at which the board believes him to be resident or carrying on business or to his last known address as shown on any of the Register, a register of Purchasers maintained by the Custodian Bank and any list of Holders maintained by an ADR Depositary. The notice shall in such a case be deemed to have been given on the day following that on which the envelope containing the same is posted, unless it was sent by second class post or there is only one class of post, in which case it shall be deemed to have been given on the day next but one after it was posted. Proof that the envelope was properly addressed, pre-paid and posted shall be conclusive evidence that the notice was given.

- (13) Any resolution or determination of, or decision or exercise of any discretion or power by, the board or any director or by the chairman of any meeting under or pursuant to the provisions of this article (including without prejudice to the generality of the foregoing as to what constitutes reasonable enquiry or as to the manner, timing and terms of any Required Disposal made by the board under paragraph (6) above) shall be final and conclusive; and any disposal or transfer made, or other thing done, by or on behalf of, or on the authority of, the board or any director pursuant to the foregoing provisions of this article shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The board shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this article.
- (14) Paragraph (4) of this article shall not apply to the Custodian Bank in its capacity as such. A person who has an interest in shares by virtue of any interest in Interim Rights shall be deemed for the purposes of this article to have an interest in the number of shares in the Company to which such Interim Rights relate and not (in the absence of any other reason why he should be so treated) in the remainder of the shares in the Company held by a Custodian Bank.
- (15) Paragraph (4) of this article shall not apply to an ADR Depositary or a Clearing House acting in each case in its capacity as such. Where in that capacity interests in shares in the Company or in Interim Rights in the Company are held by an ADR Depositary or a Clearing House, for the purposes of this article:
 - (a) any person who has rights in relation to shares in the Company or Interim Rights in which such an ADR Depositary or Clearing House holds such an interest shall be deemed to be interested in:
 - (i) the number of shares in the Company for which such an ADR Depositary or Clearing House is or may become liable to account to him; or
 - (ii) the number of shares in the Company to which the Interim Rights relate, being the Interim Rights for which such an ADR Depositary or Clearing House is or may become liable to account to him; and
 - (b) any interest which (by virtue of his being a tenant in common in relation to or holding as common property, interests in shares in the Company or in Interim Rights so held by such an ADR Depositary or Clearing House) he would otherwise be treated for the purposes of this article as having in a larger number of shares in the Company or

Interim Rights shall (in the absence of any other reason why he should be so treated) be disregarded.

For the purposes of this paragraph (15), a nominee of the London Stock Exchange shall be deemed to hold interests in shares in the Company or in Interim Rights if those shares or Interim Rights are for the time being deposited in the London Stock Exchange's Talisman Settlement System.

- (16) This article shall apply notwithstanding any provision in any other of these articles which is inconsistent with or contrary to it.

SHARE CERTIFICATES

18. Issue of certificates

- (1) Subject to the provisions of the Statutes and the requirements of the UKLA, a person (except a recognised person in respect of whom the Company is not required by law to complete and have ready for delivery a certificate) whose name is entered in the Register as the holder of any certificated shares shall be entitled (unless the conditions of issue otherwise provide) to receive one certificate for those shares, or one certificate for each class of those shares and, if he transfers part of the shares, represented by a certificate in his name, to receive a new certificate for the balance of those certificated shares retained by him.
- (2) In the case of joint holders of certificated shares, the Company shall not be bound to issue more than one certificate for all the shares in any particular class registered in their joint names, and delivery of a certificate for a share to any one of the joint holders shall be sufficient delivery to all.
- (3) Every share certificate shall be issued under seal (by affixing the seal to, or printing the seal or a representation of it on, the certificate) or in such other manner as the board may approve having regard to the conditions of issue and the requirements of the UKLA and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up on the shares.

19. Charges for and replacement of certificates

- (1) Except as expressly provided to the contrary in these articles, no fee shall be charged for the issue of a share certificate.
- (2) Any two or more certificates representing shares of any one class held by any member may at his request, on surrender of the original certificates, be cancelled and a single new certificate issued.
- (3) If any member surrenders for cancellation a certificate representing shares held by him and requests the Company to issue two or more certificates representing those shares in such proportions as he may specify, the board may, if it thinks fit, comply with the request on payment of such fee (if any) as the board may decide.
- (4) If a certificate is damaged, worn out or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued on compliance with such conditions as to evidence and indemnity (with or without security) as the board may think fit and on payment of any exceptional expenses incurred by the Company in its

investigation of the evidence and the preparation of the indemnity and security as the board may decide and, if damaged, worn out or defaced, on delivery up of the original certificate.

- (5) In the case of joint holders of a certificated share a request for a new certificate under any of the preceding paragraphs of this article may be made by any one of the joint holders unless the original certificate is alleged to have been lost, stolen or destroyed.

20. Other methods of recording title

Nothing in these articles shall preclude title to any securities of the Company being recorded other than in writing in accordance with such arrangements as may from time to time be permitted by the Statutes and approved by the board having regard to the requirements of the UKLA.

LIEN ON SHARES

21. Lien on partly paid shares

- (1) The Company shall have a first and paramount lien on every share (not being a fully paid share) registered in the name of a member (whether solely or jointly with another person) for all amounts payable (whether or not due) in respect of that share. The lien shall extend to all dividends from time to time declared and every other amount payable in respect of that share.
- (2) The board may at any time either generally or in any particular case declare any share to be wholly or partly exempt from the provisions of this article. Unless otherwise agreed with the transferee, the registration of a transfer of a share shall operate as a waiver of the Company's lien (if any) on that share.

22. Enforcement of lien

- (1) The Company may sell any share subject to a lien in such manner as the board may decide if an amount payable on the share is due and is not paid within fourteen clear days after a notice has been served on the holder or any person entitled by transmission to the share demanding payment of that amount and giving notice of intention to sell in default.
- (2) To give effect to any sale under this article, the board may authorise some person to execute an instrument of transfer of the share in the name and on behalf of the holder of or the person entitled by transmission to the share to, or in accordance with the directions of, the purchaser who shall not be bound to see to the application of the purchase money; nor shall his nor, if different, the transferee's title to the share be affected by any irregularity in or invalidity of the proceedings relating to the sale.
- (3) The net proceeds of the sale, after payment of the costs of the sale, shall be applied by the Company in or towards satisfaction of the amount due and any residue shall (subject to a like lien for any amounts not presently due as existed on the share before the sale), on surrender to the Company for cancellation of the certificate for the shares sold or the provision of an indemnity (with or without security) as to any lost or destroyed certificate as required by the board, be paid to the holder or person entitled by transmission to the share immediately before the sale.

CALLS ON SHARES

23. Calls

- (1) Subject to the terms of issue, the board may make calls on members in respect of any amounts unpaid on the shares or a class of shares held by them respectively (whether in respect of nominal amount or premium) and not payable on a date fixed by or in accordance with the terms of issue. Each member shall (subject to his receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be revoked or postponed as the board may decide.
- (2) Any call may be made payable in one sum or by instalments and shall be deemed to be made at the time when the resolution of the board authorising that call is passed.
- (3) A person on whom a call is made shall remain liable for it notwithstanding the subsequent transfer of the share in respect of which the call is made.
- (4) The joint holders of a share shall be jointly and severally liable for the payment of all calls in respect of that share.

24. Interest on calls

If the whole amount of a call is not paid before or on the due date for payment, the person from whom it is due shall pay interest on the amount unpaid, from the due date for payment to the date of actual payment, at such rate as may be fixed by the terms of allotment or issue of the relevant share or, if no rate is fixed, at such rate as the board may decide, together with all costs, charges and expenses incurred by the Company by reason of the non-payment. The board may waive payment of the interest, costs, charges and expenses, wholly or in part.

25. Sums treated as calls

A sum which by the terms of allotment of a share is payable on allotment or at a fixed time, or is payable as an instalment of a call, shall for all purposes of these articles be deemed to be a call duly made and payable on the date or dates fixed for payment and, in case of non-payment, the provisions of these articles shall apply as if that sum had become payable by virtue of a call.

26. Power to differentiate

On any allotment or issue of shares the board may make arrangements for a difference between the allottees or holders of the shares in the amounts and times of payment of calls on their shares.

27. Payment of calls in advance

The board may, if it thinks fit, receive all or any part of the amounts payable on a share beyond the sum actually called up on it if the holder is willing to make payment in advance and, on any amounts so paid in advance, may (until they would otherwise be due) pay interest at such rate as the board may decide.

FORFEITURE OF SHARES

28. Notice of unpaid calls

- (1) If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the board may serve a notice on the holder, or on a person entitled by transmission to the share in respect of which the call was made, requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest and all costs, charges and expenses incurred by the Company by reason of the non-payment.
- (2) The notice shall state a further day, being not less than fourteen clear days from the date of the notice, on or before which, and the place where, payment is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.
- (3) The board may accept a surrender of any share liable to be forfeited.

29. Forfeiture on non-compliance with notice

- (1) If the requirements of a notice served under article 28 are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the board. The forfeiture shall include all dividends declared and other amounts payable in respect of the forfeited share and not actually paid before the forfeiture.
- (2) If a share is forfeited, notice of the forfeiture shall be given by the Company to the person who was the holder of the share or (as the case may be) the person entitled to the share by transmission and an entry that notice of the forfeiture has been given and that the share has been forfeited, with the relevant date, shall be made in the Register; but no forfeiture shall be invalidated by any omission to give such notice or to make such entry.

30. Power to annul forfeiture or surrender

The board may, at any time before the forfeited or surrendered share has been sold, re-allotted or otherwise disposed of, annul the forfeiture and/or acceptance of the surrender upon payment of all calls and interest due on or incurred in respect of the share and on such further conditions (if any) as it thinks fit.

31. Disposal of forfeited or surrendered shares

- (1) Until cancelled in accordance with the Statutes, every share which is forfeited or surrendered and all rights attaching to it shall become the property of the Company and (subject to the provisions of the Statutes) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the board shall decide either to the person who was before the forfeiture or surrender the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up. The board may for the purposes of a disposal authorise some person to execute an instrument of transfer of the forfeited or surrendered share to, or in accordance with the directions of, any person to whom the same has been sold or disposed of. The Company may receive the consideration (if any) for the share on its disposal and may register the transferee as the holder of the share.

- (2) A statutory declaration by a director or the secretary that a share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary instrument of transfer) constitute a good title to the share. The new holder of the share shall not be bound to see to the application of the consideration for the disposal (if any) nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings connected with the forfeiture, surrender, sale, re-allotment or disposal of the share.

32. Arrears to be paid notwithstanding forfeiture or surrender

A person any of whose shares have been forfeited or surrendered shall cease to be a member in respect of the forfeited or surrendered share and shall surrender to the Company for cancellation the certificate (if any) for the share forfeited or surrendered, but shall remain liable (unless payment is waived in whole or in part by the board) to pay to the Company all moneys payable by him on or in respect of that share at the time of forfeiture or surrender, together with interest from the time of forfeiture or surrender until payment at such rate as may be fixed by the terms of allotment of the share or, if no rate is fixed, at such rate as the board shall decide, in the same manner as if the share had not been forfeited or surrendered. He shall also be liable to satisfy all the claims and demands (if any) which the Company might have enforced in respect of the share at the time of forfeiture or surrender. No deduction or allowance shall be made for the value of the share at the time of forfeiture or surrender or for any consideration received on its disposal.

UNTRACED MEMBERS

33. Sale of shares of untraced members

- (1) The Company may sell any share of a member, or any share to which a person is entitled by transmission, if:
- (a) during a period of twelve years at least three cash dividends (whether interim or final) have become payable in respect of the share to be sold;
 - (b) during that period no cash dividend payable in respect of the share has been claimed, no warrant, cheque or money order in respect of the share sent to the address and in the manner provided by these articles for sending such payments has been cashed and no communication has been received by the Company from the member or the person entitled by transmission to the share;
 - (c) on or after the expiry of that period of twelve years the Company has published advertisements both in a national newspaper and in a newspaper circulating in the area in which the address referred to in sub-paragraph (b) above is located, in each case giving notice of its intention to sell the share;
 - (d) during the period of three months following the publication of those advertisements and after that period until the exercise of the power to sell the share, the Company has not, so far as the board is aware, received any communication from the member or the person entitled by transmission to the share (in his capacity as member or person entitled by transmission); and
 - (e) the Company has given notice to the UKLA of its intention to sell the share.

- (2) The Company's power of sale shall extend to any further share which, on or before the date of publication of the first of any advertisement pursuant to sub-paragraph (1)(c) above, is issued in right of a share to which paragraph (1) applies (or in right of any share to which this paragraph applies) if the conditions set out in sub-paragraphs (1)(b) to (e) are satisfied in relation to the further share (but as if the references to a period of twelve years were references to a period beginning on the date of allotment of the further share and ending on the date of publication of the first of the advertisements referred to above).
- (3) To give effect to any sale, the board may authorise some person to execute an instrument of transfer of the share in the name and on behalf of the holder of, or the person entitled by transmission to, the share to, or in accordance with the directions of, the purchaser and the purchaser shall not be bound to see to the application of the purchase money; nor shall his nor, if different, the transferee's title to the share be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.
- (4) For the purpose of selling under this article shares of untraced members held in uncertificated form, the board may exercise any of the powers conferred on the Company by article 5(5).

34. Application of proceeds of sale

- (1) The Company shall account to the person entitled to the share at the date of sale for a sum equal to the net proceeds of sale by carrying all amounts received on sale to a separate account and shall be deemed to be his debtor, and not a trustee for him, in respect of them.
- (2) Pending payment of the net proceeds of sale to such person, the proceeds carried to the separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the board may from time to time decide.
- (3) No interest shall be payable in respect of the net proceeds and the Company shall not be required to account for any moneys earned on the net proceeds.

TRANSFER OF SHARES

35. Form of transfer

- (1) Subject to the restrictions in these articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the board may approve and any member may transfer all or any of his uncertificated shares in such manner as may be prescribed by or pursuant to the Regulations and the rules made and practices instituted by the operator of the relevant system.
- (2) The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and (except in the case of a fully paid share) by or on behalf of the transferee.
- (3) The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect of the share.

36. Right to refuse to register transfers

- (1) Subject to article 44 and the requirements of the listing rules of the UKLA, the board may, in its absolute discretion and without giving any reason for its decision, refuse to register any

transfer of a certificated share not fully paid up (or renunciation of a renounceable letter of allotment in respect of such a share) or any transfer of a certificated share on which the Company has a lien (or renunciation of a renounceable letter of allotment in respect of such a share). The board may also refuse to register any transfer (or renunciation or a certificated share) unless it is:

- (a) in respect of only one class of shares;
 - (b) in favour of no more than four joint transferees (or renounees);
 - (c) left at the office, or at such other place as the board may decide, for registration;
 - (d) accompanied by the certificate for each share to be transferred (except where the share is registered in the name of a recognised person and no certificate has been issued for it or in the case of a renunciation) and such other evidence (if any) as the board may reasonably require to prove the title of the intending transferor (or person renouncing) or his right to transfer the shares and the due execution by him of the transfer (or renunciation) or, if the transfer (or renunciation) is executed by some other person on his behalf, the authority of that person to do so; and
 - (e) duly stamped (if required).
- (2) Subject to the requirements of the UKLA, the Company shall register a transfer of title to any uncertificated share or any renounceable right of allotment of a share which is a participating security held in uncertificated form in accordance with the Regulations, but so that the board may refuse to register such a transfer in favour of more than four persons jointly or in any other circumstance permitted by the Regulations.
- (3) If the board refuses to register a transfer of a share, it shall, within two months after the date on which the transfer was lodged with the Company or the Operator-instruction was received (as the case may be), send to the transferee notice of the refusal.
- (4) Unless otherwise agreed by the board in any particular case the maximum number of persons who may be entered on the Register as joint holders of a share is four.

37. No fee payable

No fee shall be charged for registration of a transfer of a share or the renunciation of a renounceable letter of allotment or other document or instruction relating to or affecting the title to any share or for the right to transfer it or for making any other entry in the Register.

38. Retention of instruments

All instruments of transfer which are registered may, subject to article 135, be retained by the Company, but any instrument of transfer which the board refuses to register shall (except in any case where fraud or any other crime involving dishonesty is suspected in relation to such transfer) be returned to the person presenting it.

39. Power to suspend registration of transfers

Subject to the Statutes and the requirements of the UKLA, the registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not

exceeding thirty days in any year) as the board may decide but the Company shall not close any relevant register relating to a participating security without the consent of the operator of the relevant system.

40. Renunciations and other methods of transfer

Nothing in these articles shall preclude, without prejudice to the provisions of article 36, the board from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

TRANSMISSION OF SHARES

41. Transmission on death

If a member dies, the survivor, where the deceased was a joint holder, and his executors or personal representatives where he was a sole or the only surviving holder, shall be the only person or persons recognised by the Company as having any title to his shares; but nothing in these articles shall release the estate of a deceased holder from any liability in respect of any share held by him solely or jointly.

42. Election of person entitled by transmission

- (1) A person becoming entitled to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to a transmission by operation of law may, on producing such evidence as the board may require and subject as provided in this article, elect either to be registered himself as the holder of the share or to have some person nominated by him registered as the holder of the share.
- (2) If he elects to be registered himself, he shall give notice to the Company to that effect. If he elects to have another person registered, if it is a certificated share, he shall execute a transfer of the share to that person or, if it is an uncertificated share, he shall execute such other document or take such other action as the board may require, including but not limited to procuring that the uncertificated share is changed to certificated form, to enable that person to be registered.
- (3) All the provisions of these articles relating to the transfer of shares shall apply to the notice or instrument of transfer or instruction (as the case may be) as if it were an instrument of transfer signed or instruction given by the person from whom the title by transmission is derived and the event giving rise to such transmission had not occurred.

43. Rights of person entitled by transmission

- (1) Where a person becomes entitled by transmission to a share, the rights of the holder in relation to that share cease. A person becoming entitled to a share in consequence of a death or bankruptcy or of any other event giving rise to a transmission by operation of law shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share and, subject to the provisions of articles 42 and 118, shall have the same rights in relation to the share as he would have if he were the holder except that, until he becomes the holder, he shall not be entitled to receive notice of, attend or vote at any meeting of the Company or any separate general meeting of the holders of any class of shares in the Company.

- (2) The board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and, if after sixty days the notice has not been complied with, the board may withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

DISCLOSURE OF INTERESTS IN SHARES

44. Disclosure of interests in shares

- (1) This article applies where the Company gives to the holder of a share or to any person appearing to be interested in a share a notice requiring any of the information mentioned in section 212 of the Act (a "**section 212 notice**").
- (2) If, on the basis of information obtained from a holder in respect of a share held by him, a section 212 notice is given by the Company to a person appearing to be interested in the share, a copy shall at the same time be given to the holder, but the accidental omission to do so or the non-receipt of the copy by the holder shall not prejudice the operation of the following provisions of this article.
- (3) If the holder of, or any person appearing to be interested in, any share has been served with a section 212 notice and, in respect of that share (a "**default share**"), has been in default for the relevant period in supplying to the Company the information required by the section 212 notice, the restrictions referred to below shall apply. Those restrictions shall continue until the earliest of:
- (a) the date seven days after the date on which the board is satisfied that the default is remedied; or
 - (b) the date seven days after the date on which the Company is notified that the default share is the subject of a market transfer; or
 - (c) the board decides to waive those restrictions, in whole or in part.
- (4) The restrictions referred to above are as follows:
- (a) if the default shares in which any one person is interested or appears to the Company to be interested represent less than 0.25 per cent. in nominal value of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting or at any separate general meeting of the holders of any class of shares in the Company or on a poll, or to exercise any other right conferred by membership in relation to meetings of the Company or any poll; or
 - (b) if the default shares in which any one person is interested or appears to the Company to be interested represent at least 0.25 per cent. in nominal value of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares:
 - (i) to attend or to vote, either personally or by proxy, at any general meeting or at any separate general meeting of the holders of any class of shares in the Company or on a poll, or to exercise any other right conferred by membership in relation to meetings of the Company or any poll; or

(ii) to receive any dividend (or any part of a dividend) or other distribution or amount payable in respect of the default shares; or

(iii) to transfer or agree to transfer any of those shares or any rights in them,

unless:

(A) the holder is not himself in default in supplying the information required; and

(B) the holder proves to the satisfaction of the board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

Provided that the restrictions in sub-paragraphs (a) and (b) above shall not prejudice the right of either the member holding the default shares or, if different, any person having a power of sale over those shares to sell or agree to sell those shares under a market transfer or any transfer by the Custodian Bank under the Instalment Agreement.

- (5) If the board so determines, the Company shall be entitled to require the holder of any such default shares which are held in uncertificated form, by notice in writing to the holder concerned, to change his holding of uncertificated default shares to certificated form within such period as may be specified in the notice and require such holder to continue to hold such default shares in certificated form for so long as the default subsists and the board may appoint any person to take such other steps, by instruction by means of a relevant system (to the extent permitted by the Regulations and the rules of the relevant system) or otherwise, in the name of the holder of such default shares to effect conversion of such shares to certificated form and such steps shall be as effective as if they had been taken by the registered holder of the uncertificated default shares.
- (6) If any dividend (or any part of a dividend) or other distribution or amount is withheld under paragraph (4)(b) above, the member shall be entitled to receive it as soon as practicable after the restrictions contained in paragraph (4)(b) cease to apply and prior to such time the Company shall have no obligation to pay interest on it and the holder of the default share in question shall not be entitled to elect, pursuant to article 124, to receive shares instead of a dividend.
- (7) If, while any of the restrictions referred to above apply to a share, another share is allotted in right of it (or in right of any share to which this paragraph applies), the same restrictions shall apply to that other share as if it were a default share. For this purpose, shares which the Company allots, or procures to be offered, *pro rata* (disregarding fractional entitlements and shares not offered to certain members by reason of legal or practical problems associated with issuing or offering shares outside the United Kingdom) to holders of shares of the same class as the default share shall be treated as shares allotted in right of existing shares from the date on which the allotment is unconditional or, in the case of shares so offered, the date of the acceptance of the offer.
- (8) For the purposes of this article:
- (a) a "**market transfer**" in relation to any share is a transfer pursuant to:

- (i) a sale of the share on a recognised investment exchange (as defined in the Financial Services Act 1986) or on any stock exchange outside the United Kingdom on which shares of that class are listed or normally traded; or
 - (ii) a sale of the whole beneficial interest in the share to a person whom the board is satisfied is unconnected with the existing holder or with any other person appearing to be interested in the share; or
 - (iii) a takeover offer (as defined for the purposes of Part XIII A of the Act) which relates to the share;
 - (b) the "**relevant period**" shall be 14 days after the date of service of the section 212 notice;
 - (c) "**interested**" shall be construed as it is for the purpose of section 212 of the Act;
 - (d) the percentage of the issued shares of a class represented by a particular holding shall be calculated by reference to the shares in issue at the time when the section 212 notice is given;
 - (e) a person, other than the holder of the share, shall be treated as appearing to be interested in any share if the Company has given to the member holding such share a section 212 notice and either (i) the member has informed the Company that the person is or may be interested in the share or (ii) (after taking into account any response to any section 212 notice and any other relevant information) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the share; and
 - (f) reference to a person having failed to give the Company the information required by a section 212 notice, or being in default in supplying such information, includes (i) reference to his having failed or refused to give all or any part of it, and (ii) reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular.
- (9) The provisions of this article are in addition and without prejudice to the provisions of the Statutes and in particular of section 216 of the Act, so that the Company may apply to the court under section 216(1) whether or not these provisions apply or have been applied.
- (10) Where the person on whom a section 212 notice is served is the Custodian Bank (as defined in article 17) acting in its capacity as such or an ADR Depositary (as defined in article 17) acting in its capacity as such:
- (a) the obligations of the Custodian Bank or such ADR Depositary, as the case may be, as a member pursuant to this article 44 shall be limited to disclosing to the Company such information relating to the shares in question as has in each such case been recorded:
 - (i) in the case of the Custodian Bank, in the Interim Rights Register (as defined in the Instalment Agreement, as such expression is defined in article 17); or
 - (ii) in the case of such ADR Depositary, pursuant to the terms of any agreement entered into between the ADR Depositary and the Company; and

- (b) the restrictions referred to in paragraph (4) above shall not be effective unless and until the Custodian Bank and such ADR Depositary or (if such ADR Depositary is the holder of shares) such ADR Depositary only have been served with a notice specifying the person(s) (other than the Custodian Bank and such ADR Depositary) having an interest in a specified number of the shares in question comprising the default shares and specifying, if different, the person(s) registered under the Instalment Agreement as holding the related Interim Rights thereunder.

Provided always that nothing in this paragraph (10) shall in any other way restrict the powers of the board under this article 44.

- (11) For the purposes of this article:
 - (a) where any person has an interest in shares in the Company evidenced by an American Depositary Receipt or an Interim Depositary Receipt (as referred to in article 17), article 17(15) shall apply for determining the number of shares in which that person is interested;
 - (b) where any person has an interest in shares in the Company by virtue of an interest in Interim Rights (as referred to in article 17) article 17(14) shall apply for determining the number of shares in which that person is interested; and
 - (c) where any person has an interest in shares in the Company which are for the time being deposited in the London Stock Exchange's Talisman Settlement System or registered in the name of a Clearing House (as defined in article 17), article 17(15) shall apply for determining the number of shares in which that person is interested.
- (12) Where such a person as is described in paragraph (11) of this article is in default of a section 212 notice and the restrictions set out in paragraph (4) of this article apply, an ADR Depositary, the Custodian Bank or the London Stock Exchange's nominee (as the case may be) shall be subject to the restrictions set out in paragraph (4) of this article only in respect of such number of shares in which that person is determined, in accordance with paragraph (11) of this article, to have an interest.

GENERAL MEETINGS

45. Annual general meetings

The board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Statutes.

46. Extraordinary general meetings

All general meetings other than annual general meetings shall be called extraordinary general meetings.

47. Convening of extraordinary general meetings

- (1) The board may convene an extraordinary general meeting whenever it thinks fit.
- (2) An extraordinary general meeting may also be convened in accordance with article 89.

- (3) An extraordinary general meeting shall also be convened by the board on the requisition of members pursuant to the provisions of the Statutes or, in default, may be convened by such requisitionists, as provided by the Statutes.
- (4) The board shall comply with the provisions of the Statutes regarding the giving and the circulation, on the requisition of members, of notices of resolutions and of statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company. At any meeting convened by or on the requisition of members no business may be transacted except that stated by the requisition or proposed by the board.

NOTICE OF GENERAL MEETINGS

48. Length and form of notice

- (1) An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution of which special notice is required by the Statutes shall be called by not less than twenty-one clear days' notice. All other extraordinary general meetings shall be called by not less than fourteen clear days' notice.
- (2) Subject to the Statutes, and although called by shorter notice than that specified in paragraph (1) above, a general meeting shall be deemed to have been duly called if it is so agreed:
 - (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
 - (b) in the case of another meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.
- (3) The notice of meeting shall specify:
 - (a) whether the meeting is an annual general meeting or an extraordinary general meeting;
 - (b) the place, the date and the time of the meeting;
 - (c) in the case of special business, the general nature of that business;
 - (d) if the meeting is convened to consider a special or an extraordinary resolution, the intention to propose the resolution as such; and
 - (e) with reasonable prominence, that a member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.
- (4) Subject to the Act and as provided in paragraph (5) of this article 48, notice of every general meeting shall be given to all members other than any who, under the provisions of these articles or the terms of issue of the shares they hold, are not entitled to receive such notices

from the Company, and also to the auditors (or, if more than one, each of them) and to each director.

- (5) For the purposes of serving notices of meetings, whether under section 370(2) of the Act or any other enactment or under these articles, the board may determine that persons entitled to receive such notices are those persons entered on the Register at the close of business on a day determined by the board, provided that, the day determined by the board may not be more than 21 days before the day that the relevant notice of meeting is being sent.
- (6) For the purposes of determining which persons are entitled to attend or vote at any general meeting and how many votes such persons may cast, the notice may also specify a time (which shall not be more than 48 hours before the time fixed for the meeting) by which a person must be entered on the register in order to have the right to attend or vote at the meeting. Changes to entries on the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in these articles, any enactment or any other instrument to the contrary.
- (7) Where the notice of meeting is published on a web-site in accordance with article 130(2), it shall continue to be published in the same place on that web-site from the date of the notification given under article 130(2)(b) until the conclusion of the meeting to which the notice relates.

49. Omission or non-receipt of notice and irregularities in publication of notices

- (1) The accidental omission to give notice of a meeting (or, in cases where it is sent out with the notice, a form of appointment of a proxy) to, or the non-receipt of notice (or a form of appointment of a proxy) by, any person entitled to receive the notice (or form of appointment of a proxy) shall not invalidate the proceedings of that meeting.
- (2) Where a notice of meeting published on a web-site in accordance with article 130(2) is by accident published in different places on the web-site or published for part only of the period from the date of the notification given under article 130(2)(b) until the conclusion of the meeting to which the notice relates, the proceedings at such meeting are not thereby invalidated.

50. Special business

All business transacted at a general meeting shall be deemed special except the following business at an annual general meeting:

- (a) the receipt and consideration of the annual accounts, the directors' report and auditors' report on those accounts;
- (b) the appointment of directors and other officers in place of those retiring by rotation or otherwise ceasing to hold office;
- (c) the declaration of dividends; and
- (d) the appointment of the auditors (when special notice of the resolution for appointment is not required by the Statutes) and the fixing, or determination of the manner of the fixing, of their remuneration.

PROCEEDINGS AT GENERAL MEETINGS

51. Quorum

- (1) No business shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business. The absence of a quorum shall not prevent the appointment of a chairman in accordance with these articles, which shall not be treated as part of the business of the meeting.
- (2) Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.
- (3) If within fifteen minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened by or on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to such time (being not less than fourteen days nor more than twenty-eight days later) and place as the chairman of the meeting (or in default, the board) may decide.
- (4) If at an adjourned meeting a quorum is not present within fifteen minutes from the time fixed for holding the meeting, the meeting shall be dissolved.
- (5) The Company shall give not less than seven clear days' notice of any meeting adjourned for the lack of a quorum and the notice shall state the quorum requirement.

52. Chairman

At each general meeting, the chairman (if any) of the board or, if he is absent or unwilling, the deputy chairman (if any) of the board or (if more than one deputy chairman is present and willing) the deputy chairman who has been longest in such office or, if no deputy chairman is present and willing, that one of the other directors who is appointed for the purpose by the board or (failing appointment by the board) by the members present, shall preside as chairman of the meeting but if no director is present within fifteen minutes after the time fixed for holding the meeting or if none of the directors present is willing to preside, the members present and entitled to vote shall choose one of their number to preside as chairman of the meeting.

53. Security and order at meetings

- (1) The board may both prior to and during any general meeting make any arrangements and impose any restrictions which it considers appropriate to ensure the security and/or the orderly conduct of a general meeting of the Company or a separate general meeting of the holders of any class of shares of the Company, including, without limitation, arranging for any person attending a meeting to be searched, for items of personal property which may be taken into a meeting to be restricted and for any person (whether or not a member of the Company) who refuses to comply with any such arrangements or restrictions to be refused entry to or excluded from a meeting.
- (2) The chairman of any general meeting or separate general meeting of the holders of any class of shares of the Company shall take such action as he thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting, including without limitation asking any person or persons (whether or not a member or members of the Company) to leave the meeting and if necessary to have such person or persons excluded from

the meeting. The decision of the chairman on matters relating to the orderly conduct of a meeting and on any other matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his determination, acting in good faith, as to whether any matter is of such nature.

54. Directors and other persons entitled to attend and speak

- (1) Whether or not he is a member, a director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares of the Company.
- (2) The chairman of the meeting may, in his absolute discretion, invite any person, whom the chairman considers to be equipped with knowledge or experience of the Company's business, to attend and speak at any general meeting to assist in the deliberations of the meeting.

55. Adjournment

- (1) With the consent of any meeting at which a quorum is present the chairman of the meeting may (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place.
- (2) In addition, the chairman of the meeting may at any time without the consent of the meeting interrupt or adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place and/or for an indefinite period if he decides that it has become necessary to do so (whether as a result of the conduct or behaviour of any person or persons, whether or not a member or members of the Company, present) in order to (a) secure the proper and orderly conduct of the meeting, or (b) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting, or (c) ensure that the business of the meeting is properly disposed of.
- (3) Nothing in this article shall limit any other power vested in the chairman (whether under the provisions of these articles, at common law or otherwise) to adjourn the meeting.
- (4) Without prejudice to the provisions of article 51(5), whenever a meeting is adjourned for twenty-eight days or more or for an indefinite period, at least seven clear days' notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting but otherwise no person shall be entitled to any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.
- (5) No business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

56. Accommodation of persons at meeting

If it appears to the chairman that the place of the meeting specified in the notice convening the meeting is inadequate to accommodate all persons entitled and wishing to attend, the meeting is duly constituted and its proceedings are valid if the chairman is satisfied that adequate facilities are available to ensure that each such person who is unable to be accommodated is able (a) to participate in the business for which the meeting has been convened and (b) to hear and see all persons present who speak, whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise (whether or not in use when these articles are adopted) whether in the meeting place or elsewhere.

57. Method of voting and demand for poll

- (1) At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before, or immediately after the declaration of the result of, the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by (subject to the provisions of the Statutes):
- (a) the chairman of the meeting; or
 - (b) at least five members present in person or by proxy having the right to vote on the resolution; or
 - (c) a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution; or
 - (d) a member or members present in person or by proxy holding shares conferring the right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

- (2) A demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting and the demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- (3) Unless a poll is demanded (and the demand is not withdrawn), a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or has been carried by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of that fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- (4) The demand for a poll other than on the election of the chairman or on a question of adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

58. How poll to be taken

- (1) If a poll is properly demanded (and the demand is not withdrawn), it shall be taken, and the result of the poll declared, at such time (either at the meeting at which the poll is demanded or within thirty clear days after the meeting), at such place and in such manner as the chairman of the meeting shall direct and he may appoint scrutineers (who need not be members).
- (2) A poll demanded on the election of a chairman or on a question of adjournment shall be taken, and the result of the poll declared, at the meeting without adjournment.

- (3) No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- (4) On a poll votes may be given either in person or by proxy and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- (5) The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

59. Chairman's casting vote

In the case of an equality of votes, either on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, as the case may be, shall be entitled to a further or casting vote in addition to any other vote or votes to which he may be entitled.

60. Amendments to resolutions

No amendment to a resolution duly proposed as a special or extraordinary resolution may be considered or voted on, other than an amendment to correct a patent error. No amendment to a resolution duly proposed as an ordinary resolution may be considered or voted on, other than an amendment to correct a patent error, unless either (a) at least forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the ordinary resolution is to be considered, notice of the terms of the amendment and intention to move it has been lodged at the office; or (b) the chairman of the meeting in his absolute discretion decides that the amendment may be considered or voted on. If an amendment proposed to a resolution under consideration is ruled out of order by the chairman the proceedings on the substantive resolution are not invalidated by an error in his ruling.

VOTES OF MEMBERS

61. Voting rights

Subject to the provisions of these articles and to any special rights or restrictions as to voting for the time being attached to any shares:

- (a) on a show of hands, every member who (being an individual) is present in person or (being a company) is present by a duly authorised representative, not being himself a member, shall have one vote; and
- (b) on a poll, every member who is present in person or by proxy shall have one vote for every ordinary share of which he is the holder.

62. Corporate representatives

- (1) Any company (other than, save as provided in article 62(2), the Custodian Bank or its nominee, in either case acting in its capacity as such) or corporation sole which is a member of the Company may, in the case of a company by resolution of its directors or other governing body or by any other method permitted by the Act, authorise any person to act as its representative at any meeting of the Company or of any class of members of the Company.

- (2) If the Custodian Bank or its nominee (in either case acting in its capacity as such) is a member of the Company, it may (in accordance with the Instalment Agreement) authorise such persons as are provided for in the Instalment Agreement to act as its representatives at any meeting of the Company or of any class of members of the Company.
- (3) Each representative so appointed shall be entitled to exercise the same powers on behalf of the company or corporation sole or Custodian Bank or its nominee which he represents (in respect of that part of the company's or corporation sole's or Custodian Bank's or its nominee's holding of shares to which the authorisation relates) as that company or corporation sole or Custodian Bank or its nominee could exercise if it were an individual member present at the meeting in person, including (without limitation) power to vote on a show of hands or on a poll and to demand or concur in demanding a poll. The company or corporation sole or Custodian Bank or its nominee shall for the purpose of these articles be deemed to be present in person at a meeting if the representative is present. All references to attendance and voting in person shall be construed accordingly.
- (4) Without prejudice to the generality of article 62(3), each person who is authorised to act as the representative of the Custodian Bank or its nominee (in either case acting in its capacity as such) shall, when present in person at any meeting of the Company or of any class of members of the Company, be deemed for the purposes of articles 15(2)(c) and (d), 51(2), 57(1)(b) and (c) and 61(a) and (b) to be a separate member holding that part of the shares held by the Custodian Bank or its nominee in relation to which he is authorised to act.
- (5) A director, the secretary or some other person authorised for the purpose by the secretary may require the representative of any such company (not being a corporation sole or the Custodian Bank or its nominee) to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.
- (6) A director, the secretary or some other person authorised for the purpose by the secretary may require a person who is:
 - (a) acting as a representative of the Custodian Bank or its nominee; and
 - (b) authorised so to act in accordance with the Instalment Agreement by resolution of the directors or other governing body of a Purchaser (as defined in article 17(3)(xi)) which is a corporation,
 to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.
- (7) In relation to any such meeting, a person authorised under section 3 of the Treasury Solicitor Act 1876 shall be treated for the purpose of this article 62 as if his authority had been granted by the Solicitor for the affairs of Her Majesty's Treasury and in these articles references to a duly authorised representative of a corporation shall include, in relation to the Solicitor for the affairs of Her Majesty's Treasury, references to a person authorised under that section.

63. Voting rights of joint holders

If more than one of the joint holders of a share tenders a vote on the same resolution, whether in person or by proxy, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be

determined by the order in which the names stand in the Register in respect of the relevant share.

64. Voting rights of members incapable of managing their affairs

A member in respect of whom an order has been made by any court or official having jurisdiction (whether in the United Kingdom or elsewhere) that he is or may be suffering from mental disorder or is otherwise incapable of running his affairs may vote, whether on a show of hands or on a poll, by his guardian, receiver, *curator bonis* or other person authorised for that purpose and appointed by that court or official, and the guardian, receiver, *curator bonis* or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the board of the authority of the person claiming the right to vote shall be received at the office (or at such other place as may be specified in accordance with these articles for the delivery or receipt of forms of appointment of a proxy) or in any other manner specified in these articles for the appointment of a proxy not later than the last time as prescribed by these articles by which an appointment of a proxy must be deposited or received in order to be valid for use at the meeting or adjourned meeting or on the holding of the poll at or on which that person proposes to vote and, in default, the right to vote shall not be exercisable.

65. Voting rights suspended where sums overdue

Unless the board otherwise decides, a member shall not be entitled to be present or to vote, either in person or by proxy, at any general meeting or at any separate general meeting of the holders of any class of shares in the Company or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll, in respect of any share held by him unless all calls and other sums presently payable by him in respect of that share have been paid. This restriction shall cease on payment of the amount outstanding and all costs, charges and expenses incurred by the Company by reason of the non-payment.

66. Objections to admissibility of votes

No objection shall be raised as to the qualification of a voter or to the counting of, or failure to count, any vote except at the meeting or adjourned meeting or poll at which the vote objected to is tendered or at which the error occurs, and every vote not disallowed at such meeting or poll shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting and shall only invalidate the result of the voting if, in the opinion of the chairman, it is of sufficient magnitude to affect the decision of the meeting. The decision of the chairman shall be conclusive and binding on all concerned.

PROXIES

67. Proxies

- (1) A proxy need not be a member of the Company and a member may appoint more than one proxy to attend on the same occasion.
- (2) Delivery or receipt of an appointment of proxy shall not preclude a member from attending and voting in person at the meeting or an adjournment of the meeting or on the poll concerned.
- (3) No appointment of proxy shall be valid (unless the contrary is stated in it) except for the meeting mentioned in it and any adjournment of that meeting (including on any poll

demand at the meeting or any adjourned meeting). An appointment of proxy is valid for twelve months from the date of execution or, in the case of an appointment of proxy delivered in an electronic communication, for the duration specified by the board.

- (4) The appointment of a proxy is deemed (unless the contrary is stated in it) to confer authority to demand or join in demanding a poll and to vote on a resolution or amendment of a resolution put to, or other business which may properly come before, the meeting or meetings for which it is given, as the proxy thinks fit.
- (5) Subject to the Statutes and the requirements of the listing rules of the UKLA, the Company may send a form of appointment of proxy to all or none of the persons entitled to receive notice of and to vote at a meeting. If sent the form shall provide for two-way voting (without prejudice to a right to abstain) on all resolutions set out in the notice of meeting.

68. Form of proxy

- (1) An instrument appointing a proxy shall be in any usual or common form or any other form which the board shall from time to time approve or accept. Subject to the Statutes, the board may accept the appointment of a proxy received in an electronic communication on such terms and subject to such conditions as it considers fit. The appointment of a proxy received in an electronic communication is not subject to the requirements of article 68(2).
- (2) Subject to the provisions of article 68(1), an instrument appointing a proxy shall be in writing signed by the appointor, or his agent duly authorised in writing, or, if the appointor is a company, shall either be executed under its common seal or be signed by some agent or officer or other person authorised for that purpose. The board may, but shall not be bound to, require evidence of the authority of any such agent, officer or other person.
- (3) The signature on the instrument of proxy need not be witnessed.

69. Deposit of proxy

- (1) The form of appointment of a proxy:
 - (a) in the case of an instrument in writing, shall be deposited at the office (or at such other place in the United Kingdom as may be specified in the notice convening the meeting or in the form of appointment of proxy or other accompanying document sent out by the Company in relation to the meeting) at least forty-eight hours before the time for holding the meeting or adjourned meeting or the taking of a poll at or on which the person named in the form of appointment of proxy proposes to vote; or
 - (b) in the case of an appointment of a proxy contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications:
 - (i) in the notice convening the meeting; or
 - (ii) in any form of appointment of a proxy sent out by the Company in relation to the meeting; or
 - (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting,

received at such address not less than forty-eight hours before the time for holding the meeting at which the person named in the form of appointment of proxy proposes to vote; or

- (c) in the case of a poll taken more than forty-eight hours after it is demanded or in the case of an adjourned meeting to be held more than forty-eight hours but less than twenty-eight days after the time fixed for holding the original meeting, shall be delivered or received as required by paragraphs (a) or (b) at least twenty-four hours before the time appointed for the taking of the poll or, as the case may be, the time fixed for holding the adjourned meeting; or
 - (d) in the case of a poll which is not taken at the meeting at which it is demanded but is taken forty-eight hours or less after it is demanded, or in the case of an adjourned meeting to be held forty-eight hours or less after the time fixed for holding the original meeting, shall be delivered at the meeting at which the poll is demanded or, as the case may be, at the adjourned meeting or the original meeting, to the chairman of the meeting or to the secretary or to any director or as directed at the meeting by the chairman of the meeting.
- (2) In the case of an instrument signed by an agent of a member who is not a company or a corporation sole, there shall also be deposited, in the manner set out in paragraph (1) above, the authority under which the instrument is signed or an office copy of it or a copy of it certified in accordance with section 3 of the Powers of Attorney Act 1971 or certified in some other way as approved by the board.
 - (3) In the case of an instrument signed by an officer or agent of a company (not being the Custodian Bank or its nominee in either case acting in its capacity as such), the board may also require there to be deposited, in the manner set out in paragraph (1) above, the authority under which the instrument is signed, or a notarially certified copy of it, or such other authorities or documents as shall be specified in the notice of the relevant meeting or in any instrument of proxy issued by the Company in connection with the relevant meeting.
 - (4) If the appointment of proxy and any of the documents required under paragraph (2) or (3) above are not deposited or delivered in the manner required above, the person named in the appointment of proxy shall not be entitled to vote in respect of the shares in question.
 - (5) If two or more valid but differing appointments of proxy are deposited in respect of the same share for use at the same meeting or on the same poll, the one which is last deposited (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was last deposited, none of them shall be treated as valid in respect of that share.

70. Notice of revocation of proxy

A vote given or poll demanded in accordance with the terms of an appointment of proxy or by an authorised representative of a company or corporation sole shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or authorisation or the authority under which the proxy was made or (until entered in the Register) the transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer was received at the office (or other place specified for depositing or receiving the form of appointment of proxy or, where the appointment of proxy

was contained in an electronic communication, at the address at which the form of appointment was received) up to one hour before the time fixed for holding the meeting or adjourned meeting (or, in the case of a poll, before the time appointed for the taking of the poll) at which the vote was given.

MEMBERS' WRITTEN RESOLUTIONS

71. Members' written resolutions

A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effective as if it had been passed at a general meeting duly convened and held. The resolution in writing may consist of several instruments in the same form each duly executed by or on behalf of one or more members. If the resolution in writing is described as a special resolution or as an extraordinary resolution, it shall have effect accordingly.

DIRECTORS

72. Number of directors

The directors (other than alternate directors) shall not, unless and until otherwise determined by an ordinary resolution of the Company, be less than four nor more than fifteen in number.

73. Directors need not be members

A director need not be a member of the Company.

74. Age of directors

No person shall be disqualified from being appointed a director, and no director shall be required to vacate that office, by reason only of the fact that he has attained the age of seventy years or any other age nor shall it be necessary by reason of his age to give special notice of any resolution. Section 293 of the Act shall not apply to the Company. Where a general meeting is convened at which a director is to be proposed for appointment or reappointment and, to the knowledge of the board, such director will be at the date of the meeting seventy or more, the board shall give notice of his age in the notice convening the meeting or in a document accompanying the notice but the accidental omission to do so shall not invalidate the proceedings or an appointment or reappointment of that director at the meeting.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

75. Appointment of directors by the Company

- (1) Subject to the provisions of these articles, 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, but so that the total number of directors shall not exceed any maximum number fixed by or in accordance with these articles.
- (2) No person (other than a director retiring by rotation or otherwise) shall be appointed a director at any general meeting unless:
 - (a) he is recommended by the board; or

- (b) not less than seven nor more than forty-two days before the date appointed for the meeting there has been given to the Company (and lodged at the office), by a member (other than the person to be proposed) entitled to vote at the meeting, notice of his intention to propose a resolution for the appointment of that person, stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors and a notice executed by that person of his willingness to be appointed.

76. Separate resolutions for appointment of each director

Every resolution of a general meeting for the appointment of a director shall relate to one named person and a single resolution for the appointment of two or more persons shall be void, unless an ordinary resolution that it shall be so proposed has been first agreed to by the meeting without any vote being cast against it.

77. The board's power to appoint directors

Without prejudice to the power of the Company to appoint a person to be a director pursuant to these articles, the board may appoint any person who is willing to act to be a director, either to fill a vacancy or by way of addition to their number but so that the total number of directors shall not exceed any maximum number fixed by or in accordance with these articles. Any director so appointed shall retire from office at the next annual general meeting of the Company, but shall then be eligible for re-appointment.

78. Retirement of directors

- (1) At each annual general meeting any director who has been appointed by the board since the previous annual general meeting and any director selected to retire by rotation shall retire from office.
- (2) A retiring director shall be eligible for re-appointment and (unless he is removed from office or his office is vacated in accordance with these articles) shall retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.
- (3) If at any meeting at which the appointment of a director ought to take place the office vacated by a retiring director is not filled up, the retiring director, if willing to act, shall be deemed to be re-appointed, unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his place or unless the resolution to re-appoint him is put to the meeting and lost.

79. Selection of directors to retire by rotation

- (1) At each annual general meeting one-third of the directors who are subject to retirement by rotation or, if their number is not an integral multiple of three, the number nearest to one-third but not less than one-third, shall retire from office. If there are fewer than three directors who are subject to retirement by rotation, one shall retire. If any one or more directors were last appointed or re-appointed three years or more prior to the meeting or were last appointed or re-appointed at the third immediately preceding annual general meeting, he or they shall retire from office and shall be counted in obtaining the number required to retire at the meeting.

- (2) The directors to retire by rotation at each annual general meeting shall include (so far as is necessary to obtain the number required) any director who wishes to retire and not to offer himself for re-appointment and otherwise shall be the directors who, at the date of the notice of the meeting, have been longest in office since their last appointment or re-appointment, but as between persons who became or were last re-appointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- (3) The names of the directors to retire by rotation shall be stated in the notice of the annual general meeting or in any document accompanying the notice. The directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the board at the start of business on the date of the notice convening the annual general meeting and no director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the directors after that time but before the close of the meeting.

80. Removal of directors

- (1) In addition to any power of removal conferred by the Statutes, the Company may by ordinary resolution remove any director before his period of office has expired notwithstanding anything in these articles or in any agreement between him and the Company and any person appointed (subject to the provisions of these articles) by ordinary resolution to replace such a director shall be treated, for the purposes of determining the time at which he or another director is to retire, as if he had become a director on the date on which the person in whose place he is appointed was last appointed or reappointed a director.
- (2) Any removal of a director under this article shall be without prejudice to any claim which such director may have for damages for breach of any agreement between him and the Company.

81. Vacation of office of director

Without prejudice to the provisions of these articles for retirement or removal, the office of a director shall be vacated:

- (a) if he ceases to be a director by virtue of the provisions of the Statutes, is removed from office pursuant to the provisions of these articles or is prohibited by law from being a director; or
- (b) he becomes bankrupt, has an interim receiving order made against him, makes an arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act; or
- (c) an order is made by a court of competent jurisdiction on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian, receiver, *curator bonis* or other person to exercise powers with respect to his affairs or he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, under the Mental Health (Scotland) Act 1984 and the board resolves that his office be vacated; or
- (d) he is removed from office by notice addressed to him at his last-known address and signed by at least three-fourths in number of his co-directors (without prejudice to any claim for damages for breach of contract); or

- (e) if for more than six months he is absent (whether or not an alternate director attends in his place), without special leave of absence from the board, from meetings of the board held during that period and the board resolves that his office be vacated; or
- (f) if he serves on the Company, by delivery to the secretary at the office or by tendering it at a board meeting, notice of his wish to resign, in which event he shall vacate that office on the service of that notice on the Company or at such later time as is specified in the notice.

A resolution of the board declaring a director to have vacated office under the terms of this article is conclusive as to the fact and grounds of vacation stated in the resolution.

82. Executive directors

- (1) Subject to the provisions of the Statutes the board may appoint one or more directors to hold any employment or executive office with the Company (including that of chairman, chief executive or managing director) for such period (subject to the provisions of the Statutes) and on such terms as it may decide and may revoke or terminate any appointment so made without prejudice to any claim for damages for breach of any contract of service between the director and the Company.
- (2) The remuneration of a director appointed to hold any employment or executive office shall be fixed by the board and may be by way of salary, commission, participation in profits or otherwise and either in addition to or inclusive of his remuneration as a director.
- (3) A director appointed as executive chairman, chief executive officer or managing director shall automatically cease to hold that office if he ceases to be a director but without prejudice to any claim for damages for breach of any contract of service between him and the Company. A director appointed to any other executive office shall not automatically cease to hold that office if he ceases to be a director unless the contract or any resolution under which he holds office expressly states that he shall, in which case that cessation shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

ALTERNATE DIRECTORS

83. Power to appoint alternate directors

- (1) Each director (other than an alternate director) may appoint another director or any other person who is willing to act as his alternate and may remove him from that office. The appointment as an alternate director of any person who is not himself a director shall be subject to the approval of a majority of the directors or a resolution of the board.
- (2) An alternate director shall, if he gives the Company an address at which notices may be served on him by either post or by electronic communications, be entitled to receive notice of all meetings of the board and of all meetings of committees of which the director appointing him is a member, to attend and vote at any such meeting at which the director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers, rights, authorities and duties of his appointor as a director and for the purposes of the proceedings at the meeting the provisions of these articles shall apply as if he were a director.

- (3) Every person acting as an alternate director shall (except as regards power to appoint an alternate and remuneration) be subject in all respects to the provisions of these articles relating to directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of the director appointing him. An alternate director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any fee in his capacity as an alternate director. Any fee payable by a director to his alternate director shall be payable out of the fee payable to that director.
- (4) Every person acting as an alternate director shall have one vote for each director for whom he acts as alternate, in addition to his own vote if he is also a director, but he shall count as only one for the purpose of determining whether a quorum is present.
- (5) Any person appointed as an alternate director shall automatically vacate his office as alternate director if the director by whom he has been appointed vacates his office as director (otherwise than by retirement at a general meeting of the Company at which he is reappointed) or dies or removes him by notice to the Company or on the happening of any event which, if he is or were a director, causes or would cause him to vacate that office.
- (6) Every appointment or removal of an alternate director shall be by notice in writing signed by the appointor (or in any other manner approved by the board) and shall be effective (subject to paragraph (1) above) on delivery at the office, to the secretary or at a meeting of the board together with the alternate director's consent to act as a director in the form prescribed by the Statutes.
- (7) An alternate director need not be a member and shall not be counted in reckoning the number of directors for the purpose of article 72.

REMUNERATION, EXPENSES AND PENSIONS

84. Remuneration of directors

The directors (other than an alternate director or any director who for the time being holds an executive office or employment with the Company or a subsidiary of the Company) shall be paid out of the funds of the Company by way of remuneration for their services as directors such fees not exceeding in aggregate £500,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the directors may decide to be divided among them in such proportion and manner as the board decides or, if no decision is made, equally. Any fee payable under this article shall be distinct from any remuneration or other amounts payable to a director under other provisions of these articles and shall accrue from day to day.

85. Special remuneration

- (1) The board may grant special remuneration to any director who performs any special or extra services to or at the request of the board.
- (2) Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise, and shall be such reasonable amount as the board may decide, in addition to any remuneration provided for by or pursuant to any other article.

86. Expenses

A director shall be paid out of the funds of the Company all reasonable travelling, hotel and other expenses properly incurred by him in and about the discharge of his duties as director, including his expenses of travelling to and from meetings of the board, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company. A director may also be paid out of the funds of the Company all reasonable expenses properly incurred by him in obtaining professional advice in connection with the affairs of the Company or the discharge of his duties as a director.

87. Pensions and other benefits

- (1) The board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (by insurance or otherwise) for a person who is or has at any time been a director of (a) the Company, or (b) a company which is or was a subsidiary undertaking of the Company, or (c) a company which is or was allied to or associated with the Company or a subsidiary undertaking of the Company, or (d) a predecessor in business of the Company or of a subsidiary undertaking of the Company (and for any member of his family, including a spouse or former spouse, or a person who is or was dependent on him). For this purpose the board may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. The board may arrange for this to be done by the Company alone or in conjunction with another person.
- (2) A director or former director is entitled to receive and retain for his own benefit a pension or other benefit provided under paragraph (1) above and is not obliged to account for it to the Company.

POWERS AND DUTIES OF THE BOARD**88. General powers of the board to manage the Company's business**

- (1) The business of the Company shall be managed by the board which may exercise all the powers of the Company whether relating to the management of the business or not, subject to the provisions of the Statutes, the memorandum of association of the Company, these articles and any directions given by special resolution of the Company. No alteration of the memorandum of association of the Company or of these articles and no direction given by the Company shall invalidate any prior act of the board which would have been valid if the alteration had not been made or the direction had not been given.
- (2) The powers given by this article shall not be limited by any special authority or power given to the board by any other article or any resolution or direction of the Company.

89. Power to act notwithstanding vacancy

The continuing directors or the sole continuing director at any time may act notwithstanding any vacancy in their number; but, if the number of directors is less than the minimum number fixed by or in accordance with these articles, they or he may act for the purpose of filling up vacancies or calling a general meeting of the Company for the purpose of making any such appointment, but not for any other purpose. If no director is able or willing to act, then any two members may summon a general meeting for the purpose of appointing directors. An additional director appointed in this way shall hold office (subject to the provisions of these

articles) only until the dissolution of the next annual general meeting after his appointment unless he is reappointed or deemed reappointed during the meeting.

90. Provisions for employees

The board may exercise any of the powers conferred on the Company by the Statutes to make provision for the benefit of any persons employed or formerly employed by the Company or any of its subsidiary undertakings (or any member of his family, including a spouse or former spouse, or any person who is or was dependent on him) in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any of its subsidiary undertakings.

91. Power to borrow money

- (1) Subject to the following provisions of this article, the board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.
- (2) The board shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to ensure (as regards subsidiary undertakings, to the extent possible) that the aggregate principal amount outstanding in respect of moneys borrowed by the group does not without the previous sanction of an ordinary resolution of the Company at any time prior to the conclusion of the annual general meeting to be held in 1997 exceed £1.5 billion and at any time thereafter exceed a sum equal to two times the adjusted capital and reserves.
- (3) In this article:
 - (a) **"adjusted capital and reserves"** means a sum equal to the aggregate of:
 - (i) the amount paid up on the allotted share capital of the Company; and
 - (ii) the amount standing to the credit or debit of the consolidated reserves;

all as shown in the relevant balance sheet but after:

 - (iii) making all adjustments which are, in the opinion of the board, necessary or appropriate to take account of:
 - (I) a variation in the amounts referred to in paragraphs (i) and (ii) since the date of the relevant balance sheet arising out of the allotment of shares in the capital of the Company; for this purpose if a proposed allotment of shares by the Company for cash has been underwritten, those shares are deemed to have been allotted and the amount (including any premium) of the subscription moneys payable in respect of those shares (not being moneys payable later than six months after the date of allotment) are deemed to have been paid up to the extent underwritten on the date on which the issue of those shares was underwritten (or, if the underwriting was conditional, the date on which it became unconditional); and

- (II) other changes in circumstances since the date of the relevant balance sheet; and
- (iv) deducting (so far as not already deducted or provided for):
 - (I) sums equivalent to the book values of goodwill and other intangible assets shown in the relevant balance sheet (as adjusted pursuant to the preceding provisions of this article) ; and
 - (II) the amount of a distribution declared, recommended or paid by a group undertaking to a person other than a group undertaking out of profits accrued up to and including the date of, but not provided for in, the relevant balance sheet;
- (b) **"group"** means:
 - (i) the Company;
 - (ii) all undertakings which are included in the consolidated group accounts in which the relevant balance sheet is comprised and which would be so included if group accounts were prepared at the relevant time (and if that time were the end of the Company's financial year);and
 - (iii) all undertakings which are not included in the consolidated group accounts in which the relevant balance sheet is comprised but which would be so included if group accounts were prepared at the relevant time (and if that time were the end of the Company's financial year);
- (c) **"group undertaking"** means the Company or another undertaking in the group;
- (d) **"moneys borrowed"** means all moneys borrowed including, without limitation:
 - (i) the nominal amount of and the amount of any premium paid in respect of any allotted share capital (not being equity share capital) of a group undertaking other than the Company not beneficially owned, directly or indirectly, by another group undertaking;
 - (ii) any amount raised by acceptance under an acceptance credit facility;
 - (iii) any amount raised under a note purchase facility;
 - (iv) the amount of any liability in respect of a lease or hire purchase contract which would, in accordance with generally accepted accounting standards in the United Kingdom, be treated as a finance or capital lease; and
 - (v) any amount raised under another transaction (including, without limitation, a forward sale or purchase agreement) treated as borrowing under accounting principles or practices generally accepted for the time being in the United Kingdom;

but excluding:

- (vi) borrowings by one group undertaking from another, including the principal amount of any loan capital (whether secured or unsecured), the nominal amount of any allotted or issued share capital (not being equity share capital) of a group undertaking beneficially owned, directly or indirectly, by another group undertaking and, for the avoidance of doubt, the amount of any obligation of a group undertaking, the performance of which is guaranteed by another group undertaking;
- (vii) borrowings for the purpose of financing a contract to the extent that the price receivable under the contract is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade and Industry or by another person fulfilling a similar function; and
- (viii) borrowings for the purpose of, and to be applied within six months of being made in, repaying the whole or part of borrowings that constitute moneys borrowed for the purposes of this article, pending their application for that purpose within that period;

and in calculating moneys borrowed for the purposes of this article, there shall be deducted:

- (ix) an amount equal to the aggregate of:
 - (I) all cash in hand and cash deposits freely remittable with any bank or financial institution (not itself a group undertaking); and
 - (II) investments which are readily convertible into known amounts of cash with notice of forty-eight hours or less;

in each case beneficially owned, directly or indirectly, by a group undertaking and whether denominated in sterling or in a currency other than sterling;

- (e) "**relevant balance sheet**" means the consolidated balance sheet dealing with the state of affairs of the Company and its subsidiary undertakings comprised in the latest group accounts prepared and approved by the board and on which the auditors have made their report pursuant to the Statutes.
- (4) When the amount of moneys borrowed to be taken into account for the purposes of this article on a particular day is being calculated, moneys denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:
- (a) at the rate of exchange specified in a forward purchase contract, currency option, back-to-back loan, swap or other arrangement taken out or entered into to reduce the risk associated with fluctuations in rates of exchange in respect of repayment of those moneys (a "**hedging agreement**"); or
 - (b) if those moneys were borrowed on or before the date of the relevant balance sheet and repayment of those moneys has not been covered by a hedging agreement, at the more favourable to the Company of:

- (i) the rate of exchange used for the conversion of that currency in the relevant balance sheet; or
 - (ii) the middle-market rate of exchange quoted by The Royal Bank of Scotland plc at 11.00 a.m. in London on the business day immediately preceding the day on which the calculation falls to be made; or
 - (c) if those moneys were borrowed after the date of the relevant balance sheet and repayment of those moneys has not been covered by a hedging agreement, at the more favourable to the Company of:
 - (i) the middle-market rate of exchange quoted by The Royal Bank of Scotland plc at the close of business in London on the date of the relevant balance sheet; or
 - (ii) the middle-market rate of exchange quoted by The Royal Bank of Scotland plc at the close of business in London on the business day immediately preceding the day on which the calculation falls to be made.
- (5) When calculating moneys borrowed for the purposes of this article, where a group undertaking has issued and paid-up equity share capital that is not owned, directly or indirectly, by a group undertaking ("**external capital**"):
- (i) the relevant percentage of any borrowings from that group undertaking by another group undertaking shall not be excluded pursuant to paragraph (3)(d)(vii);
 - (ii) the relevant percentage of any borrowings made by that group undertaking that constitute moneys borrowed for the purposes of this article shall be deducted; and
 - (iii) the relevant percentage of any items falling within paragraph (3)(d)(x) beneficially owned directly or indirectly, by that group undertaking shall not be deducted;
- and for the purpose of this paragraph "**relevant percentage**" means a percentage equal to the percentage that the external capital forms of the whole of the issued and paid-up equity share capital of that group undertaking.
- (6) A report of the auditors as to the amount of the adjusted capital and reserves or the aggregate amount of moneys borrowed for the purposes of this article is conclusive and binding on all concerned. Nevertheless the board may at any time act in reliance on a bona fide estimate of the amount of the adjusted capital and reserves or the aggregate amount of moneys borrowed. If in consequence the limit on moneys borrowed set out in this article is inadvertently exceeded, the amount of moneys borrowed equal to the excess may be disregarded for ninety days after the date on which by reason of a determination of the auditors or otherwise the board becomes aware that this situation has or may have arisen.
- (7) No debt incurred or security given in respect of moneys borrowed in excess of the limit imposed by this article is invalid or ineffectual except where express notice that the limit has been or will be exceeded has been given to the lender or recipient of the security at the time when the debt is incurred or security given. No lender or other person dealing with the Company is concerned to see or enquire whether the limit is observed.

92. Register of charges

The Company shall keep a register of charges in accordance with the Statutes and the fee to be paid by a person other than a creditor or member for each inspection of the register of charges is the maximum sum prescribed by the Statutes or, failing which, decided by the board.

93. Nuclear Installations Acts 1965 and 1969

The directors shall seek to ensure, insofar as this is consistent with their duties to the Company, that any subsidiary of the Company which is the holder of any nuclear site licence under the Nuclear Installations Acts 1965 and 1969 is able to comply with the conditions of such licences.

DELEGATION OF BOARD'S POWERS**94. Delegation to executive directors**

The board may delegate to any director holding executive office (including a managing director) any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit. In particular, the board may grant the power to sub-delegate, and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with that director. The board may at any time revoke or vary the delegation or alter its terms and conditions, but no person dealing in good faith shall be affected by any revocation or variation.

95. Committees

- (1) The board may delegate any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit to a committee consisting of one or more directors and (if thought fit) one or more other persons. In particular, the board may grant the power to sub-delegate, and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the committee. The board may at any time revoke the delegation or alter its terms and conditions or discharge the committee in whole or in part but no person dealing in good faith shall be affected by any revocation or variation. Where a provision of these articles refers to the exercise of a power, authority or discretion by the board and that power, authority or discretion has been delegated by the board to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may be imposed on it by the board.
- (2) The proceedings of a committee with two or more members shall be governed by any regulations imposed on it by the board and (subject to such regulations) by the provisions of these articles regulating the proceedings of the board so far as they are capable of applying.
- (3) Notwithstanding the provisions of paragraph (2) above, where the board resolves to delegate any of its powers, authorities and discretions to a committee and that resolution states that the committee shall consist of any one or more unnamed directors, it shall not be necessary to give notice of a meeting of that committee to directors other than the director or directors who form the committee.

96. Local boards

- (1) The board may establish any local or divisional board or agency for managing any of the affairs of the Company in a specified locality, whether in the United Kingdom or elsewhere, and may appoint any persons to be members of a local or divisional board, or to be managers or agents, and may fix their remuneration.
- (2) The board may delegate to a local or divisional board or agency any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit. In particular, the board may grant the power to sub-delegate, may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the local or divisional board or agency and may authorise the members of a local or divisional board or agency (or any of them) to fill a vacancy or to act despite a vacancy. The board may at any time revoke or alter the terms and conditions of the appointment or delegation. Subject to terms and conditions imposed by the board, the proceedings of a local or divisional board or agency with two or more members shall be governed by those articles that regulate the proceedings of the board, so far as applicable.

97. Powers of attorney

The board may by power of attorney or otherwise appoint a person to be the agent of the Company and may delegate to that person any of its powers, authorities and discretions for such purposes, for such time and on such terms and conditions (including as to remuneration) as it thinks fit. In particular, the board may grant the power to sub-delegate and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the agent. The board may at any time revoke or alter the terms and conditions of the appointment or delegation.

98. Associate directors

The board may appoint a person (not being a director) to an office or employment having a designation or title including the word "director" or attach to an existing office or employment that designation or title and may terminate the appointment or use of that designation or title. The inclusion of the word "director" in the designation or title of an office or employment shall not imply that the person is, or is deemed to be, or is empowered to act as, a director for any of the purposes of the Statutes or these articles.

99. Exercise of voting powers

Subject to article 91, the board may exercise or cause to be exercised the voting powers conferred by shares in the capital of another company held or owned by the Company, or a power of appointment to be exercised by the Company, in any manner it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of a director as an officer or employee of that company or in favour of the payment of remuneration to the officers or employees of that company).

100. Registers

- (1) Subject to the Statutes, the Company shall enter on the Register how many shares each member holds in uncertificated form and certificated form respectively.

- (2) Subject to the Statutes, the board may exercise the powers conferred on the Company with regard to the keeping of an overseas, local or other register and may make and vary regulations as it thinks fit concerning the keeping of a register, provided however that those members who hold shares in uncertificated form may not be entered as holders of those shares on an overseas branch register.

DIRECTORS' INTERESTS

101. Directors' interests and voting

- (1) Subject to the Statutes and paragraph (2) below, a director, notwithstanding his office:
- (a) may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in connection with his tenure of an office or place of profit or as seller, buyer or otherwise;
 - (b) may hold another office or place of profit with the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity to the Company, and in that case on such terms as to remuneration and otherwise as the board may decide either in addition to or instead of remuneration provided for by another article;
 - (c) may be a director or other officer of, or employed by, or a party to a contract, arrangement, transaction or proposal with or otherwise interested in, a company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has a power of appointment; and
 - (d) shall not be liable to account to the Company for a profit, remuneration or other benefit realised by such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.
- (2) A director who, to his knowledge, is in any way (directly or indirectly) interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he then knows his interest then exists or, in any other case, at the first meeting of the board after he knows that he is or has become interested. For the purposes of this article:
- (a) a general notice given to the board by a director that he is to be regarded as having an interest (of the nature and extent specified in the notice) in a contract, arrangement, transaction or proposal in which a specified person or class of persons is interested shall be a sufficient disclosure under this article in relation to that contract, arrangement, transaction or proposal; and
 - (b) 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 his interest.
- (3) Except as provided in this article, a director may not vote on a resolution of the board or of a committee of the board concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which is, to his knowledge,

a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), but this prohibition shall not apply to a resolution concerning any of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
 - (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
 - (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary undertaking of the Company) in which he is interested (directly or indirectly) whether as an officer, shareholder, creditor or otherwise (a "**relevant company**"), if he does not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the Act) representing one per cent. or more of any class of the equity share capital of, or the voting rights in, the relevant company;
 - (e) a contract, arrangement, transaction or proposal for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him a privilege or benefit not generally awarded to the employees to whom it relates; and
 - (f) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy under which he may benefit.
- (4) A director may not vote or be counted in the quorum on a resolution of the board or committee of the board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of an office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or its termination) of two or more directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each director. In such case each of the directors concerned (if not otherwise debarred from voting under this article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (5) If a question arises at a meeting as to the materiality of a director's interest (other than the interest of the chairman of the meeting) or as to the entitlement of a director (other than the chairman) to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be referred to the chairman and his ruling in relation to the director concerned shall be conclusive and binding on all concerned.

- (6) If a question arises at a meeting as to the materiality of the interest of the chairman of the meeting or as to the entitlement of the chairman to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be decided by resolution of the directors or committee members present at the meeting (excluding the chairman) whose majority vote shall be conclusive and binding on all concerned.
- (7) For the purposes of this article, the interest of a person who is for the purposes of the Statutes connected with (within the meaning of section 346 of the Act) a director shall be treated as the interest of the director and, in relation to an alternate director, the interest of his appointor shall be treated as the interest of the alternate director in addition to an interest which the alternate director otherwise has. This article applies to an alternate director as if he were a director otherwise appointed.

PROCEEDINGS OF THE BOARD

102. Board meetings

Subject to the provisions of these articles, the board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A director at any time may, and the secretary at the request of a director at any time shall, summon a board meeting.

103. Notice of board meetings

Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or by electronic communication to an address given by him to the Company for that purpose or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. A director absent or intending to be absent from the United Kingdom may request the board that notices of board meetings shall during his absence be sent in writing or by electronic communication to him (or to his alternate) to an address given by him to the Company for this purpose, but if no such request is made it shall not be necessary to give notice of a board meeting to any director who is for the time being absent from the United Kingdom. A director may waive notice of any meeting either prospectively or retrospectively.

104. Quorum

The quorum necessary for the transaction of the business of the board may be fixed by the board and, unless so fixed at any other number, shall be two persons present, each being either a director or an alternate director.

105. Chairman or deputy chairman to preside

- (1) The board may appoint from its body for such period as it may decide a chairman and one or more deputy chairman or chairmen and may at any time revoke any such appointment.
- (2) The chairman, or failing him any deputy chairman, shall, if present and willing, preside at all meetings of the directors but, if no chairman or deputy chairman has been appointed, or if he is not present within five minutes after the time fixed for holding the meeting or is unwilling to act as chairman of the meeting, the directors and alternate directors (in the absence of their appointors) present shall choose one of their number to act as chairman of the meeting. If two

or more deputy chairmen are present, the senior of them shall act as chairman, seniority being determined by length of office since their last appointment or reappointment. As between two or more who have held office for an equal length of time, the deputy chairman to act as chairman shall be decided by those directors and alternate directors (in the absence of their appointors) present. A chairman or deputy chairman may hold executive office or employment with the Company.

106. Competence of meetings

A meeting of the board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the board.

107. Voting

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

108. Telephone meetings

- (1) A meeting of the board or of a committee of the board may consist of a conference between directors and any alternate directors or other members of a committee some or all of whom are in different places provided that each person who participates is able:

- (a) to hear each of the other participating persons addressing the meeting; and
- (b) if he so wishes, to address all of the other participating persons simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether or not in use when these articles are adopted) or by a combination of such methods.

- (2) A quorum is deemed to be present if those conditions are satisfied in respect of at least the number of persons required to form a quorum. Subject to the provisions of the Statutes, all business transacted in this way by the board or committee of the board is for the purposes of these articles deemed to be validly and effectively transacted at a meeting of the board or committee of the board although fewer than two directors or alternate directors or other members of the committee are physically present at the same place.
- (3) A meeting held in this way is deemed to take place at the place where the largest group of participating persons is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

109. Resolutions in writing

A resolution in writing signed or approved by letter, facsimile, telegram or telex by all the directors or all the members of a committee of the board entitled to notice of a meeting of the directors or committee (as the case may be) and not being less than a quorum shall be as valid and effectual as if it had been passed at a meeting of the directors or committee (as the case may be) duly called and constituted. The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the directors or members of the committee (as the case may be) concerned. For the purpose of this article the signature or approval of an alternate director (if any) entitled to notice of a meeting of

directors or of a committee (as the case may be) shall suffice in place of the signature of the director appointing him.

110. Validity of acts of directors in spite of formal defect

All acts *bona fide* done by a meeting of the board, or of a committee, or by any person acting as a director, alternate director or a member of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the board or committee or of the person so acting, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was duly qualified and had continued to be a director, alternate director or member of the committee and had been entitled to vote.

111. Minutes

- (1) The board shall cause minutes to be made in books kept for the purpose:
 - (a) of all appointments of officers and committees made by the board and of any remuneration fixed by the board;
 - (b) of the names of all the directors present at each meeting of the board, committees of the board, the Company or the holders of a class of shares or debentures; and
 - (c) of all resolutions and proceedings of all such meetings.
- (2) If purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting, minutes are receivable as prima facie evidence of the matters stated in them.

SECRETARY

112. Secretary

- (1) Subject to the provisions of the Statutes, the board shall appoint a secretary or joint secretaries and may also appoint one or more persons to be an assistant or deputy secretary for such term, at such remuneration and on such conditions as it thinks fit, and the board may remove from office any person so appointed (without prejudice to any claim for damages for breach of any contract between him and the Company).
- (2) Any provision of the Statutes or of these articles requiring or authorising a thing to be done by or to a director and the secretary is not satisfied by its being done by or to the same person acting both as director and as, or in the place of, the secretary.

113. Authentication of documents

A director or the secretary or another person appointed by the board for the purpose may authenticate documents affecting the constitution of the Company (including the memorandum of association of the Company and these articles) and resolutions passed by the Company or holders of a class of shares or the board or a committee of the board and books, records, documents and accounts relating to the business of the Company, and to certify copies or extracts as true copies or extracts.

SEAL

114. Seal

- (1) The Company may exercise the powers conferred by the Statutes with regard to having official seals and those powers shall be vested in the board.
- (2) The board shall provide for the safe custody of every seal of the Company.
- (3) A seal shall be used only by the authority of the board or a committee but that authority may consist of an instruction or approval given by letter, facsimile, telegram, telex or telephone by a majority of the directors or of the members of a committee.
- (4) The board may determine who shall sign any instrument to which a seal is affixed (or in the case of a share certificate, on which the seal may be printed) either generally or in relation to a particular instrument or type of instrument, and may also determine, either generally or in any particular case, that such signatures shall be dispensed with or affixed by some mechanical means.
- (5) Unless otherwise decided by the board:
 - (a) certificates for shares, debentures or other securities of the Company issued under seal need not (subject to the provisions of the relevant instrument) be signed or, if signed, a signature may be applied by mechanical or other means or may be printed; and
 - (b) every other instrument to which a seal is affixed shall be signed by at least one director and the secretary or by at least two directors.

DIVIDENDS

115. Declaration of dividends by the Company

Subject to the provisions of the Statutes and these articles, the Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the board.

116. Fixed and interim dividends

Subject to the provisions of the Statutes, the board may declare and pay such interim dividends as appear to the board to be justified by the profits of the Company available for distribution and may also pay any dividend payable at a fixed rate at intervals settled by the board whenever the profits of the Company available for distribution justify its payment. If the Company's share capital is divided into different classes, the board may pay interim dividends on shares which rank after shares conferring preferred rights with regard to dividend as well as on shares with preferred rights, unless at the time of payment a preferential dividend is in arrear. If the board acts in good faith, none of the directors shall incur any liability to the holders of shares conferring preferred rights for any loss they may suffer in consequence of the lawful payment of an interim dividend on any shares having non-preferred or deferred rights.

117. Calculation and currency of dividends

- (1) Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:
 - (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this article as paid up on the share;
 - (b) all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; and
 - (c) dividends may be declared or paid in any currency.
- (2) The board may agree with any member that dividends which may at any time or from time to time be declared or become due on his 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 any costs involved.

118. Method of payment

- (1) The Company may pay any dividend, interest or other amount payable in respect of a share (i) in cash, (ii) by cheque, warrant or money order made payable to or to the order of the person entitled to the payment (which may, at the Company's option, be crossed "account payee" where appropriate), (iii) by a bank or other funds transfer system to an account designated in writing by the person entitled to the payment, or (iv) by such other method as the board may in its absolute discretion think fit including but not limited to payments in respect of uncertificated shares being made through the relevant system (subject always to the facilities and requirements of the relevant system).
- (2) The Company may send a cheque, warrant or money order by post (i) in the case of a sole holder, to his registered address, (ii) in the case of joint holders, to the registered address of the person whose name stands first in the Register, (iii) in the case of a person or persons entitled by transmission to a share, as if it were a notice given in accordance with article 134, or (iv) in any case, to a person and address that the person or persons entitled to the payment may in writing direct.
- (3) Where a share is held jointly or two or more persons are jointly entitled by transmission to a share, (i) the Company may pay any dividend, interest or other amount payable in respect of that share to any one joint holder, or any one person entitled by transmission to the share, and in either case that holder or person may give an effective receipt for the payment, and (ii) for any of the purposes of this article 118, the Company may rely in relation to a share on the written direction or designation of any one joint holder of the share, or any one person entitled by transmission to the share.
- (4) Every cheque, warrant or money order sent by post is sent at the risk of the person entitled to the payment. If payment is made by bank or other funds transfer, the Company is not responsible for amounts lost or delayed in the course of transfer or in carrying out those directions. Notwithstanding any other provision of these articles relating to payments in respect of shares:

- (a) where the board determines to make payments in respect of uncertificated shares through the relevant system, they may also determine to enable any holder of uncertificated shares to elect not to so receive dividends through the relevant system and, in such event, establish procedures to enable such holder to make, vary or revoke any such election; and
 - (b) where the Company receives an authority in respect of such payments in a form satisfactory to it from a holder of any share (whether such authority is given in writing or by means of the relevant system or otherwise), the Company may make, or procure the making of, such payments in accordance with such authority and any payment made in accordance with such authority shall constitute a good discharge therefor.
- (5) Without prejudice to articles 21 and 44, the board may withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a share until he has provided any evidence of his right that the board may reasonably require.

119. Dividends not to bear interest

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

120. Calls or debts may be deducted from dividends

The board may deduct from any dividend or other amounts payable to any person (either alone or jointly with another) on or in respect of a share all such amounts as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares of the Company.

121. Unclaimed dividends etc.

All unclaimed dividends, interest or other amounts payable by the Company in respect of a share may be invested or otherwise made use of by the board for the benefit of the Company until claimed. All dividends unclaimed for a period of twelve years after having been declared or become due for payment shall be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee in respect of it.

122. Uncashed dividends

If a cheque, warrant or order for a dividend or other amount payable in respect of a share sent by the Company to the person entitled to it is returned to the Company or left uncashed on any one occasion, or a transfer made by a bank or other funds transfer system in respect of a dividend or other amount payable in respect of a share is not accepted on any one occasion and, after reasonable enquiries, the Company is unable to establish any other address or account of the person entitled to the payment or if such a cheque, warrant or order is returned to the Company or left uncashed, or such transfer is not accepted on two consecutive occasions, the Company shall not be obliged to send or transfer any dividends or other amounts payable in respect of that share due to that person until he notifies the Company of an address or account to be used for the purpose.

123. Dividends in specie

- (1) Without prejudice to the provisions of articles 21 and 44, with the sanction of an ordinary resolution of the Company and on the recommendation of the board payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company.
- (2) Where any difficulty arises in regard to the distribution, the board may settle the difficulty as it thinks fit and in particular may issue fractional certificates or ignore fractions, and may fix the value for distribution of the specific assets or any part of them, and may determine that cash payments be made to any members on the basis of the value so fixed in order to secure equality of distribution, and may vest any of the specific assets in trustees upon such trusts for the persons entitled to the dividend as the board may think fit.

124. Scrip dividends

- (1) Subject to the Statutes, but without prejudice to articles 21 and 44, the board may, with the prior authority of an ordinary resolution of the Company, allot to those holders of a particular class of shares who have elected to receive them further shares of that class or ordinary shares, in either case credited as fully paid, ("**new shares**") instead of cash in respect of all or part of a dividend or dividends specified by the resolution, subject to any exclusions, restrictions or other arrangements the board may in its absolute discretion deem necessary or expedient to deal with legal or practical problems under the laws of, or the requirements of a recognised regulatory body or a stock exchange in, any territory.
- (2) Where a resolution under paragraph (1) above is to be proposed at a general meeting and the resolution relates in whole or in part to a dividend to be declared at that meeting, then the resolution declaring the dividend is deemed to take effect at the end of that meeting.
- (3) A resolution under paragraph (1) above may relate to a particular dividend or to all or any dividends declared or paid within a specified period, but that period may not end later than the beginning of the fifth annual general meeting following the date of the meeting at which the resolution is passed.
- (4) The board shall determine the basis of allotment of new shares so that, as nearly as may be considered convenient without involving rounding up of fractions, the value of the new shares (including a fractional entitlement) to be allotted (calculated by reference to the average quotation, or the nominal value of the new shares, if greater) equals (disregarding any associated tax credit) the amount of the dividend which would otherwise have been received by the holder (the "**relevant dividend**"). For this purpose the "**average quotation**" of each of the new shares is the average of the middle-market quotations for a fully-paid share of the Company of that class derived from the Daily Official List of the London Stock Exchange on the business day on which the relevant class of shares is first quoted "ex" the relevant dividend (or such other date as the board may deem appropriate to take account of any subsequent issue of shares by the Company) and the four subsequent business days or shall be as determined by or in accordance with the resolution under paragraph (1) above.
- (5) The board may make any provision it considers appropriate in relation to an allotment made or to be made pursuant to this article (whether before or after the passing of the resolution under paragraph (1) above), including but not limited to:
 - (a) the giving of notice to holders of the right of election offered to them;

- (b) the provision of forms of election (whether in respect of a particular dividend or dividends generally);
 - (c) determination of the procedure for making and revoking elections;
 - (d) the place at which, and the latest time by which, forms of election and other relevant documents must be lodged in order to be effective;
 - (e) the disregarding or rounding up or down or carrying forward of fractional entitlements, in whole or in part, or the accrual of the benefit of fractional entitlements to the Company (rather than to the holders concerned); and
 - (f) to the extent that the entitlement of any holder in respect of any dividend is less than the value of one new share (as determined in accordance with paragraph (4) above), establishing or varying a procedure for such entitlement to be accrued and aggregated with any similar entitlement for the purposes of any subsequent scrip dividend.
- (6) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be declared or payable on shares in respect of which an election has been duly made (the "**elected shares**"); instead new shares shall be allotted to the holders of the elected shares on the basis of allotment calculated as in paragraph (4) above. For that purpose, the board may resolve to capitalise out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, a sum equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares for allotment and distribution to the holders of the elected shares. A resolution of the board capitalising part of the reserves shall have the same effect as if the capitalisation had been declared by ordinary resolution of the Company pursuant to article 125. In relation to the capitalisation the board may exercise all the powers conferred on it by article 125 without an ordinary resolution of the Company.
- (7) The new shares shall rank *pari passu* in all respects with each other and with the fully-paid shares of the same class in issue on the record date for the dividend in respect of which the right of election has been offered, but they will not rank for a dividend or other distribution or entitlement which has been declared or paid by reference to that record date.
- (8) The board shall not make a scrip dividend available unless the Company has sufficient unissued shares and undistributed profits or reserves to give effect to elections which could be made to receive that scrip dividend.

CAPITALISATION OF RESERVES

125. Capitalisation of reserves

- (1) Subject to the Statutes, the board may, with the authority of an ordinary resolution of the Company:
- (a) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and

- (b) appropriate that sum as capital to the ordinary shareholders in proportion to the nominal amount of the ordinary share capital (whether or not fully paid) held by them respectively and apply that sum on their behalf in paying up in full any unissued shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or partly in one way and partly in the other, or otherwise deal with such sum as directed by the resolution provided that the share premium account and the capital redemption reserve and any sum not available for distribution in accordance with the Statutes may only be applied in paying up unissued shares to be allotted credited as fully paid up.
- (2) Where any difficulty arises in respect of any distribution of any capitalised reserve or other sum, the board may settle the difficulty as it thinks fit and in particular may make such provisions as it thinks fit in the case of shares or debentures becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than the members concerned, issuing fractional certificates or selling shares or debentures representing fractions to a person for the best price reasonably obtainable and distributing the net proceeds of the sale in due proportion amongst the members, except that if the amount due to a member is less than £3, or such other sum as the board may decide, the sum may be retained for the benefit of the Company) or ignore fractions and may fix the value for distribution of any fully paid up shares or debentures and may determine that cash payments be made to any members on the footing of the value so fixed in order to secure equality of distribution, and may vest any shares or debentures in trustees upon such trusts for the persons entitled to share in the distribution as the board may think fit.
- (3) The board may also authorise any person to sign on behalf of the persons entitled to share in the distribution a contract for the acceptance by those persons of the shares or debentures to be allotted to them credited as fully paid under a capitalisation or of the payment by the Company on behalf of those persons (by the application of their respective proportions of the reserves resolved to the capitalised) of the amounts remaining unpaid on their existing shares and any such contract shall be binding on all those persons.
- (4) Without prejudice to the preceding provisions of this article, the board may generally do all acts and things required to give effect to any ordinary resolution pursuant to paragraph (1) above.

126. Capitalisation of reserves - employees' share schemes

- (1) This article (which is without prejudice to the generality of the provisions of the immediately preceding article) applies:
 - (a) where a person is granted pursuant to an employees' share scheme a right to subscribe for shares in the Company in cash at a subscription price less than their nominal value; and
 - (b) where, pursuant to an employees' share scheme, the terms on which any person is entitled to subscribe in cash for shares in the Company are adjusted as a result of a

capitalisation issue, rights issue or other variation of capital so that the subscription price is less than their nominal value.

- (2) In any such case the board:
 - (a) shall transfer to a reserve account a sum equal to the deficiency between the subscription price and the nominal value of the shares (the "**cash deficiency**") from the profits or reserves of the Company which are available for distribution and not required for the payment of any preferential dividend; and
 - (b) (subject to paragraph (4) below) shall not apply that reserve account for any purpose other than paying up the cash deficiency upon the allotment of those shares.
- (3) Whenever the Company is required to allot shares pursuant to such a right to subscribe, the board shall (subject to the Statutes) appropriate to capital out of the reserve account an amount equal to the cash deficiency applicable to those shares, apply that amount in paying up the deficiency on the nominal value of those shares and allot those shares credited as fully paid to the person entitled to them.
- (4) If any person ceases to be entitled to subscribe for shares as described above, the restrictions on the reserve account shall cease to apply in relation to such part of the account as is equal to the amount of the cash deficiency applicable to those shares.
- (5) No right shall be granted under any employees' share scheme under paragraph (1)(a) above and no adjustment shall be made as mentioned in paragraph (1)(b) above unless there are sufficient profits or reserves of the Company available for distribution and not required for the payment of any preferential dividend to permit the transfer to a reserve account in accordance with this article of an amount sufficient to pay up the cash deficiency applicable to the shares concerned.

RECORD DATES

127. Fixing of record dates

- (1) Notwithstanding any other provision of these articles, but subject to the Statutes and without prejudice to any rights attached to any shares, the Company or the board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made.
- (2) In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.

ACCOUNTS

128. Accounting records

- (1) The board shall cause accounting records of the Company to be kept in accordance with the provisions of the Statutes.

- (2) The accounting records shall be kept at the office or, subject to the Statutes, at another place decided by the board and shall be available during business hours for the inspection of the directors and other officers of the Company. No member (other than a director or other officer of the Company) shall have any right of inspecting any account, book or document of the Company, except as conferred by law or authorised by the board or by any ordinary resolution of the Company.
- (3) Except as provided in paragraph (4) below, in respect of each financial year a printed copy of the directors' and auditors' reports accompanied by printed copies of the balance sheet and every document required by the Act to be annexed to the balance sheet and of the profit and loss account or income and expenditure account shall, not less than twenty-one clear days before the annual general meeting before which they are to be laid, be delivered or sent by post to every member and holder of debentures of the Company (whether or not entitled to receive notice of general meetings), and to the auditors; but this article shall not require a copy of those documents to be sent to any member or holder of debentures of whose address the Company is unaware or to more than one of the joint holders of any shares or debentures. If all or any of the shares in or debentures of the Company are listed or dealt in on any stock exchange, there shall at the same time be forwarded to the secretary of that stock exchange such number of copies of each of those documents as may be required by the regulations of that stock exchange.
- (4) The Company may, where permitted by and in accordance with the Statutes, send a summary financial statement to any member instead of or in addition to the documents referred to in paragraph (3) above; and where it does so the statement shall be delivered or sent by post to the member not less than twenty-one clear days before the annual general meeting before which those documents are to be laid.
- (5) Any documents required or permitted to be sent by the Company to a person pursuant to this article 128 shall be treated as sent if:
 - (a) sent by electronic communication to an address for the time being notified to the Company by that person for that purpose; or
 - (b) published on a web-site, provided that the following conditions are met:
 - (i) the Company and that person have agreed that such documents may be accessed by him on a web-site (instead of their being sent by post or otherwise delivered to him); and
 - (ii) that person is notified, in a manner for the time being agreed for the purpose between him and the Company, of:
 - (a) the publication of the documents on a web-site;
 - (b) the address of that web-site;
 - (c) the place on that web-site where the documents may be accessed; and
 - (d) how they may be accessed.

- (6) Documents treated in accordance with sub-paragraph (5)(b) of this article as sent to any person are to be treated as sent to him not less than twenty-one clear days before the date of a meeting if, and only if:
- (a) the documents are published on the web-site throughout a period beginning at least twenty-one clear days before the date of the meeting and ending with the conclusion of the meeting; and
 - (b) the notification given for the purposes of sub-paragraph (5)(b)(ii) of this article 128 is given not less than twenty-one clear days before the date of the meeting.
- (7) Nothing in paragraph (6) of this article 128 shall invalidate the proceedings of a meeting where any documents that are required to be published as mentioned in sub-paragraph (6)(a) of this article are by accident published in different places on the web-site or published for a part, but not all, of the period mentioned in that sub-paragraph.

NOTICES

129. Notices to be in writing or in electronic communication

Any notice to be served on or given to any person or by any person pursuant to these articles (other than a notice convening a meeting of the board or of a committee of the board or as may otherwise be expressly stated in these articles) shall be in writing or in an electronic communication to an address for the time being notified for that purpose to the person giving the notice. The signature (if applicable) on any notice given by the Company may be printed or reproduced by mechanical means.

130. Service of notices

- (1) A notice or other document may be served by the Company on any member either personally or by sending it through the post in a pre-paid envelope addressed to the member at his registered address (or at another address notified for the purpose) or by leaving it at that address in an envelope addressed to the member or by giving it by electronic communication to an address for the time being notified to the Company by the member for that purpose or by any other means authorised by the member concerned.
- (2) A notice of general meeting may, instead of being sent to the member in any of the ways specified in paragraph (1) of this article 130, be given to a member by the Company by publishing the notice on a web-site, provided that the following conditions are met:
 - (a) the member and the Company have agreed that notices of general meetings may be accessed by him on a web-site instead of being sent to the member in one of the ways specified in paragraph (1) of this article 130; and
 - (b) the member is given a notification, in the manner agreed for the time being between the member and the Company, containing the following information:
 - (i) the fact that the notice has been published on the web-site;
 - (ii) the address of the web-site;

- (iii) the place on the web-site where the notice may be accessed and how it may be accessed;
- (iv) a statement that it concerns a notice of general meeting served in accordance with the Act;
- (v) the place, date and time of the general meeting; and
- (vi) whether the general meeting is to be an annual or extraordinary general meeting.

A notice given under paragraph (2) of this article 130 is deemed to be given at the time of the notification under sub-paragraph (2)(b) of this article 130.

- (3) In the case of joint holders of a share service or delivery of any notice or other document on or to the joint holder who is named first in the Register in respect of the joint holders shall be sufficient service on or delivery to all the holders of the share.
- (4) A member (meaning, for this purpose, in the case of joint holders the person first named in the Register) whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices or other documents may be served on him, or an address to which notices may be given by electronic communication, shall be entitled to have notices or other documents served on him at that address but, unless he does so, shall not be entitled to receive any notice or other document from the Company.

131. Notice by advertisement

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 to those members who have not notified an address for electronic communications pursuant to article 130(1), a general meeting may be convened by the board in its absolute discretion, and as an alternative to any other method of service permitted by these articles, by a notice advertised in at least one United Kingdom national newspaper. In any such case the Company shall send confirmatory copies of the notice to those members by post if at least seven clear days before the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

132. Evidence of service

- (1) Any notice or other document, if served by first class post, shall be deemed to have been served on the day following that on which the envelope containing it is put into the post, or, if served otherwise by post, shall be deemed to have been served on the second day following that on which the envelope containing it was put into the post and in proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice or document was properly addressed, prepaid and put into the post.
- (2) Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given.

- (3) A notice contained in an electronic communication sent in accordance with the articles other than a notice given under article 130(2) (to which the provisions of that article apply) is deemed to be given at the expiration of forty-eight hours after the time it was sent.
- (4) Any notice or document not sent by post but left at a registered address or address for service in the United Kingdom shall be deemed to have been served or delivered on the day it was so left.
- (5) Where notice is given by way of newspaper advertisement, such notice shall be deemed to have been duly served on each member or person entitled to receive it at noon on the day when the advertisement appears or, if it appears on different days, at noon on the first of the days when the advertisement appears.
- (6) A member present, either in person or by proxy, at any meeting of the Company or class of members of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.
- (7) Every person who becomes entitled to a share by transmission, transfer or otherwise shall be bound by every notice (other than a notice in accordance with section 212 of the Act) in respect of that share which before his name is entered in the Register was properly given to the person from whom he derives his title to the share.

133. Record date for service

Any notice or other document may be served or delivered by the Company by reference to the Register as it stands at any time not more than fifteen days before the date of service or delivery. No change in the Register after that time shall invalidate that service or delivery.

134. Service of notice on person entitled by transmission

Where a person is entitled by transmission to a share, any notice or other document shall be served upon or delivered to him by addressing it to him by name or by the title of representative of the deceased or trustee of the bankrupt member (or similar designation), as if he were the holder of that share and his address noted in the Register were his registered address. In any other case, any notice or other document served on or delivered to any member pursuant to these articles shall, notwithstanding that the member is then dead or bankrupt or that any other event giving rise to the transmission of the share by operation of law has occurred and whether or not the Company has notice of the death, bankruptcy or other event, be deemed to have been properly served or delivered in respect of any share registered in the name of that member as sole or joint holder. The giving of notice in accordance with this article shall be sufficient notice to all other persons interested in the share.

DESTRUCTION OF DOCUMENTS

135. Destruction of documents

- (1) The board may authorise or arrange the destruction of documents held by the Company as follows:
 - (a) at any time after the expiration of six years from the date of registration, all instruments of transfer of shares (including a document constituting the renunciation of an allotment of shares) and all other documents transferring or purporting to

transfer shares or representing or purporting to represent the right to be registered as the holder of shares on the faith of which entries have been made in the Register;

- (b) at any time after the expiration of one year from the date of cancellation, all registered share certificates which have been cancelled;
 - (c) at any time after the expiration of two years from the date of recording them, all mandates for the payment of dividends or other amounts or a variation or a cancellation of a mandate and notifications of change of name or address; and
 - (d) at any time after the expiration of one year from the date of actual payment, all paid dividend warrants and cheques.
- (2) It shall conclusively be presumed in favour of the Company that:
- (a) every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made;
 - (b) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
 - (c) every share certificate so destroyed was a valid certificate duly and properly cancelled;
 - (d) every other document mentioned in paragraph (1) above so destroyed was a valid and effective document in accordance with the particulars of it recorded in the books and records of the Company; and
 - (e) every paid dividend warrant and cheque so destroyed was duly paid.
- (3) The provisions of paragraph (2) above shall apply only to the destruction of a document in good faith and without express notice to the Company of any claim (regardless of the parties to it) to which the document might be relevant.
- (4) Nothing in this article shall be construed as imposing on the Company or the board any liability in respect of the destruction of any document earlier than as stated in paragraph (1) above or in any other circumstances in which liability would not attach to the Company or the board in the absence of this article.
- (5) References in this article to the destruction of any document include references to its disposal in any manner.

WINDING UP

136. Powers to distribute in specie

- (1) If the Company is in voluntary liquidation, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Statutes:
 - (a) divide among the members in specie the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different kinds and, for that purpose, value any assets or class of assets as he deems fair and determine on the basis of that valuation and in accordance with the then existing

rights of members how the division shall be carried out as between the members or different classes of members; or

- (b) vest the whole or any part of the assets or class of assets in trustees upon such trusts for the benefit of members as the liquidator shall determine.
- (2) The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

INDEMNITY

137. Indemnity of officers

- (1) Subject to the Statutes, but without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a director, alternate director or secretary of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the proper execution of his duties or the proper exercise of his powers, authorities and discretions including (without prejudice to the generality of the foregoing) a liability incurred:
 - (a) defending proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without a finding or admission of material breach of duty on his part; or
 - (b) in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- (2) The board may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is or was:
 - (a) a director, alternate director, secretary or auditor of the Company or of a company which is or was a subsidiary undertaking of the Company or in which the Company has or had an interest (whether direct or indirect); or
 - (b) trustee of a retirement benefits scheme or other trust in which a person referred to in paragraph (a) above is or has been interested,
 indemnifying him against liability for negligence, default, breach of duty or breach of trust or other liability which may lawfully be insured against by the Company.

CHAIRMAN'S LETTER

- Explanation of the business to be considered at the Annual General Meeting
- Information for shareholders attending the meeting
- Notice of Annual General Meeting
to be held at 11.00 am on Tuesday 17 July 2001
at the Sheraton Grand Hotel, 1 Festival Square,
Edinburgh EH3 9SR



This document is important and requires your immediate attention.

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other adviser immediately.

If you have sold all your shares in British Energy plc please pass this document and the accompanying proxy form to the stockbroker, bank or other agent through whom you made the sale, for transmission to the purchaser.

Dear Shareholder

Annual General Meeting 17 July 2001

I enclose details of our forthcoming Annual General Meeting. I hope you will be able to join us on 17 July as the meeting is a valuable opportunity for members of the Board to meet shareholders and for the Board to communicate our strategy and comment on the Company's performance.

The notice of the meeting and the resolutions to be considered are set out on pages 6 and 7 of this letter. At the meeting there will be a number of items of ordinary business. These are:

Annual Report and Accounts (resolution 1)

You will be asked to receive and adopt the Annual Report and Accounts for the year ended 31 March 2001.

Final Dividend (resolution 2)

You will be asked to declare a final dividend of 5.3 pence per share on the ordinary shares payable on 27 July 2001 to shareholders on the register at the close of business on 1 June 2001.

Re-election of Directors (resolutions 3 to 6)

Every year, in addition to any Directors appointed since the last Annual General Meeting, approximately one-third of our Directors retire by rotation and this gives you the chance to vote on Board appointments. This year Dr. Robin Jeffrey, Peter Hollins, Sir Robin Biggam and Dr. Julia Walsh are retiring by rotation and offering themselves for re-election. Background information on your Directors is contained in the Annual Review.

Re-appointment of Auditors and authority to fix their remuneration (resolutions 7 and 8)

You will be asked to re-appoint PricewaterhouseCoopers as auditors of the Company until the next Annual General Meeting and to authorise the Directors to fix their remuneration. Details of the auditors' remuneration can be found on page 18 of our Annual Report and Accounts.

At the meeting there will also be a number of items of special business. These are:

Employee Share Schemes

The Directors recognise the advantages of wider equity participation amongst British Energy employees. To promote this, your approval is being sought to introduce two new employee share plans and to export the Company's popular Sharesave Scheme to non-UK based employees.

British Energy All Employee Share Ownership Plan (resolution 9)

Resolution 9 seeks your approval for a new share incentive plan for employees of the group – the British Energy All Employee Share Ownership Plan ("the AESOP"). If the resolution is passed, the AESOP would be an Inland Revenue approved plan based on the legislation for all-employee share ownership plans introduced in the Finance Act 2000. This means that there can be significant tax reliefs for UK employees.

The AESOP would give the Company the flexibility to deliver free shares to employees or allow employees to purchase shares. If an employee purchases shares, the Company can also award matching free shares.

The Company may wish to extend the opportunities offered by the AESOP to employees based outside the UK. Accordingly, your approval is also being sought to modify the terms of the AESOP or to set up similar arrangements which take account of local laws and tax, if this is appropriate.

A summary of the AESOP is set out in Appendix 1 to this letter.

British Energy Employee Share Option Plan 2001 (resolution 10)

Resolution 10 seeks your approval for the British Energy Employee Share Option Plan 2001 (the "ESOP 2001") that will enable the Company to make modest share option grants to all eligible employees, so as to align their interests with those of the shareholders.



The ESOP 2001 comprises two parts: Part A which will be an Inland Revenue approved company share option plan, and Part B under which unapproved options may be granted to UK and non-UK based employees.

Executive directors will be excluded from participation. Participation will be at the Board's discretion, but no individual will be able to hold options under the ESOP 2001 over shares with a market value of more than £30,000 determined at the date of grant.

Options will, in the normal course of events become capable of exercise on the third anniversary of their grant, and lapse on the tenth anniversary or such earlier date as stated at the date of grant.

The ESOP 2001 will be capable of operating over both newly issued and existing shares. For your information, the Company has operated a share option scheme for its employees known as the "No. 3 Scheme" under which options have been granted on an all-employee basis over existing shares. It is intended that the ESOP 2001 will supersede this No. 3 Scheme for any future grants to employees.

Although Part B of the ESOP 2001 is drafted from a general international perspective, in the future, it may be considered appropriate to modify the terms of the ESOP 2001 or set up similar arrangements which take account of any local laws and tax rules. Accordingly, your authority is being sought to make any such future amendments if this is considered appropriate at that time.

A summary of the ESOP 2001 is set out in Appendix 2 to this letter.

British Energy Sharesave Scheme (resolution 11)

The Directors likewise wish to extend the British Energy Sharesave Scheme (the "Sharesave Scheme") to employees based outside the UK, in particular but not limited to, employees in Canada and the USA. To do this, your approval is being sought either to add schedules to the Sharesave Scheme or establish other plans based on the Sharesave Scheme which will take account of local tax, exchange control and securities laws in the relevant jurisdiction.

Authority to allot unissued shares (resolutions 12 and 13)

Under the Companies Act 1985, the Directors of a company may only allot unissued shares if authorised to do so. The Act also prevents allotments for cash other than to existing shareholders in proportion to their holdings unless the Directors are so authorised. The Articles of Association give a general authority to the Directors to allot unissued shares and disapply the statutory pre-emption rights but that authority and power is subject to annual renewal by shareholders.

Resolution 12 will, if approved, renew the Directors' authority contained in the Articles of Association to allot up to £92,000,000 of ordinary shares (which is equivalent to approximately 33% of the issued share capital of the Company as at 15 May 2001). This authority will expire at the end of the Annual General Meeting in 2002.

Resolution 13 (which will be proposed as a special resolution and which requires the approval of three-quarters of the votes cast at the meeting) will, if approved, renew the Directors' authority to allot shares for cash, free from the pre-emption restrictions set out in the Companies Act 1985. This authority, which will expire at the end of the Annual General Meeting in 2002, is limited to allotments of up to £13.5 million of ordinary shares (representing approximately 5% of the issued ordinary share capital of the Company as at 15 May 2001), and to allotments in connection with a rights issue.

These arrangements are intended to ensure that the interests of existing shareholders are protected so that, for example, in the event of a share issue not being a rights issue, the proportionate interest of existing shareholders could not, without their agreement, be reduced by more than 5% by the issue of new shares for cash to new shareholders.

The Board has no current plans to allot shares except in connection with the employee share schemes.



Authority to the Company to purchase its own shares (resolution 14)

Many companies seek power to buy back shares through open-market purchases to provide a means of returning value to shareholders and to make the balance sheet more efficient. The Company reviews its capital structure in the light of its cash flow and long-term reinvestment plans from time to time.

You will therefore be asked to give the Company authority (by way of a special resolution which requires the approval of three-quarters of the votes cast at the meeting) to purchase its own shares in the open market subject to a maximum of 10% of the issued ordinary share capital of the Company and specified maximum and minimum price limits. The authority will expire at the end of the Annual General Meeting in 2002 or within 12 months from the date of the passing of the resolution whichever is earlier. The Directors have no immediate intention of exercising the Company's authority to purchase its own shares and any purchases will only be made if the Directors believe that it would be in the best interests of the Company and its shareholders generally.

Amendment to the Company's Articles of Association (resolution 15)

If approved, this resolution (which will be proposed as a special resolution and which requires the approval of three-quarters of the votes cast at the meeting) will make certain changes to the Articles of Association of the Company which the Directors consider are in the best interests of the Company and shareholders.

The proposed changes seek to:

- facilitate electronic communications. (The majority of these changes will reflect alterations to company law implemented by The Companies Act 1985 (Electronic Communications) Order 2000 (the "Order"). The Order provides for the use of electronic communications in relation to transmission of reports, accounts, notices of meetings and appointment of proxies. The provisions of the Order do not require either companies or shareholders to use electronic communications but will make it possible for them to do so where this is appropriate and where both the Company and the relevant shareholder agree. Shareholders will be notified with full information when the Company proposes to allow electronic communications);
- take account of the UK Listing Authority being transferred to the Financial Services Authority from the London Stock Exchange last year; and
- ensure compliance with the Combined Code in relation to the re-election of directors.

The proposed changes are set out in Appendix 3 to this letter.

Forms of Proxy

You will find enclosed a Form of Proxy for the Annual General Meeting. It covers all the resolutions to be proposed at the meeting. Please complete, sign and return the Form of Proxy as soon as possible in accordance with the instructions printed thereon if you do not intend to be present at the meeting.

Forms of Proxy should be returned to Lloyds TSB Registrars as soon as possible. In any event, to be valid for the AGM they must be received not later than 11.00 am on 15 July 2001.

If you return a Form of Proxy, this will not preclude you from attending and voting in person if you so wish.

Recommendation

The Directors believe that the proposals referred to in this letter are in the best interests of the Company and its shareholders and, accordingly, unanimously recommend you to vote in favour of resolutions 1 to 15 inclusive to be proposed at the Annual General Meeting, as they propose to do in respect of their beneficial shareholdings.

Sir John Robb
Chairman
7 June 2001

British Energy plc 3 Redwood Crescent, Peel Park, East Kilbride G74 5PR
Registered in Scotland Number 162273



INFORMATION FOR SHAREHOLDERS ATTENDING THE ANNUAL GENERAL MEETING

After his opening remarks, the Chairman will explain the procedures for the conduct of the meeting, particularly for asking questions and voting on resolutions. The resolutions, which are set out in the Notice of the Annual General Meeting, will then be put to the meeting.

How to ask questions

At the meeting, shareholders may ask a question about any resolution from one of two Question Points which will be clearly indicated. At each Question Point, a British Energy marshal will be available to help you. A Question Registration Desk will be open from 10.00 am to enable shareholders to register in advance any question they may wish to ask during the meeting.

How to vote

You should hold up the voting card (which you will receive when you register) indicating that you are voting either for or against each resolution as it is put to the vote by the Chairman. Only shareholders or authorised representatives of corporate shareholders may vote on a show of hands.

GENERAL INFORMATION

Time

The doors will open at 9.30 am and the meeting will begin promptly at 11.00 am.

No cameras, video equipment, tape recorders or mobile phones will be allowed into the meeting.

Shareholders' information

If you have any questions concerning your shareholding, please speak to the staff at the Shareholders' Information Desk.

Disabled persons

Special arrangements have been made to help disabled shareholders. Guide dogs will also be permitted. If you are deaf or hard of hearing there will be an induction loop system installed. There will also be sign language interpreters.

Emergency precautions

An announcement will be made if there is a fire alarm or other emergency. Emergency exits are marked clearly around the hall.

Travel and car parking

Commercial car parking is available at the Sheraton Grand Hotel, and also in the surrounding area and is marked on the map on page 7 of this letter. Limited on-street parking is also available on nearby streets.

The Sheraton Grand Hotel is located within 15 minutes' walk of both Waverley and Haymarket Railway Stations.

Disabled shareholders should advise the Company in advance if they are planning to arrive by car, so that car parking arrangements can be made.

Notice is hereby given that the sixth Annual General Meeting of British Energy plc (the "Company") will be held at the Sheraton Grand Hotel, 1 Festival Square, Edinburgh on 17 July 2001 at 11.00 am for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 12 are proposed as Ordinary Resolutions and resolutions 13 to 15 are proposed as Special Resolutions:

Ordinary Resolutions

1. To receive and adopt the Annual Report and Accounts for the year ended 31 March 2001.
2. To declare a final dividend for the year ended 31 March 2001 of 5.3 pence per share on the Ordinary Shares payable on 27 July 2001 to shareholders on the register at the close of business on 1 June 2001.
3. To re-elect Dr. Robin Jeffrey as a Director.
4. To re-elect Peter Hollins as a Director.
5. To re-elect Sir Robin Biggam as a Director.
6. To re-elect Dr. Julia Walsh as a Director.
7. To re-appoint PricewaterhouseCoopers as auditors of the Company, from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
8. To authorise the Directors to fix the auditors' remuneration.
9. (a) That the Company's proposed new all employee share ownership plan, the British Energy All Employee Share Ownership Plan (the "AESOP"), the main features of which are summarised in Appendix 1 of the letter to shareholders dated 7 June 2001 and a copy of the rules and trust deed of which are produced to the meeting and initialled by the Chairman for the purpose of identification, be and the same is hereby approved.
(b) That the Directors be and are authorised to do all such acts and things as they may consider necessary or expedient to carry the AESOP into effect, including making such amendments as may be necessary to obtain the approval of the Inland Revenue and/or such other approvals as the Directors may consider necessary or desirable.
(c) That the Directors be and are authorised to establish such schedules to the AESOP and/or such other schemes based on the AESOP, but modified to take account of local tax, exchange control or securities laws outside the UK, provided that any shares made available under such schedules or other schemes will be treated as counting against the relevant individual or overall dilution limits in the AESOP.
10. (a) That the Company's proposed new share option plan, the British Energy Employee Share Option Plan 2001 (the "ESOP 2001") the main features of which are summarised in Appendix 2 of the letter to shareholders dated 7 June 2001 and a copy of the rules of which is produced to the meeting and initialled by the Chairman for the purpose of identification, be and the same is hereby approved.
(b) That the Directors be and are authorised to do all such acts and things as they may consider necessary or expedient to carry the ESOP 2001 into effect, including making such amendments as will be necessary to obtain the approval of the Inland Revenue and/or such approvals as the Directors may consider necessary or desirable.
(c) That the Directors be and are authorised to establish such schedules to the ESOP 2001 and/or such other schemes based on the ESOP 2001, but modified to take account of local tax, exchange control or securities laws outside the UK, provided that any shares made available under such schedules or schemes will be treated as counting against the relevant individual or overall dilution limits in the ESOP 2001.
11. That the Directors be and they are hereby authorised to establish such schedules to the British Energy Sharesave Scheme and/or such other schemes based on the Sharesave Scheme, but modified to take account of the local tax, exchange control or securities laws outside the UK, provided that any shares made available under such schedule or other schemes will be treated as counting against the relevant individual or overall dilution limit in the Sharesave Scheme.
12. That the Directors be and are hereby generally and unconditionally authorised pursuant to Article 7 of the Company's Articles of Association and in accordance with Section 80 of the Companies Act 1985 as amended (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in the said Section 80) ("relevant securities") of the Company up to an aggregate nominal value of £92,000,000 for a period which shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the power conferred hereby had not expired.

Special Resolutions

13. That, subject to the passing of resolution 12 and in accordance with Section 95 of the Act and Article 8 of the Company's Articles of Association, the Directors be and are hereby authorised to allot for cash equity securities (as defined in Section 94(2) of the Act) ("equity securities") of the Company as if Section 89(1) of the Act did not apply to any such allotment, provided that such power is limited:
 - (a) to the allotment of equity securities in connection with a rights issue in favour of the holders of Ordinary Shares where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held or deemed to be held by them but subject to such exclusion or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders' fractional entitlements or otherwise; and
 - (b) to the allotment (other than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £13.5 million;
 and shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.



14. That the Company be and is generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Act) of Ordinary Shares of 44²⁶/₁₀₀ pence ("Ordinary Shares") in the capital of the Company provided that:
- (1) the maximum aggregate number of Ordinary Shares authorised to be purchased is 62,000,000;
 - (2) the minimum price which may be paid for each Ordinary Share is the nominal amount paid up or deemed paid up on each Ordinary Share;
 - (3) the maximum price which may be paid for an Ordinary Share shall not exceed 105% of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Company agrees to buy the shares concerned;
 - (4) this authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or within 12 months from the date of the passing of this resolution, whichever is earlier; and
 - (5) the Company may agree before the authority terminates under (4) above to purchase Ordinary Shares where the purchase will or may be executed after the authority terminates (either wholly or in part) in which case the Company may complete such a purchase even though the authority has terminated.
15. That the articles of association of the Company be and are hereby amended in the manner set out in Appendix 3 of the letter to shareholders dated 7 June 2001 produced to the meeting and initialled by the Chairman for the purpose of identification.

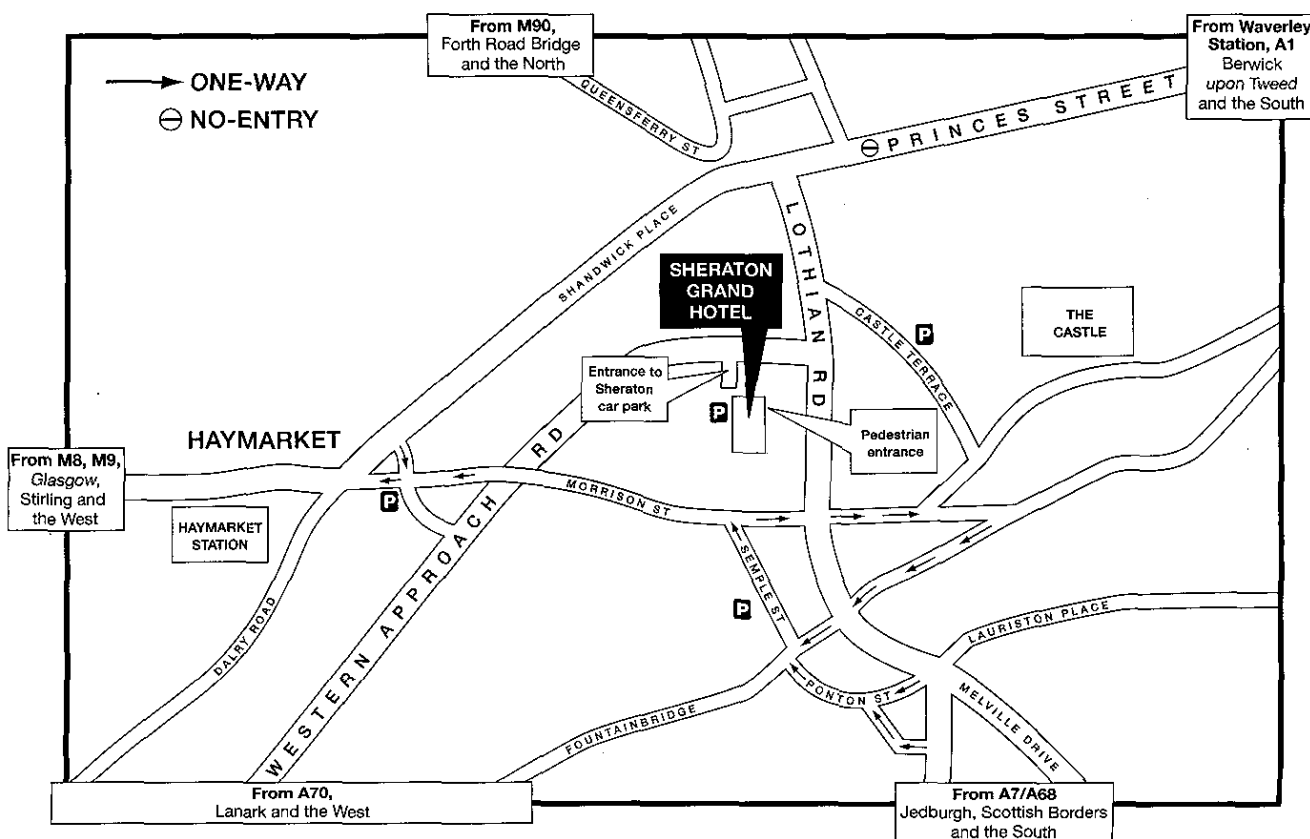
Registered Office:
3 Redwood Crescent, Peel Park
East Kilbride G74 5PR
7 June 2001
Registered in Scotland Number 162273

By order of the Board
Robert Armour
Company Secretary

Notes:

- (1) A member of the Company entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A Form of Proxy is enclosed. To be effective, the Form of Proxy together with the Power of Attorney or other authority, if any, under which it is signed, (or a notarially certified copy of any such power or authority) must be lodged with the Company's Registrars not later than 11.00 am on 15 July 2001. Return of a completed Form of Proxy will not preclude a member from attending and voting personally at the meeting.
- (2) Shareholders who hold shares in the Company must be entered on the Company's register of members on 15 July 2001, at 11.00 am, to be entitled to attend and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time.
- (3) Copies of the Service Contracts of the Directors of the Company, the Register of Directors' Interests and the current Articles of Association are available for inspection at the Company's Registered Office during normal business hours on a weekday (public holidays excluded) from the date of this Notice until the conclusion of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting from 9.30 am until its conclusion.
- (4) Copies of the draft rules and trust deed of the British Energy All Employee Share Ownership Plan and the draft rules of the British Energy Employee Share Option Plan 2001 will be available for inspection at the Company's registered office and at the offices of New Bridge Street Consultants, 20 Little Britain, London EC1A 7DH during normal working hours on any weekday (public holidays excluded) from the date of this notice up to and including the date of the Annual General Meeting and on that date at the place of the Annual General Meeting from 9.30 am until its conclusion.

How to get there





APPENDIX 1:

SUMMARY OF THE BRITISH ENERGY ALL EMPLOYEE SHARE OWNERSHIP PLAN ("THE AESOP")

General

The Company intends to obtain Inland Revenue approval for the Rules and the Trust Deed for the AESOP under the Finance Act 2000. The trustees of the Scheme will be either a subsidiary company within the Group or a firm of professional trustees ("the Trustees").

Operation

The AESOP contains three elements and the Company will decide each year which (if any) of these elements will be offered to employees, provided that the AESOP may not be operated more than 10 years after its approval by shareholders.

- (a) "Free Shares", which may be allocated to an employee by the Company.

The market value of Free Shares allocated to an employee in any tax year may not exceed £3,000 or such higher limit as may be permitted by the relevant legislation. Free Shares may be allocated equally, or on the basis of salary, length of service or hours worked, or on the basis of the performance of the Company, one or more business units and/or individual performance, within the limits specified by the relevant legislation.

- (b) "Partnership Shares", which an employee may purchase out of his or her pre-tax earnings.

The market value of Partnership Shares which an employee can agree to purchase in any tax year may not exceed £1,500 (or 10% of an employee's salary if lower), or such higher limit as may be permitted by the relevant legislation. Partnership Shares are held on behalf of an employee by the Trustees. The funds used to acquire shares will be deducted from the employee's salary and will be held by the Trustees on the employee's behalf for up to 12 months until they are used to buy the Partnership Shares. Where deductions are accumulated, the employee will be entitled to buy the Partnership Shares at the lower of the market price of the Company's shares at the time the deduction from pay is made and at the time the Trustees buy the shares.

- (c) "Matching Shares", which may be allocated to an employee by the Company following an acquisition of Partnership Shares.

Matching Shares are additional free shares. The maximum number of Matching Shares which the Company can allocate to an employee following an acquisition of Partnership Shares by the employee is two Matching Shares for every one Partnership Share acquired by the employee, or such higher limit as may be permitted by the relevant legislation. There is no minimum ratio of Matching Shares which the Company must provide following an acquisition of Partnership Shares. The same ratio will apply to all employees who acquire Partnership Shares under the AESOP at that time.

It is not intended that any award under the AESOP will be pensionable, other than the Partnership Share award which is acquired from the employee's normal salary.

Eligibility

The Company must offer all UK tax-resident employees the opportunity to participate in the AESOP whether they work full-time or part-time. The Company can require employees to have completed a minimum qualifying period of employment before they can participate, but that period must not be more than, broadly, 18 months prior to shares being awarded.



Source of Shares

The Trustees may either subscribe for new shares or purchase shares in the market for the purposes of the AESOP. The money to buy shares will be provided either by the employee's employing company or, in respect of the acquisition of Partnership Shares, by the employees.

No new shares will be issued under the AESOP which would cause the number of shares which have been issued or which may be issued in pursuance of options or other share awards granted in a 10 year period under the AESOP or any other employee share scheme operated by the Company to exceed 10% of the Company's ordinary share capital in issue from time to time.

Retention of Shares

The Trustees will initially hold all Free Shares or Matching Shares allocated to employees and any Partnership Shares acquired on the employees' behalf. Employees can withdraw Partnership Shares from the AESOP at any time, but Free Shares and Matching Shares must generally be retained by the employees for a period of at least three years after allocation.

The Directors may stipulate at the time of award that an employee who ceases to be employed by the Company within a period of up to three years of being allocated Free Shares or Matching Shares will forfeit his or her rights to these shares.

However, in certain circumstances, for example death, injury, redundancy, transfer of the employing business or company, or retirement on or after reaching 60, employees will retain any Free Shares and Matching Shares.

If an employee ceases to be employed by the Company at any time after acquiring Partnership Shares, he or she will be required to withdraw the shares from the trust.

Dividends

Dividends paid on a participant's shares will (as the Directors may decide) either be paid to the participant or re-invested in the purchase of additional shares to be held in the AESOP for a period of at least three years.

Change of Control or Variation of Capital

In the event of a general offer being made to the shareholders or a rights or capitalisation issue, participants will be able to direct the Trustees how to act on their behalf.

Alterations to the AESOP

The Directors may at any time alter or add to the rules of the AESOP in any respect, provided that the prior approval of shareholders is obtained for alterations or additions made to the advantage of participants to the rules governing eligibility, the terms on which individuals participate (including overall participation limits), the rights attaching to the shares, the non-assignability of awards and the adjustment of awards. In addition, the approval of the Inland Revenue must also be obtained for most amendments.

The requirement to obtain prior approval of shareholders will not, however, apply in relation to any minor alteration which is necessary or desirable to take account or advantage of new or existing legislation, to obtain or maintain favourable tax, exchange control or regulatory treatment, or to benefit the administration of the AESOP.

The Directors also reserve the right up to the forthcoming annual general meeting to make such amendments and additions to the rules as they consider appropriate, particularly as may be necessary to obtain the approval of the Inland Revenue to the AESOP provided that such changes do not conflict in any material respect with this summary of the rules.



APPENDIX 2:

SUMMARY OF THE BRITISH ENERGY EMPLOYEE SHARE OPTION PLAN 2001 ("THE ESOP 2001")

(a) General

The ESOP 2001 is divided into two parts, Part A of which will be approved by the Inland Revenue, and as such can confer certain tax reliefs on UK participants, and Part B under which unapproved options may be granted. The two parts are identical in all material respects unless indicated to the contrary in this summary.

(b) Eligibility

Employees, excluding executive directors, will be eligible to participate in the ESOP 2001. The Directors shall determine which employees may participate and the extent of their participation, subject to the limit that no individual may hold options under the ESOP 2001 over shares with a market value of £30,000 or more, such valuation being undertaken at the date of grant. No payment will be required for the grant of an option, and options shall not be transferable other than to an option holder's personal representatives in the event of his or her death.

(c) Source of shares

Options may be structured as rights to subscribe for shares or rights to purchase shares.

No new shares will be issued under the ESOP 2001 which would cause the number of shares which have been issued or which may be issued in pursuance of options or other share awards granted in a ten year period under the ESOP 2001 or any other employee share scheme operated by the Company to exceed 10% of the Company's ordinary share capital in issue from time to time.

(d) Exercise price

The price per ordinary share payable upon exercise of an option will be the higher of:

- (i) the price of an ordinary share on the London Stock Exchange on the date of grant; and
- (ii) the nominal value of an ordinary share, if the option relates to new issued shares.

(e) Exercise of options

Options granted under the ESOP 2001 will not normally become capable of exercise until three years after the date of grant, and will lapse on the day prior to the tenth anniversary of the date of grant or after such shorter period as is determined by the Directors at the time of grant.

Options normally lapse upon cessation of employment. However, exercise is permitted for a limited period:

- (i) following cessation of employment for reasons of death, injury, disability, retirement, or the employee's business unit ceasing to be part of the Group; and
- (ii) on a reconstruction, takeover or winding-up of the Company.

(f) Pensionability

No benefits received under the ESOP 2001 will be pensionable.

(g) Variation of capital

In the event of any increase or variation of share capital, the Directors may make such alterations as they consider appropriate to the number of shares under option and/or the price payable on their exercise.



(h) **Alterations to the ESOP 2001**

The Directors may at any time alter or add to the ESOP 2001 in any respect, provided that the prior approval of shareholders is obtained for alterations or additions to the advantage of option holders to the rules governing eligibility, the terms on which individuals participate (including individual and overall participation limits), terms of exercise, the rights attaching to the shares acquired, the non-assignability of options and the adjustment of options. No alteration to Part A of the ESOP 2001 may be made while it is approved by the Inland Revenue without their approval.

The requirement to obtain the prior approval of shareholders will not, however, apply in relation to any minor alteration which is necessary or desirable to take account or advantage of new or existing legislation, to obtain or maintain favourable tax, exchange control or regulatory treatment, or to benefit the administration of the ESOP 2001.



APPENDIX 3:

THE PROPOSED CHANGES TO THE ARTICLES OF ASSOCIATION, AS SET OUT IN RESOLUTION 15 IN THE NOTICE OF MEETING, ARE AS FOLLOWS:

- (a) The adoption and inclusion, in alphabetical order, of the following new definitions in article 2:
 - (i) “address – means, in relation to electronic communications, any number or address used for the purposes of such communications;
 - (ii) communication – shall have the same meaning as in the Electronic Communications Act 2000;
 - (iii) electronic communication – shall have the same meaning as in the Electronic Communications Act 2000;
 - (iv) UKLA – means the UK Listing Authority, a division of the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 or any successor enactment;”.
- (b) Deleting the word “Limited” and substituting the word “plc” in the definition of “London Stock Exchange” in article 2.
- (c) Deleting the words “London Stock Exchange” and substituting the word “UKLA” in articles 18(1), 18(3), 20, 33(1)(e), 36(2) and 39.
- (d) Deleting the words “London Stock Exchange” and substituting the words “listing rules of the UKLA” in article 36(1).
- (e) Deleting the word “Limited” from the fourth line of section (C) 8 in article 3.
- (f) The amendment of article 48 by inserting the following new paragraph (7):

“Where the notice of meeting is published on a web-site in accordance with article 130(2), it shall continue to be published in the same place on that web-site from the date of the notification given under article 130(2)(b) until the conclusion of the meeting to which the notice relates.”
- (g) The amendment of article 49:
 - (i) by inserting the words “and irregularities in publication of notices” after “Omission or non-receipt of notice” in the heading;
 - (ii) by deleting the words “an instrument of” and substituting the words “a form of appointment of a” twice in the second line of paragraph (1);
 - (iii) by deleting the words “instrument of” and substituting the words “form of appointment of a” in the third line of paragraph (1); and
 - (iv) by inserting the following new paragraph (2):

“(2) Where a notice of meeting published on a web-site in accordance with article 130(2) is by accident published in different places on the web-site or published for part only of the period from the date of the notification given under article 130(2)(b) until the conclusion of the meeting to which the notice relates, the proceedings at such meeting are not thereby invalidated.”



- (h) The amendment of article 64:
- (i) by deleting the word “produced” and substituting the word “received” in the seventh line;
 - (ii) by deleting the words “deposit of instruments appointing” and substituting the words “delivery or receipt of forms of appointment of” and inserting the words “or in any other manner specified in these articles for the appointment of a proxy” before the words “not later than” in the ninth line; and
 - (iii) by deleting the words “instrument appointing” and substituting the words “appointment of” and by inserting the words “or received” after “must be deposited” in the tenth line.
- (i) The amendment of article 67:
- (i) by deleting the words “Deposit of an instrument” and substituting the words “Delivery or receipt of an appointment” in the first line of paragraph (2);
 - (ii) by deleting the word “instrument” and substituting the word “appointment” in the first and third lines and by inserting the words “or, in the case of an appointment of proxy delivered in an electronic communication, for the duration specified by the board” at the end of paragraph (3);
 - (iii) by deleting the words “An instrument of” and substituting the words “The appointment of a” in the first line of paragraph (4); and
 - (iv) by deleting the words “London Stock Exchange” and substituting the words “listing rules of the UKLA” in the first line, deleting the words “an instrument” and substituting the words “a form of appointment” in the second line and deleting the word “instrument” and substituting the word “form” in the third line of paragraph (5).
- (j) The amendment of article 68:
- (i) by inserting the words “Subject to the Statutes, the board may accept the appointment of a proxy received in an electronic communication on such terms and subject to such conditions as it considers fit. The appointment of a proxy received in an electronic communication is not subject to the requirements of article 68(2).” at the end of paragraph (1); and
 - (ii) by deleting the word “The” and substituting the words “Subject to the provisions of article 68(1), an” in the first line of paragraph (2).
- (k) The amendment of article 69:
- (i) by deleting the words “instrument appointing” and substituting the words “form of appointment of” in the first line of paragraph (1);
 - (ii) by inserting the words “in the case of an instrument in writing” at the beginning of the first line, by deleting the words “any instrument” and substituting the words “the form of appointment” in the second line and deleting the word “instrument” and substituting the word “form of appointment of proxy” in the fifth line of sub-paragraph (1)(a);



(iii) by inserting a new paragraph (1)(b) as follows:

“(b) in the case of an appointment of a proxy contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications:

- (i) in the notice convening the meeting; or
- (ii) in any form of appointment of a proxy sent out by the Company in relation to the meeting; or
- (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting,

received at such address not less than forty-eight hours before the time for holding the meeting at which the person named in the form of appointment of proxy proposes to vote; or”,

and by renumbering the following paragraphs accordingly;

- (iv) by deleting the words “deposited at the office (or at such other place in the United Kingdom as may be specified in the notice convening the meeting or in any instrument of proxy or other accompanying document sent out by the Company in relation to the meeting)” and substituting the words “delivered or received as required by paragraphs (a) or (b)” in the fourth line of (the current) paragraph (1)(b);
 - (v) by deleting the word “instrument” and substituting the word “appointment” in the first and third lines of paragraph (4); and
 - (vi) by deleting the word “instruments” and substituting the word “appointments” in the first line of paragraph (5).
- (l) The amendment of article 70 by deleting the word “instrument” and substituting the word “appointment” in the first line, deleting the word “executed” and substituting the word “made” in the fourth line and deleting the words “the instrument of proxy” and substituting the words “or receiving the form of appointment of proxy or, where the appointment of proxy was contained in an electronic communication, at the address at which the form of appointment was received” in the seventh line.
- (m) The amendment of article 79(1):
- (i) by deleting the word “exceeding” and substituting the words “less than” and deleting the words “but so that, if” and substituting a full-stop and the word “If” in the third line; and
 - (ii) by the insertion of the words “If any one or more directors were last appointed or re-appointed three years or more prior to the meeting or were last appointed or re-appointed at the third immediately preceding annual general meeting, he or they shall retire from office and shall be counted in obtaining the number required to retire at the meeting,” at the end of the paragraph.
- (n) The amendment of article 83(2) by the insertion of the words “, if he gives the Company an address at which notices may be served on him by either post or by electronic communications,” after the words “An alternate director shall” in the first line.
- (o) The amendment of article 103 by the insertion of the words “by electronic communication to an address given by him to the Company for that purpose or” after the words “by word of mouth or” in the second line, by the insertion of the words “or by electronic communication” after the words “be sent in writing” in the fifth line, and by deleting the word “at” and substituting the word “to” in the fifth line.



- (p) The amendment of article 128 by inserting the following new paragraphs (5), (6) and (7):
- “(5) Any documents required or permitted to be sent by the Company to a person pursuant to this article 128 shall be treated as sent if:
- (a) sent by electronic communication to an address for the time being notified to the Company by that person for that purpose; or
 - (b) published on a web-site, provided that the following conditions are met:
 - (i) the Company and that person have agreed that such documents may be accessed by him on a web-site (instead of their being sent by post or otherwise delivered to him); and
 - (ii) that person is notified, in a manner for the time being agreed for the purpose between him and the Company, of:
 - (a) the publication of the documents on a web-site;
 - (b) the address of that web-site;
 - (c) the place on that web-site where the documents may be accessed; and
 - (d) how they may be accessed.
- (6) Documents treated in accordance with sub-paragraph (5)(b) of this article as sent to any person are to be treated as sent to him not less than twenty-one clear days before the date of a meeting if, and only if:
- (a) the documents are published on the web-site throughout a period beginning at least twenty-one clear days before the date of the meeting and ending with the conclusion of the meeting; and
 - (b) the notification given for the purposes of sub-paragraph (5)(b)(ii) of this article 128 is given not less than twenty-one clear days before the date of the meeting.
- (7) Nothing in paragraph (6) of this article 128 shall invalidate the proceedings of a meeting where any documents that are required to be published as mentioned in sub-paragraph (6)(a) of this article are by accident published in different places on the web-site or published for a part, but not all, of the period mentioned in that sub-paragraph.”
- (q) The amendment of article 129:
- (i) by inserting the words “or in electronic communication” after “Notices to be in writing” in the heading;
 - (ii) by deleting the words “shall be in writing except that” and substituting the words “(other than” in the second line;
 - (iii) by deleting the words “need not be in writing and except” and substituting the word “or” in the third line;
 - (iv) by inserting the words “) shall be in writing or in an electronic communication to an address for the time being notified for that purpose to the person giving the notice” after the words “stated in these articles” in the third line; and
 - (v) by inserting the words “(if applicable)” after the words “The signature” in the fourth line.



(r) The amendment of article 130:

(i) by inserting the words “giving it by electronic communication to an address for the time being notified to the Company by the member for that purpose or by” after the words “addressed to the member or by” in the fourth line of paragraph (1);

(ii) by inserting the following new paragraph (2):

“(2) A notice of general meeting may, instead of being sent to the member in any of the ways specified in paragraph (1) of this article 130, be given to a member by the Company by publishing the notice on a web-site, provided that the following conditions are met:

(a) the member and the Company have agreed that notices of general meetings may be accessed by him on a web-site instead of being sent to the member in one of the ways specified in paragraph (1) of this article 130; and

(b) the member is given a notification, in the manner agreed for the time being between the member and the Company, containing the following information:

(i) the fact that the notice has been published on the web-site;

(ii) the address of the web-site;

(iii) the place on the web-site where the notice may be accessed and how it may be accessed;

(iv) a statement that it concerns a notice of general meeting served in accordance with the Act;

(v) the place, date and time of the general meeting; and

(vi) whether the general meeting is to be an annual or extraordinary general meeting.

A notice given under paragraph (2) of this article 130 is deemed to be given at the time of the notification under sub-paragraph (2)(b) of this article 130.”, and by renumbering the following paragraphs accordingly; and

(iii) by inserting the words “, or an address to which notices may be given by electronic communication,” after the words “may be served on him” in the fourth line of (the current) paragraph (3).

(s) The amendment of article 131 by inserting the words “to those members who have not notified an address for electronic communications pursuant to article 130(1)” after the words “sent through the post” in the third line and by inserting the words “to those members” after the words “copies of the notice” in the sixth line.

(t) The amendment of article 132 by the insertion of the following new paragraphs (2) and (3):

“(2) Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given.

(3) A notice contained in an electronic communication sent in accordance with the articles other than a notice given under article 130(2) (to which the provisions of that article apply) is deemed to be given at the expiration of forty-eight hours after the time it was sent.”,

and by renumbering the following paragraphs accordingly.