

**THE COMPANIES ACT 1985 TO 2006**

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**A PUBLIC COMPANY LIMITED BY SHARES**

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**MEMORANDUM OF ASSOCIATION**

**OF**

**NORTHERN ELECTRIC plc**

1. The Company's name is "Northern Electric plc".
2. The Company is to be a public company.
3. The Company's registered office is to be situated in England and Wales.

**THE COMPANIES ACTS 1985 TO 2006  
A PUBLIC COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF  
NORTHERN ELECTRIC plc**

(adopted by special resolution passed on 22 June 2010).

**PRELIMINARY**

1. (1) In these articles the following words bear the following meanings -

“the Act”	subject to paragraph (3) below, means the Companies Act 2006;
“these articles”	means the articles of the Company;
“clear days”	in relation to the period of a notice, means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
“financial institution”	means a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange who is designated as mentioned in section 778 of the Act;
“the Group”	means the Company and any subsidiary or subsidiaries of the Company;
“holder”	in relation to shares, means the member whose name is entered in the Register as the holder of the shares;
“Office”	means the registered office of the Company;
“Preference Shares”	means the Preference Shares of 1p each as more particularly described in article 10;
“Register”	means the register of members to be kept pursuant to section 113 of the Act;

## SHARE CAPITAL

4. Subject to the provisions of the Act -
  - (a) the directors may allot, grant options over or otherwise dispose of the shares in the Company to such persons and on such terms as the directors think fit;
  - (b) shares may be issued on the terms that they are, or are to be liable, to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by these articles.
5. Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or, if the Company does not so determine, as the directors may determine).
6. The Company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.
7. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by these articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety of it in the holder.

## VARIATION OF RIGHTS

8. Subject to the provisions of the Act, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied, either while the Company is a going concern or during or in contemplation of a winding up -
  - (a) in such manner (if any) as may be provided by those rights; or
  - (b) in the absence of any such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class,

but not otherwise. To every such separate meeting the provisions of these articles relating to general meetings shall apply, except that -

- (a) the necessary quorum at any such meeting other than an adjourned meeting shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question and at an adjourned meeting shall be one person holding shares of the class in question or his proxy; and

the next fixed dividend date in priority to the preferential dividend payable on that date. The holders of the Preference Shares shall not be entitled to any further right of participation in the profits of the Company.

- (2) On a return of capital on a winding-up or (other than on a purchase of shares or capitalisation issue) otherwise, the holders of the Preference Shares shall be entitled in priority to any payment to the holders of any other class of shares (other than any Further Preference Shares referred to in paragraph 6 below) to the repayment of a sum equal to the nominal capital paid up or credited as paid up on the Preference Shares held by them respectively together with the sum of 99p per Preference Share held by them respectively and a sum equal to all arrears and accruals (if any) of the preferential dividend irrespective of whether or not such dividend has been declared or earned or become due and payable, to be calculated (on the basis of a 365/6 day year and the actual number of days elapsed) down to and including the date of commencement of the winding-up (in the case of a winding-up) or the return of capital (in any other case). The holders of the Preference Shares shall not be entitled to any further or other right of participation in the assets of the Company. If, on a return of capital on a winding-up or otherwise, the amounts available for payment are insufficient to cover in full the amounts payable on the Preference Shares, then the holders of such shares will share rateably in the distribution of surplus assets (if any) in proportion to the full respective preferential amounts to which they are entitled.
- (3) The holders of the Preference Shares shall, by virtue of and in respect of their holdings of Preference Shares, have the right to receive notice of, attend and speak at any general meeting of the Company, but shall not be entitled to vote at any such meeting unless:
  - (i) at the date of the notice convening such meeting the preferential dividend on such shares is six months or more in arrears (and so that for this purpose the preferential dividend shall be deemed to be payable on the dates and in respect of the periods specified in paragraph 1 above); or
  - (ii) if a resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the holders of the Preference Shares, or for the winding-up of the Company, in which case they shall only be entitled to vote on such resolution.
- (4) (a) If at any time the Secretary of State (as defined under the public electricity supply licence (the "Licence") granted to the Company by the Secretary of State for Energy under the Electricity Act 1989) gives the Company notice in writing of the revocation of the Licence (provided that the giving of notice pursuant to paragraph 3 of Part 1 of the Licence shall not for this purpose be deemed to constitute the revocation of the

Notice, provided that the directors may determine that presentation and surrender of certificates shall not be required in which event each certificate shall be void and of no effect as from the date of payment of the amount due on the redemption of the registered Preference Shares to which the certificate relates. All payments in respect of the Redemption Amount will in all respects be subject to any applicable fiscal or other laws.

- (e) As from the Redemption Date the preferential dividend on the Preference Shares shall cease to accrue except on any such Preference Share in respect of which, upon the due surrender of the relative certificate or, if the relative certificate has been lost or destroyed, an appropriate indemnity in a form satisfactory to the directors, payment of the Redemption Amount due on the Redemption Date shall be improperly withheld or refused, in which case the preferential dividend on such Preference Share shall be deemed to have continued and shall accordingly continue to accrue and be payable from the Redemption Date to the date of payment of the Redemption Amount. The Preference Shares shall not be treated as having been redeemed until the Redemption Amount in question together with any accrued dividend thereon shall have been paid.
  - (f) The receipt by the holder for the time being of any Preference Share (or in the case of joint holders the receipt by any one of them) in respect of the moneys payable on redemption of such Preference Share shall constitute an absolute discharge to the Company in respect thereof.
  - (g) On the redemption of the Preference Shares the notional amounts of such shares comprised in the capital of the Company may thereafter be divided into, and reclassified as, ordinary shares without any further resolution or consent.
  - (h) The Company shall not be entitled or obliged to redeem the Preference Shares in any circumstances other than those referred to in subparagraph 4(a) above.
- (5) Subject to the provisions of the Act, the Company may at any time purchase Preference Shares (1) in the market, or (2) by tender (available alike to all holders of Preference Shares), or (3) by private treaty, in each case at a price and upon such other terms and conditions as the directors may think fit. The Company may exercise its rights and powers of purchase as regards the Preference Shares and any Further Preference Shares which may be issued pursuant to paragraph (6) of this article (not being a series which is identical and forms a single series with the Preference Shares) at its sole discretion and without obligation to maintain the ratio between the nominal amounts for the time being outstanding of any series. On the purchase of any Preference Shares,

## SHARE CERTIFICATES

11. (1) Every holder of shares (other than a financial institution in respect of whom the Company is not required by law to complete and have ready a certificate) shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of that holding) or, upon payment for every certificate after the first of such reasonable sum as the directors may determine, to several certificates each for one or more of his shares. Every certificate shall be under the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up on them. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- (2) If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of any exceptional out of pocket expenses incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.
- (3) Nothing in these articles shall prevent title to any securities of the Company from being evidenced and transferred without a written instrument in accordance with the Act and any regulations made thereunder and the directors shall have power to implement such procedures as they may think fit and as may accord with that Act and any regulations made thereunder for recording and transferring title to securities and for the regulation of those procedures and the persons responsible for or involved in their operation.

## LIEN

12. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien on a share shall extend to all amounts payable in respect of it.
13. The Company may sell, in such manner as the directors determine, any share on which the Company has a lien if an amount in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share, or the person entitled to it in consequence of the death or bankruptcy of the holder or otherwise by operation of law, demanding payment and stating that if the notice is not complied with the shares may be sold.
14. To give effect to the sale the directors may authorise some person to execute an instrument of transfer of the share sold to, or in accordance with the directions of, the

22. The directors may receive from any member willing to advance it all or any part of the amount unpaid on the shares held by him (beyond the sums actually called up) as a payment in advance of calls, and such payment shall, to the extent of it, extinguish the liability on the shares in respect of which it is advanced. The Company may pay interest on the amount so received, or so much of it as exceeds the sums called up on the shares in respect of which it has been received, at such rate as the member and the directors agree.
23. If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and all costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited. If the notice is not complied with, any shares in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all amounts payable in respect of the forfeited shares and not paid before the forfeiture.
24. Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and, at any time before the disposition, the forfeiture may be cancelled on such terms as the directors determine. Where for the purposes of its disposal a forfeited share is to be transferred to any person, the directors may authorise someone to execute an instrument of transfer of the share to that person.
25. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all amounts which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those amounts before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment, but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
26. A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address after two years from the date on which it is recorded;
  - (c) any share certificate, after one year from the date on which it is cancelled; and
  - (d) any other document on the basis of which an entry in the Register is made at any time after the expiry of six years from the date an entry was first made in the Register in respect of it.
- (2) It shall be conclusively presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of a document so destroyed was duly and properly made, that every instrument of transfer so destroyed was duly registered, that every share certificate so destroyed was duly cancelled, and that every other document so destroyed was valid and effective in accordance with the particulars in the records of the Company: provided that -
- (a) this article shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant;
  - (b) nothing in this article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document otherwise than as provided for in this article which would not attach to the Company in the absence of this article; and
  - (c) references in this article to the destruction of any document include references to the disposal of it in any manner.

#### UNTRACED MEMBERS

33. (1) The Company shall be entitled to sell in such manner and for such price as the directors think fit any share held by a member, or any share to which a person is entitled by transmission, if -
- (a) for a period of 12 years no cheque or warrant for amounts payable in respect of the share sent and payable in a manner authorised by these articles has been cashed and no communication has been received by the Company from the member or person concerned;
  - (b) during that period at least three dividends in respect of the share have become payable;
  - (c) the Company has, after the expiration of that period, by advertisement in a leading national daily newspaper, published in the United Kingdom and in a newspaper circulating in the area of the registered address or



36. A person becoming entitled to a share by reason of the death or bankruptcy of a member or otherwise by operation of law shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any general meeting or at any separate meeting of the holders of any class of shares.

#### FAILURE TO NOTIFY CONTACT DETAILS

37. (1) If –
- (a) the Company sends two consecutive documents to a member over a period of twelve months, and
  - (b) each of those documents is returned undelivered, or the Company receives notification that it has not been delivered,
- that member ceases to be entitled to receive notices from the Company.
- (2) A member who has ceased to be entitled to receive notices from the Company becomes entitled to receive such notices again by sending the Company a new address to be recorded in the register of members.

#### STOCK

38. The Company may by ordinary resolution convert any paid up shares into stock and re-convert any stock into paid up shares of any denomination.
39. A holder of stock may transfer it or any part of it in the same manner, and subject to the same provisions of these articles as would have applied to the shares from which the stock arose if they had not been converted, or as near thereto as circumstances admit, but the directors may fix the minimum amount of stock transferable at an amount not exceeding the nominal amount of any of the shares from which the stock arose.
40. A holder of stock shall, according to the amount of the stock held by him, have the same rights as if he held the shares from which the stock arose: provided that no such right (except participation in dividends and in the assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that right.
41. All the provisions of these articles applicable to paid up shares shall apply to stock, and the words “share” and “member” shall include “stock” and “holder of stock” respectively.

#### ALTERATION OF CAPITAL

42. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may on behalf of those members sell to any person (including, subject to the provisions of the Act, the Company) the shares representing

- (A) he has the consent of such meeting; or
- (B) in his opinion it is not practicable to obtain consent under sub-paragraph (A) above but it appears to him necessary in order to facilitate the business of the meeting.

No business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for twenty-eight days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give notice of an adjournment.

- 50. If an amendment proposed to any resolution under consideration is ruled out of order by the chairman, the proceedings on the resolution shall not be invalidated by any error in the ruling.
- 51. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded -
  - (a) by the chairman; or
  - (b) by not less than five persons present in person or by proxy having the right to vote at the meeting; or
  - (c) by a member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
  - (d) by a member or members present in person or by proxy holding shares conferring a 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.
- 52. Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect made in the minutes of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 53. The demand, for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 54. A poll shall be taken as the chairman directs, and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result

member or proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. A proxy need not be a member.

62. An instrument appointing a proxy shall be in writing in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the appointor or his duly constituted attorney. A corporation may execute a form of proxy either under its common seal or under the hand of a duly authorised officer, attorney or other person authorised to sign it. A member may appoint more than one proxy to attend on the same occasion. Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it.
63. The instrument appointing a proxy and any authority under which it is executed or a copy of the authority certified notarially or in some other way approved by the directors may -
  - (a) be deposited at the Office or at such other place in the United Kingdom as is specified in the notice convening the meeting, or in any instrument of proxy sent out by the Company in relation to the meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
  - (b) in the case of a poll taken more than forty-eight hours after it was demanded, be deposited as aforesaid after the poll has been demanded and not less than twenty-four hours before the time appointed for taking the poll; or
  - (c) where the poll is not taken forthwith but is taken not more than forty-eight hours after it was demanded, be delivered at the meeting to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

64. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation or corporation sole shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination was received by the Company at the Office, or at such other place at which the instrument of proxy was duly deposited, not less than forty-eight hours before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
65. The directors may at the expense of the Company send instruments of proxy to the members by post or otherwise (with or without provision for their return prepaid) for use at any general meeting or at any separate meeting of the holders of any class of shares, either in blank or nominating in the alternative any one or more of the directors or any

his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not present, and generally to perform all the functions of his appointor as a director in his absence, but shall not (unless the Company by ordinary resolution otherwise determines) be entitled to any fees for his services as an alternate director.

73. An alternate director shall cease to be an alternate director if his appointor ceases to be a director but, if a director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment.
74. An appointment or removal of an alternate director shall be by notice to the Company executed by the director making or revoking the appointment and deposited at the Office, or in any other manner approved by the directors.
75. Save as otherwise provided in these articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults, and he shall not be deemed to be the agent of the director appointing him.

#### POWERS OF DIRECTORS

76. The business of the Company shall be managed by the directors who, subject to the provisions of the Act, these articles and to any directions given by special resolution, may exercise all the powers of the Company. No alteration of these articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by these articles and a meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.
77. In addition to a name change by special resolution of the Company, the directors may change the name of the Company by a board resolution.
78. (1) The directors shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (as regards such subsidiaries so far as by such exercise they can secure) that the aggregate principal amount outstanding of all money borrowed by the Group (excluding amounts borrowed by any member of the Group from any other member of the Group, other than amounts to be taken into account under paragraph (3)(j) below) shall not at any time, save with the previous sanction of an ordinary resolution of the Company, exceed an amount equal to the aggregate of the amounts in sub-paragraphs (a) and (b) of this paragraph (1) multiplied by the figure specified in paragraph (6) below:-
  - (a) the amount paid up on the share capital of the Company; and

- (e) any fixed amount in respect of a hire purchase agreement or of a finance lease payable in either case by a member of the Group which would be shown at the material time as an obligation in a balance sheet prepared in accordance with the accounting principles used in the preparation of the relevant balance sheet shall be taken into account as money borrowed by that member (and for the purpose of this sub-paragraph "finance lease" means a contract between a lessor and a member of the Group as lessee or sub-lessee where substantially all the risks and rewards of the ownership of the asset leased or sub-leased are to be borne by that member and "hire purchase agreement" means a contract of hire between a hire purchase lender and a member of the Group as hirer);
- (f) amounts borrowed for the purpose of repaying the whole or any part of any amounts previously borrowed and then outstanding (including any premium payable on final repayment) and to be applied for that purpose within six months of the borrowing shall not, pending such application, be taken into account as money borrowed;
- (g) amounts borrowed for the purpose of financing any contract in respect of any part of the price receivable thereunder is guaranteed or insured by the Export Credits Guarantee Department or any other institution carrying on similar business shall not be taken into account to the extent of the sums so guaranteed or insured;
- (h) amounts borrowed by a company before, and outstanding after, it becomes a subsidiary of the Company and amounts secured on an asset before and remaining so secured after, it is acquired by a member of the Group, shall not be taken into account as money borrowed until six months after the company becomes a subsidiary or the asset is acquired, as the case may be;
- (i) any premium payable on final repayment of an amount to be taken into account as money borrowed shall also be so taken into account, and any premium payable on final repayment of an amount not to be taken into account shall also not be so taken into account;
- (j) money borrowed by a partly-owned subsidiary (if any) and not owing to another member of the Group shall (notwithstanding sub-paragraphs (a) to (e) above) be taken into account subject to the exclusion of a proportion of it equal to the minority proportion, and money borrowed and owing to a partly-owned subsidiary (if any) by another member of the Group shall (subject to sub-paragraph (h) above) be taken into account to the extent of a proportion of it equal to the minority proportion (and for the purpose of this sub-paragraph "minority proportion" means the proportion of such issued equity share capital of

convention (a "Current Cost Balance Sheet") but do not include a balance sheet prepared in accordance with the historical cost convention (an "Historical Cost Balance Sheet"), the multiple for the purposes of paragraph (1) shall be 1.25 (one and a quarter). If the Latest Accounts include an Historical Cost Balance Sheet but do not include a Current Cost Balance Sheet, the multiple for the purposes of paragraph (1) shall be 2.5 (two and a half). If the Latest Accounts include a Current Cost Balance Sheet and an Historical Cost Balance Sheet, the accounts to be taken for the purposes of paragraph (1) and for determining the multiple under this paragraph shall be as the directors shall in their absolute discretion decide.

- (7) In this article references to a consolidated balance sheet or profit and loss account are to be taken, in a case where the Company has no subsidiaries, as references to the balance sheet or profit and loss account of the Company and, in a case where the Company has subsidiaries but there are no consolidated accounts of the Group, as references to the respective balance sheets or profit and loss accounts of the companies comprising the Group and references to the audited consolidated accounts of the Group shall be construed accordingly.
- (8) A certificate or report by the auditors as to the amount paid up on the share capital of the Company or the total of the capital and revenue reserves of the Group or the amount of any borrowing or to the effect that the limit imposed by this article has not been or will not be exceeded at any particular time or times or as a result of any particular transaction or transactions shall be conclusive evidence of the amount or of that fact.

- 79. The directors may appoint any person to any office or employment having a designation or title including the word "director" or attach to any existing office or employment with the Company such a designation or title and may terminate any such appointment or the use of any such designation or title. The inclusion of the word "director" in the designation or title of any such office or employment (other than the office of chief executive or joint chief executive or deputy or assistant chief executive director) shall not imply that the holder is a director of the Company, nor shall the holder thereby be empowered in any respect to act as, or be deemed to be, a director of the Company for any of the purposes of these articles.

#### DELEGATION OF DIRECTORS' POWERS

- 80. (1) The directors may delegate any of their powers -
  - (a) to any managing director or any director holding any other executive office;
  - (b) to any committee, consisting of such person or persons (whether directors or not) as they think fit; and

85. At a general meeting a motion for the appointment of two or more persons as directors by a single resolution shall not be made, unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it, and for the purposes of this article a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.
86. Subject as aforesaid, the Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director.
87. The directors may appoint a person who is willing to act to be a director, either to fill a casual vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed as the maximum number of directors. A director so appointed shall retire at the next following annual general meeting, notice of which is first given after his appointment.
88. Subject as aforesaid, a director who retires at an annual general meeting may be reappointed. If he is not reappointed or deemed to have been reappointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

#### DISQUALIFICATION AND REMOVAL OF DIRECTORS

89. Without prejudice to the provisions of the Act, the Company may, by ordinary resolution, remove a director before the expiration of his period of office (but such removal shall be without prejudice to any claim to damages for breach of any contract of service between the director and the Company) and may, by ordinary resolution, appoint another person instead of him. A person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last appointed or reappointed a director.
90. The office of a director shall be vacated as soon as -
  - (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
  - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
  - (c) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
  - (d) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or

- (i) limiting or preventing the disclosure of information to the director who has or may have the interest that is the subject of the authorisation;
- (ii) limiting or preventing the attendance of such director at any board meeting or discussion; and
- (iii) limiting or preventing the availability of board or briefing papers to such director

in each case to the extent the authorising directors consider appropriate to protect that director from being in breach of his statutory duty to avoid conflicts of interest.

- (d) Provided he has declared to the directors the nature and extent of any interest of his, a director, notwithstanding his office and subject to Article 92(1)(a):-
  - (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (ii) may be a director or other officer of, or employed by or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested; and
  - (iii) may be a party to, or otherwise interested in, any transaction or arrangement with any such body corporate.
- (e) Such director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. In particular a director may act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

(2) For the purposes of this article -

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and



96. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the minimum number fixed by or in accordance with these articles or the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.
97. The directors may elect from their number, and remove, a chairman and a deputy chairman of the board of directors. The chairman, or in his absence the deputy chairman, shall preside at all meetings of the directors, but if there is no chairman or deputy chairman, or if at the meeting neither the chairman nor the deputy chairman is present within five minutes after the time appointed for the meeting, or if neither of them is willing to act as chairman, the directors present may choose one of their number to be chairman of the meeting.
98. All acts done by a meeting of the directors, or of a committee of the directors, or by a person acting as a director, shall notwithstanding that it may afterwards be discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
99. (i) A resolution in writing executed by all the directors entitled to receive notice of a meeting of the directors or of a committee of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) of that committee of the directors duly convened and held, and may consist of several documents in the like form each executed by one or more directors, but a resolution executed by an alternate director need not also be executed by his appointor and, if it is executed by a director who has appointed an alternate director, it need not also be executed by the alternate director in that capacity.
- (ii) A meeting of the directors or of a committee of the board may consist of a conference between directors and any alternate directors who are not all in one place, but each of which is able (directly or by telephonic communications) to speak to each of the others, and to be heard by each of the others simultaneously. A director or an alternate director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, if there is no such group, where the chairman of the meeting then is. The word "meeting" in these articles shall be construed accordingly.
100. (1) Save as otherwise provided by these articles, a director shall not vote at a meeting of the directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which (together with any interest of any person connected with him within the meaning of section 252 of the Act) is to his knowledge a material interest (other than an interest in shares, debentures or

force when these articles became binding on the Company) connected with a director shall be taken to be the interest of that director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

- (3) Where proposals are under consideration concerning the appointment (including the fixing or varying of terms of appointment) of two or more directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each director separately and (provided he is not by virtue of sub-paragraph (f) or paragraph (1) of this article, or otherwise under that paragraph, or for any other reason, precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
101. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
  102. The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of these articles prohibiting a director from voting at a meeting of the directors or of a committee of the directors.
  103. If a question arises at a meeting of the directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting (or, if the director concerned is the chairman, to the other directors at the meeting), and his ruling in relation to any director other than himself (or, as the case may be, the ruling of the majority of the other directors in relation to the chairman) shall be final and conclusive.

#### MINUTES

104. The directors shall cause minutes to be made in books kept for the purpose -
  - (a) of all appointments of officers made by the directors; and
  - (b) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of the directors, including the names of the directors present at each such meeting.

equal to (but not greater than) the cash amount (disregarding any tax credit) that such holder would have received by way of dividend. For this purpose "relevant value" shall be calculated by reference to the average of the middle market quotations for the Company's ordinary shares on The Stock Exchange as derived from the Daily Official List, for the day on which the ordinary shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or in such other manner as may be determined by or in accordance with the ordinary resolution.

A certificate or report by the auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount.

- (c) No fractions of a share shall be allotted. The directors may make such provisions as they think fit for any fractional entitlements including provisions whereby, in whole or in part, the benefit thereof accrues to the Company and/or under which fractional entitlements are accrued and/or retained and in each case accumulated on behalf of any member and such accruals or retentions are applied to the allotment by way of bonus to or cash subscription on behalf of such member of fully paid ordinary shares and/or provisions whereby cash payments may be made to members in respect of their fractional entitlements.
- (d) The directors shall, after determining the basis of allotment, notify the holders of ordinary shares in writing of the right of election offered to them, and specify the procedure to be followed and place at which, and the latest time by which elections must be lodged in order to be effective.
- (e) The directors may exclude from any offer any holders of ordinary shares where the directors believe that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.
- (f) The dividend (or that part of the dividend in respect of which a right of election has been given) shall not be payable on ordinary shares in respect of which an election has been duly made ("the elected ordinary shares") and instead additional ordinary shares shall be allotted to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid. For such purpose the directors shall capitalise out of any amount for the time being standing to the credit of any reserve or fund (including any share premium account or capital redemption reserve fund) any of the profits which could otherwise have been applied in paying dividends in cash as the directors may determine a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted on that basis and apply it in paying up in full the appropriate number of ordinary shares for allotment and distribution to the holders of the elected ordinary shares on that basis.

112. Any dividend or other money payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person or persons entitled to the money represented thereby. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other money payable in respect of the share. Any such dividend or other money may also be paid by any other method (including direct debit, bank transfer and dividend warrant) which the directors consider appropriate.
113. The Company may cease to send dividend warrants and cheques by post to any person or persons entitled in any case where such warrants or cheques have been returned undelivered or left uncashed by such person or persons on at least two consecutive occasions.
114. No dividend or other money payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.
115. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

#### CAPITALISATION OF PROFITS AND RESERVES

116. The directors may with the authority of an ordinary resolution of the Company -
- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of the Company's share premium account or capital redemption reserve;
  - (b) appropriate the sum resolved to be capitalised to the members in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full 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

that stock exchange such number of copies of each of those documents as may be required by the regulations of that stock exchange.

- (2) The Company may, in accordance with section 426 of the Act and any regulations made under it, send a summary financial statement to any member instead of or in addition to the documents referred to in paragraph 119(1) above.

## NOTICES

120. Any notice to be given to or by any person pursuant to these articles shall be in writing, except that a notice calling a meeting of the directors need not be in writing.
121. The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.
122. A member present either in person or by proxy, or in the case of a member which is a corporation by a duly authorised representative, at any meeting of the Company or of the holders of any class of shares shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
123. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been given to the person from whom he derives his title.
124. Where, 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 notice sent by post, notice of the meeting shall be sufficiently given if given by advertisement in two leading national daily newspapers published in the United Kingdom. The Company shall send a copy of the notice to 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.
125. Any notice to be given by the Company to the members or any of them, the manner of giving which is not provided for by these articles, shall be sufficiently given if given by advertisement in at least one leading national daily newspaper published in the United Kingdom.
126. A notice sent by post shall be deemed to have been given on the day following that on which the envelope containing the notice was posted unless it was sent by second class

director, other officer or auditor of such company in respect of such liability, loss or expenditure.