

No. 1003142

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF
ROLLS-ROYCE plc

20th May 1987

No. 1003142

THE COMPANIES ACT 1985

ROLLS-ROYCE plc

COMPANY LIMITED BY SHARES

Special Resolution

At an EXTRAORDINARY GENERAL MEETING of ROLLS-ROYCE plc

held on Monday, 11 September 1989, the following

Resolution was passed as a SPECIAL RESOLUTION:

RESOLUTION

THAT the Articles of Association of the Company be amended by the deletion of the word "fifteen" where it appears in Article 43(D)(ii)(a) and Article 43(D)(ii)(b) and by the substitution therefor in each case of the figures "29.5".

R.W. HENCHLEY

Secretary

No. 1003142

THE COMPANIES ACT 1985

ROLLS-ROYCE plc

COMPANY LIMITED BY SHARES

Ordinary Resolution

At an EXTRAORDINARY GENERAL MEETING of ROLLS-ROYCE plc

held on Tuesday, 23 May 1989, the following

Resolution was passed as an ORDINARY RESOLUTION:

RESOLUTION

THAT, subject to the offer made by N M Rothschild & Sons Limited on behalf of the Company on 18th April, 1989 for the whole of the issued and to be issued ordinary share capital of Northern Engineering Industries plc which the Company did not then own (or any revision of such offer) becoming unconditional in all respects:

- (a) the authorised share capital of the Company be increased from £210,000,001 to £256,400,001 by the creation of 232,000,000 new ordinary shares of 20p each in the Company to rank *pari passu* with the existing ordinary shares of 20p each in the Company; and
- (b) the directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal value of £46,400,000, such authority to be additional to the authority conferred on the directors at the Extraordinary General Meeting of the Company held on 27th April, 1987 and to expire on 26th April, 1992, 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 such an offer or agreement notwithstanding that this authority has expired.

A. WARRINGTON

Secretary

THE COMPANIES ACT 1985

ROLLS-ROYCE plc

COMPANY LIMITED BY SHARES

Special Resolution

At the ANNUAL GENERAL MEETING of ROLLS-ROYCE plc
held on Tuesday, 23 May 1989, the following
Resolution was passed as a SPECIAL RESOLUTION:

RESOLUTION

THAT the directors be empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (as defined in Section 94 of that Act) wholly for cash as if Section 89(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with an offer by way of rights in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of all holders of ordinary shares are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, provided that the directors may make such arrangements as they consider necessary or expedient in relation to fractional entitlements, or as a result of legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) above) up to an aggregate nominal amount equal to £8,014,706 being 40,073,530 ordinary shares of 20p each

and shall expire on the earlier of August 22, 1990 and the conclusion of the next Annual General Meeting of the Company after the date on which this Resolution is passed, 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 an offer or agreement notwithstanding that the power conferred hereby has expired.

A. WARRINGTON

Secretary

THE COMPANIES ACT 1985

ROLLS-ROYCE plc

COMPANY LIMITED BY SHARES

Special Resolution

At the ANNUAL GENERAL MEETING of ROLLS-ROYCE plc
held on Tuesday, 24 May 1988, the following
Resolution was passed as a SPECIAL RESOLUTION:

RESOLUTION

THAT the directors be empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (as defined in Section 94 of that Act) wholly for cash as if Section 89 (1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with an offer by way of rights in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of all holders of ordinary shares are proportionate (as nearly as maybe) to the respective numbers of ordinary shares held by them, provided that the directors may make such arrangements as they consider necessary or expedient in relation to fractional entitlements, or as a result of legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) above) up to an aggregate nominal amount equal to £3,014,705.

and shall expire on the earlier of August 23, 1989 and the conclusion of the next Annual General Meeting of the Company after the date on which this Resolution is passed. 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 an offer or agreement notwithstanding that the power conferred hereby has expired.

A. WARRINGTON

Secretary



CERTIFICATE OF INCORPORATION
ON RE-REGISTRATION OF PRIVATE COMPANY
AS A PUBLIC COMPANY

No. 1003142

I hereby certify that

ROLLS-ROYCE LIMITED

formerly registered as a private company has this day
been re-registered under the Companies Act 1935 as a
public company under the name of

ROLLS-ROYCE plc

and that the company is limited.

Given under my hand at Cardiff the 1ST MAY 1936

A handwritten signature in dark ink, appearing to read 'T.G. Thomas', written over a horizontal line.

T.G. THOMAS

An Authorised Officer



**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

No 1003142

I hereby certify that

ROLLS-ROYCE (1971) LIMITED

having by special resolution and with the approval of the Secretary of State changed its name, is now incorporated under the name of

ROLLS-ROYCE LIMITED

Given under my hand at Cardiff the 21ST MARCH 1977

D. A. Pendlebury
D. A. PENDLEBURY

Assistant Registrar of Companies



CERTIFICATE OF INCORPORATION

No. 1003142

I hereby certify that

ROLLS-ROYCE (1971) LIMITED

is this day incorporated under the Companies Acts 1948 to 1967 and that the Company is Limited.

Given under my hand at London the 23RD FEBRUARY, 1971.


(F. L. KNIGHT)

Assistant Registrar of Companies

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

ROLLS-ROYCE plc

1. The Company's name is "ROLLS-ROYCE plc".
2. The Company is to be a public company.
3. The registered office of the Company will be situate in England.
4. The objects for which the Company is established are:-
 - (1) To acquire any part of the undertaking and assets of Rolls-Royce Limited or of any company which is a subsidiary of it (within the meaning of the Companies Act 1948) and to carry on any undertaking so acquired.
 - (2) To design, manufacture, supply or deal in engines of every description and parts and components of and accessories for engines; to design, manufacture, supply or deal in vehicles, conveyances of all kinds, weapons and other equipment capable of military use, and machinery and equipment capable of use in or in connection with such vehicles, conveyances, weapons or equipment; to rebuild, replace, service or repair any of the foregoing.
 - (3) To carry on research and development in connection with any of the foregoing activities; and to carry on any other activity preparatory or ancillary to such activities.

*The Company was incorporated with the name "Rolls-Royce (1971) Limited". Pursuant to a special resolution passed on 7th March 1977, the name of the Company was changed to Rolls-Royce Limited. Pursuant to a special resolution passed on 22nd April 1986, the name of the Company was changed to Rolls-Royce plc.

- (4) To carry out such building, mining, engineering or other operations and works, and to manufacture or deal in such goods and to acquire, hold or deal with such property, as may seem directly or indirectly to advance the interests of the Company.
- (5) To enter into such commercial or other transactions as may seem desirable for the purpose of the Company's affairs.
- (6) To enter into consortia or other collaborative arrangements which may seem to advance the interests of the Company in pursuance of international or other projects.
- (7) To acquire and hold interests in other companies and to enter into any arrangements with other companies which may seem to advance any interests of the Company.
- (8) To pay or to make such arrangements for providing such pensions, benefits, share acquisition schemes and other matters (whether to or for or for the benefit of present or past directors or employees of the Company or of any company associated with the Company or persons who are or were related to or dependants of such directors or employees) as may seem directly or indirectly to advance the interests of the Company and in particular but without prejudice to the generality of the foregoing in connection with any acquisition pursuant to sub-clause (1) of this Clause to make arrangements for the continuance or transfer to the Company of any pension arrangements made by Rolls-Royce Limited or any subsidiary thereof.
- (9) To act as agents or trustees, and to enter into partnership and other arrangements which may seem to advance the interests of the Company.
- (10) To sell, lease or dispose of the undertaking of the Company or any part thereof on such terms as the Company may decide, and to distribute assets in specie among the members of the Company.
- (11) To raise or borrow money and to receive deposits, and to lend money, give whether gratuitously or otherwise guarantees or indemnities and whether in respect of its own obligations or those of some other person or company, and to charge its undertaking or any part thereof or its uncalled capital, in any circumstances and upon such terms and conditions as the Company may think fit.
- (12) To pay the formation and registration expenses of the Company.
- (13) To contribute to any public, general, charitable, benevolent or useful object, to which it may seem to be in the interest of the Company or its members to contribute.

- (14) To do all such other things as may be considered to further the interests of the Company or be incidental or conducive to the above objects or any of them.

And it is hereby declared (a) that the word "company" in this Clause, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether corporate or unincorporate and whether domiciled in the United Kingdom or elsewhere, and (b) that, except where the context expressly so requires, none of the several paragraphs of this Clause, or the objects therein specified, or the powers thereby conferred shall be limited by, or be deemed merely subsidiary or auxiliary to, any other paragraph of this Clause, or the objects in such other paragraph specified, or the powers thereby conferred.

5. The liability of the members is limited.

5. The Company's authorised share capital is £256,400,001 divided into 1,282,000,000 ordinary shares of 20p each and one Special Rights Redeemable Preference Share of £1*.

*The capital of the Company was by virtue of a Special Resolution and with the sanction of an Order of the High Court of Justice dated 2nd December 1985 reduced from £600,000,000 divided into 600,000,000 shares of £1 each to £150,000,000 divided into 600,000,000 shares of 25p each. By ordinary resolutions passed on 27th April 1987, the 600,000,000 shares of 25p each were consolidated into 150,000,000 shares of £1 each and each such share was sub-divided into five shares of 20p each. By a further ordinary resolution passed on 27th April 1987, which became unconditional on 20th May 1987, the authorised share capital of the Company was increased to £210,000,001 by the creation of 300,000,000 ordinary shares of 20p each and the Special Rights Redeemable Preference Share of £1.

By ordinary resolution passed on 23rd May 1989 the authorised share capital was increased to £256,400,001 by the creation of 232,000,000 ordinary shares of 20p each.

WE, the several persons whose Names, Addresses and Descriptions are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names.

NAMES, ADDRESSES AND DESCRIPTIONS OF	Number of shares taken by each subscriber
--------------------------------------	--

JAMES ARNOT HAMILTON
MINISTRY OF AVIATION SUPPLY,
Horse Guards Avenue,
London S.W.1.

One

Government Servant

LEONARD WILLIAMS
MINISTRY OF AVIATION SUPPLY,
Horse Guards Avenue,
London S.W.1

One

Government Servant

DATED the 22nd day of February, 1971

Witness to the above signatures:-

J.K. GRIEVES
1, Bank Buildings,
Princes Street,
London EC2R 8AB.

Solicitor.

INDEX

	<u>Article No.</u>
Accounts	119-120
Borrowing Powers	74
Calls and Forfeiture	16-27
Capitalisation of profits	121
Directors -	73-106
Appointment	79-87
Borrowing powers	74
Delegation of powers	77
Disqualification and removal	88
Expenses	91
Interests	93-94
Managing and Executive Directors	92
Nationality	78
Number	73
Pensions	95
Powers	75-76
Proceedings of	96-106
Remuneration	90
Retirement	79-87
Removal	88-89
Dividends	111-118
General meetings	45-62
Notice of	47-48
Proceedings At	49-62
Indemnity	131
Minutes	108
Notices	123-129
Preliminary	1-2
Record dates	122
Seal	109-110
Secretary	107

Share Capital -	..	..	..	..	..	..	3-8
Alleration of	..	..	..	..	..	..	39-41
Variation of class rights				..	..	..	4
Share Certificates	..	..	..	..	..	..	10
Shares -							
Calls on and forfeiture	..		..	..	..	..	16-27
Lien	..	..	..	..	..	..	12-15
Limitation on Shareholdings				..	..	..	44
Purchase of own	..	..	..	..	..	..	42
Transfer	..	..	..	..	..	..	28-34
Transmission	..	..	..	..	..	..	36-38
U.K. Control	..	..	..	..	..	..	43
Special Share	..	..	..	..	..	..	9
Untraced Shareholders	..	..	..	..	..	..	35
U.K. Control	..	..	..	..	..	..	43
Votes of Members	..	..	..	..	..	..	63-72
Winding-up	..	..	..	..	..	..	130

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(Adopted pursuant to a special resolution
passed on 27 April 1987)

OF

ROLLS-ROYCE plc

PRELIMINARY

1. The regulations contained in Table A in the First Schedule to the Companies Act 1948 (as amended or varied by the provisions of the Companies Act 1967) at the date of incorporation of the Company shall not apply to the Company.

2. In the Articles (if not inconsistent with the subject or context and save as expressly provided herein) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively:-

"the Act"

the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

"the Acts"

the Companies Acts as defined by section 744 of the Act and any enactment passed after those Acts which may, by virtue of that or any other such enactment, be cited together with those Acts as "the Companies Acts" (with or without the addition of an indication of the date of any such enactment);

<u>"Articles"</u>	these Articles of Association (as from time to time altered by special resolution);
<u>"Auditors"</u>	the auditors for the time being of the Company;
<u>"clear days"</u>	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;
<u>"corporation"</u>	includes corporation sole;
<u>"executed"</u>	includes any mode of execution;
<u>"holder"</u>	in relation to shares, means the member whose name is entered in the register of members as the holder of the shares;
<u>"Office"</u>	the registered office of the Company for the time being;
<u>"Seal"</u>	the common seal of the Company;
<u>"secretary"</u>	the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
<u>"Special Share"</u>	the one special rights share of £1 in the capital of the Company;
<u>"Special Shareholder"</u>	the registered holder for the time being of the Special Share;
<u>"Securities Seal"</u>	an official seal kept by the Company pursuant to Section 40 of the Act;
<u>"The Stock Exchange"</u>	The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;
<u>"Transfer Office"</u>	the place where the Register of Members is situate for the time being;
<u>"United Kingdom"</u>	(except for the purposes of Article 43) Great Britain and Northern Ireland;
<u>"month"</u>	calendar month;
<u>"year"</u>	calendar year;
<u>"in writing"</u>	written or produced by any substitute for writing or partly one and partly another;

"paid"

paid or credited as paid.

The expressions "debenture" and "debenture holder" shall respectively include debenture stock and debenture stockholder.

In the Articles any reference to any statutory provision or enactment shall include any statutory modification or re-enactment thereof.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include corporations.

A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of the Articles.

Unless the context otherwise requires, words or expressions contained in the Articles bear the same meaning as in the Companies Act 1985 but excluding any statutory modification thereof not in force when the Articles become binding on the Company.

SHARE CAPITAL

3. The authorised share capital of the Company at the effective date of adoption of the Articles is £210,000,001 divided into 1,050,000,000 Ordinary Shares of 20p each and one Special Share of £1.

4.(A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may (other than rights attaching to the Special Share which may only be removed, amended or altered with the consent in writing of the Special Shareholder), subject to the provisions of the Acts, be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and

may be so varied or abrogated whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting all the provisions of the Articles relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the quorum shall be two persons at least holding or representing by proxy one-third in nominal value of the issued shares of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any one holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

(B) The special rights attached to any class of shares (other than the Special Share) shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

5. Subject to the provisions of the Acts 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. Subject as aforesaid and to any resolution of the Company in general meeting, all unissued shares for the time being in the capital of the Company shall be at the disposal of the directors who may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, on such terms and at such times as they shall think fit.

6. Subject to the provisions of the Acts, shares may be issued which are to be redeemed 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 the Company before the issue of the shares may by special resolution determine.

7. The Company may exercise the powers of paying commissions conferred by the Acts. Subject to the provision of the Acts, 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.

8. Except as required by law or pursuant to the provisions of Article 43 or Article 44, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the 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 thereof in the holder.

THE SPECIAL SHARE

9.(A) The Special Share may only be issued to, held by and transferred to the Secretary of State for Trade and Industry, a Minister of the Crown or any person acting on behalf of the Crown.

(B) Notwithstanding any provision in the 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 only be effective with the consent in writing of the Special Shareholder:-

(1) the amendment, or removal, or alteration of the effect of all or any of the following Articles or, where specified, parts of the following Articles:-

- (a) Article 2;
- (b) the words in the first set of brackets in Article 4(A) and the words in brackets in Article 4(B);
- (c) this Article 9;

- (d) Article 43;
 - (e) Article 44;
 - (f) Article 63(B), (C) and (D);
 - (g) the fourth sentence of Article 77 so far as it imposes requirements on the number of British citizens (as defined in Article 78) on a committee established pursuant to that Article;
 - (h) Article 78;
 - (i) Article 87;
 - (j) Article 97;
 - (k) the words in the first set of brackets in Article 101;
 - (l) Article 131(B) and (C);
- (ii) the creation or issue of any shares in the capital of the Company with voting rights attached thereto not being shares with rights identical to those attaching to the ordinary shares of the Company provided that:-
- (a) there shall be excluded from this sub-paragraph (ii) the issue of any shares which do not constitute equity share capital and which when aggregated with all other such shares carry the right to cast less than fifteen per cent. of the maximum number of votes capable of being cast on a poll at any general meeting (in whatever circumstances and for whatever purpose the same may have been convened); and
 - (b) this sub-paragraph (ii) shall only apply until 1st January 1989 and thereafter shall be deemed to be of no effect;
- (iii) a proposal for the voluntary winding-up or dissolution of the Company;
- (iv) any disposal which, alone or when aggregated with any other disposal or disposals forming part of, or connected with, the same or a connected transaction, constitutes a disposal of the

whole or a material part of either (a) the assets of the Nuclear Business or (b) the assets of the Group as a whole.

(C) For the purposes of this Article:

- (i) "the Nuclear Business" means the business of the Group in designing, developing, manufacturing and selling nuclear propulsion units or nuclear cores for use in nuclear propulsion units (being in each case for use, or capable of use, in the propulsion of submarine vessels) or procurement for or support services in connection with such nuclear propulsion units or nuclear cores; and "the assets of the Nuclear Business" means those assets wholly or substantially employed by the Group in the Nuclear Business;
- (ii) "the Group" means the Company, its subsidiaries and any other person, firm, body, partnership or association (together a "firm") over which the Company and its subsidiaries for the time being have control by virtue of the ownership of shares or other proprietary interests;
- (iii) a part of the assets of the Nuclear Business or of the Group as a whole (as the case may be) shall be "material" if (and only if):-
 - (a) its net asset value as attributable to the Company (calculated by reference to the then latest published audited consolidated accounts of the Group), or the aggregate value of the total consideration to be received on its disposal, is not less than twenty-five per cent. of the net asset value attributable to the Company of the Nuclear Business or of the Group as a whole (as the case may be) prior to such disposal as shown by reference to such accounts; or

(b) its average profits as attributable to the Company are not less than twenty-five per cent. of the average profits attributable to the Company of the Nuclear Business or of the Group as a whole (as the case may be) prior to such disposal and for the purposes of this Article the expression "average profits" shall mean the average of the profits before taxation, excluding interest payable and similar charges and extraordinary items, for the last three financial periods for which audited consolidated accounts of the Group have been published, calculated by reference to such accounts;

provided that, where the effect of its disposal is that the Company ceases to control by virtue of the ownership of shares or other proprietary interests any corporation or firm which is engaged in the Nuclear Business, the net asset value or average profits (as the case may be) attributable to the Company in respect of the part disposed of shall be deemed to be the net asset value or average profits (as the case may be) of the relevant corporation or firm as attributable to the whole of the Company's interest therein prior to such disposal (irrespective of whether or not any part of that interest is retained);

(iv) the net asset value of the Nuclear Business or of the Group as a whole, the net asset value attributable to the Company of any part of the assets of the Nuclear Business or of the Group as a whole, the average profits attributable to any assets of the Nuclear Business or of the Group and the value of any consideration shall, in each case, be conclusively determined (at the request of the Special Shareholder) by the Auditors and be subject to such adjustment as the Auditors consider appropriate.

(D) The expression "disposal" for the purposes of this Article shall be deemed to include any reduction in the Group's percentage interest in any corporation or firm (being a corporation or firm which is controlled by the Company by virtue of the ownership of shares or other proprietary interests) where such reduction results from the issue of shares or other proprietary interests therein to any person other than a member of the Group or from any other arrangement or transaction not otherwise covered by the preceding provisions of this Article 9, provided that:-

- (i) no such disposal shall in any event be treated as material unless the Company thereby ceases to control the corporation or firm concerned by virtue of the ownership of shares or other proprietary interests; and
- (ii) in applying the provisions of sub-paragraph (C)(iii) of this Article to determine whether any disposal of the nature referred to in this paragraph (D) is material, the net asset value or average profits (as the case may be) attributable to the Company in respect of the part disposed of shall be deemed to be:-
 - (a) in any case where the corporation or firm concerned is engaged in the Nuclear Business, the net asset value or average profits (as the case may be) of the relevant corporation or firm as attributable to the whole of the Company's interest therein prior to such disposal (irrespective of whether or not any part of that interest is retained); and
 - (b) in any other case, the difference between the net asset value or average profits (as the case may be) of the relevant corporation or firm as attributable to the Company's interest therein prior to such disposal and those so attributable after such disposal.

(E) The Special Shareholder shall be entitled to receive notice of and to attend and speak at any general meeting or any meeting of any class of shareholders of the Company but the Special Share shall carry no right to vote nor any other rights at any such meeting.

(F) In a distribution of capital in a winding-up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid up 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 or profits of the Company.

(G) The Special Shareholder may, subject to the provisions of the Act, require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.

SHARE CERTIFICATES

10. Every member (excluding a stock exchange nominee to whom a certificate is not to be issued) upon becoming the holder of any shares, 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 such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the Seal or the Securities 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 thereon. 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. Unless the directors otherwise determine, no definitive certificate shall be issued in respect of shares held by a stock exchange nominee.

11. 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 expenses reasonably 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.

LIEN

12. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time 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 any amount payable in respect of it.

13. The Company may sell in such manner as the directors determine any shares on which the Company has a lien if a sum 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 to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.

14. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

15. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed

upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

16. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to 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 required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

17. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.

18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

19. If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may waive payment of the interest wholly or in part.

20. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of the Articles shall apply as if that amount had become due and payable by virtue of a call.

21. Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.

22. The directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding twelve per cent. per annum) as the member paying such sum and the directors agree upon.

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. 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.

24. If the notice is not complied with, any share 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 dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

25. Subject to the provisions of the Acts, 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 sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the

directors may authorise some person to execute an instrument of transfer of the share to that person.

26. 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 moneys 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 moneys 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.

27. 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.

TRANSFER OF SHARES

28. The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

29. Without prejudice to the provisions of Article 43 or Article 44, the directors may refuse to register the transfer of a share which is not fully paid to a person of whom they do not approve and they

may refuse to register the transfer of a share on which the Company has a lien. They may also refuse to register a transfer unless:-

- (a) it is lodged at the Transfer Office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer. In the case of a transfer by a stock exchange nominee the lodgment of share certificates will only be necessary if, and to the extent that, certificates have been issued in respect of the shares in question;
- (b) it is in respect of only one class of shares; and
- (c) it is in favour of not more than four transferees.

30. If the directors refuse to register a transfer of a share, whether pursuant to the provisions of Article 29, Article 43 or Article 44, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

31. The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the directors may determine.

32. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

33. The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

34. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the register purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:-

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

UNTRACED SHAREHOLDERS

35.(A) The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy if and provided that:-

- (i) during the period of twelve years prior to the date of the publication of the advertisements referred to in paragraph (ii) below (or, if published on different dates, the first thereof) at least three warrants and cheques in respect of the dividend on the shares in question sent in the manner authorised by the Articles have remained uncashed;
- (ii) the Company shall on expiry of the said period of twelve years (a) have inserted advertisements, both in two leading national daily newspapers in the United Kingdom and in a newspaper circulating in the area of the registered address, and (b) have sent a letter to that address, giving notice in both cases of its intention to sell the said shares;
- (iii) during the said period of twelve years and the period of three months following the publication of the said advertisements the Company shall have received indication neither of the whereabouts nor of the existence of such member or person; and
- (iv) notice shall have been given to the Quotations Department of The Stock Exchange of its intention to make such sale.

(B) To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such 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 sale shall belong to the Company which

shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may 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 directors may from time to time think fit.

TRANSMISSION OF SHARES

36. If a member dies, the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

37. A person becoming entitled to a share in consequence of the death or bankruptcy or mental disorder of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder, he shall give notice to the Company to that effect. If he elects to have another person registered, he shall execute an instrument of transfer of the share to that person. All the Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.

38. A person becoming entitled to a share in consequence of the death or bankruptcy or mental disorder of a member 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 meeting of the Company or at any separate meeting of the holders of any class of shares in the Company. Provided always that the directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

ALTERATION OF SHARE CAPITAL

39. The Company may by ordinary resolution:-

- (a) increase its share capital by new shares of such amount as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subject to the provisions of the Acts, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others;
- (d) cancel 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.

40. 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 the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds

of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

41. Subject to the provisions of the Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

PURCHASE OF OWN SHARES

42. Subject to the provisions of the Acts, the Company may purchase its own shares (including any redeemable shares). No purchase by the Company of its own shares shall take place unless it has been sanctioned by an extraordinary resolution passed at a separate class meeting of the holders of each class of shares (if any) in issue convertible into equity share capital of the Company.

UNITED KINGDOM CONTROL

43.(A) It is a cardinal principle that the Company should be and remain under United Kingdom control.

(B) In this Article:-

"Corporation under Foreign Control" means any corporation (other than a Foreign Corporation):-

(a) of which one third or more of the directors (or persons occupying the position of directors by whatever name called) are Foreigners or Foreign Corporations or are accustomed to act in accordance with the suggestions, instructions or directions of Foreigners or Foreign Corporations; or

(b) of which shares carrying more than thirty per cent. of the

votes which are ordinarily eligible to be cast on a poll at general meetings of the corporation are for the time being held by Foreigners or Foreign Corporations;

"Excess Foreign-held Share" means any Foreign-held Share of which particulars are entered in the separate register maintained by the directors pursuant to paragraph (D) of this Article and which the directors decide are Foreign-held Shares in excess of the Permitted Maximum as defined in the said paragraph (D);

"Excluded Shares" means shares registered in the name of a Stock Exchange Nominee and shares which, whether or not they are registered in the name of a Stock Exchange Nominee, are for the time being the subject of The Stock Exchange's Talisman Settlement Regulations for the time being in effect by virtue of their having been deposited in the Talisman Settlement System;

"Foreign Corporation" means:-

- (a) any corporation other than a corporation which is incorporated under the laws of any part of and which has its principal place of business and central management and control in the United Kingdom; or
- (b) a government or government department or government agency or body other than of the United Kingdom or any part thereof; or
- (c) any municipal, local, statutory or other authority or any undertaking or body established in any country other than the United Kingdom;

"Foreigner" means any individual who is not a British citizen, a British Dependent Territories citizen or a British Overseas citizen by virtue of the British Nationality Act 1981;

"Foreign-held Share" means any Share (other than a Qualifying Share, a Scheme Share and an Excluded Share) of which any Owner is a Foreigner,

Foreign Corporation or Corporation under Foreign Control;

"Owner", in relation to any Share, means:-

- (a) any person who holds, whether alone or jointly with any other person, any Share; or
- (b) any person on whose behalf any Share is, directly or indirectly, held, or with or to whom any holder of any Share has agreed or committed himself or become obliged (whether or not in a manner which is legally binding) to exercise or to refrain from exercising voting rights attaching thereto in accordance with that person's suggestions, instructions or directions;

"Qualifying Share" means any share in the capital of the Company which is at the material time held by, or by a nominee or custodian trustee for, the trustees of:-

- (a) any retirement benefits scheme for the employees of a business or undertaking carried on (wholly or mainly) in the United Kingdom otherwise than by a Foreigner or Foreign Corporation which is, or is treated by the Commissioners of Inland Revenue as, an exempt approved scheme for the purposes of the Finance Act 1970; or
- (b) any charity which is registered under the provisions of the Charities Act 1960; or
- (c) any exempt charity within the meaning of that Act

other than (in any such case) a retirement benefits scheme, charity or exempt charity of which the majority of the trustees are Foreigners, Foreign Corporations or Corporations under Foreign Control;

"Scheme Share" means any share in the capital of the Company which is at the material time held by the trustees of any profit sharing scheme

established by the Company or by any of its subsidiaries and approved by the Board of Inland Revenue in accordance with the provisions of Part I of Schedule 9 to the Finance Act 1978;

"Share" means any share in the capital of the Company which carries the right to vote on a poll at general meetings of the Company whether ordinarily or only in specified circumstances;

"Stock Exchange Nominee" means SEPN Limited or any successor of SEPN Limited (in each case as a nominee of The Stock Exchange); and

"United Kingdom" means Great Britain, Northern Ireland, the Channel Isles and the Isle of Man.

(C) The directors shall not register any person as a holder of a Share (other than (i) an allottee under an issue of Shares by way of capitalisation of profits or reserves made pursuant to the Articles, (ii) a Stock Exchange Nominee and (iii) the trustees of any Scheme Share) unless there has been furnished to them a declaration (in such form as the directors may from time to time prescribe) signed by or on behalf of such person (or, in the case of a corporation, sealed by the corporation or signed on its behalf by an attorney or duly authorised officer or agent of the corporation), together with such evidence as the directors may require of the authority of any signatory on behalf of such person, stating that, upon registration of such Share in the relevant name or names, either (i) such Share will not be a Foreign-held Share or (ii) such Share will be a Foreign-held Share. The directors shall in any case where they may consider it appropriate require such person to provide such evidence or give such information as to the matters referred to in the declaration as they think fit. The directors shall decline to register any person as a holder of a Share (other than as aforesaid) if such a declaration or further evidence or information is not provided or given.

(D) (i) The directors shall maintain a separate register in which shall be entered particulars of any Share which:-

(a) has been acknowledged by the holder (or by any one of joint holders) to be a Foreign-held Share; or

(b) has been declared to be a Foreign-held Share by virtue of a declaration of the directors made pursuant to paragraph (F) of this Article;

and in either case which has not ceased to be a Foreign-held Share.

(ii) If at any time the aggregate number of Foreign-held Shares of which particulars are entered on such register as aforesaid results either:-

(a) in more than ^{29.5}~~fifteen~~ per cent. of the votes which are ordinarily eligible to be cast on a poll at general meetings of the Company or

(b) in more than ^{29.5}~~fifteen~~ per cent. of the aggregate of:-

(1) the votes which are attributable to all Shares (other than Scheme Shares) carrying a present right to vote and

(2) the votes which are attributable to all other Shares in respect of which the directors have made a determination under sub-paragraph (J)(i) below

(in each case disregarding the provisions of Article 63(B)) being exercisable in respect of Foreign-held Shares ("the Permitted Maximum") then the Excess Foreign-held Shares shall be dealt with in accordance with paragraphs (G) and (H) of this Article.

(iii) It shall be for the directors to decide whether or not a Foreign-held Share is an Excess Foreign-held Share but, in making any such decision, the directors shall, so far as practicable, have regard to the order of date in which particulars of Foreign-held Shares have been, or are to be, or are pursuant to sub-paragraph (J)(iii) below deemed to be, entered in the separate register as aforesaid save:-

(a) in circumstances where such would in the opinion of the directors be inequitable, when the directors shall apply such other criterion or criteria as they consider appropriate; and

(b) in the case of Foreign-held Shares of which particulars are registered at or around the same time (including, but without limitation, upon registration in the names of persons other than the Secretary of State or his nominees following the Offer for Sale of ordinary shares in the Company), when the directors shall be entitled to determine which of those Shares are to be treated as Excess Foreign-held Shares in such manner (whether by scaling-down or otherwise) as they shall in their absolute discretion decide.

(iv) Subject as hereinafter mentioned, the directors shall remove from such register any Foreign-held Share if there has been furnished to them a declaration (in such form as the directors may from time to time prescribe) signed by or on behalf of the holder of such Foreign-held Share (or, in the case of a corporation, sealed by the corporation or signed on its behalf by an attorney or duly authorised officer or agent of the corporation), together with such evidence as the directors may require of the authority of any signatory on behalf of such holder, stating that such Share is no longer a Foreign-held Share. The directors shall also in any case where they may consider it appropriate require such holder to provide such evidence or give information as to the matters referred to in the declaration as they think fit. The directors shall not

remove from such register any Share unless such a declaration is provided (with any further evidence or information so required by them) and they are satisfied that the Share is not a Foreign-held Share.

(E) Subject to the provisions of this Article, the directors shall, unless any director has reason to believe otherwise, be entitled to assume without enquiry that all Shares, other than those particulars of which are entered in the separate register maintained by the directors pursuant to paragraph (D) of this Article, are not Foreign-held Shares and the directors shall be entitled to treat all Excluded Shares for all purposes of this Article as not being Foreign-held Shares. Nevertheless, the directors may at any time give notice in writing to the holder (or to any one of the joint holders) of a Share, other than a Stock Exchange Nominee, requiring him to make a declaration (in such form as the directors may prescribe) within such reasonable period as may be specified in the notice as to whether or not the Share is a Foreign-held Share.

(F) Whether or not they have given notice under paragraph (E) of this Article, if at any time it appears to the directors that a Share which they have not treated as a Foreign-held Share may be such a Share, they shall give notice in writing to the holder (or to any one of joint holders) requiring him to show to their satisfaction that such a Share is not a Foreign-held Share. For this purpose failure to make a declaration pursuant to paragraph (E) of this Article shall be sufficient reason for the directors so acting. If within twenty-one days after the giving of such notice (or such extended time as in all the circumstances the directors shall consider reasonable) they are not so satisfied, the directors shall declare such Share to be a Foreign-held Share.

(G) The directors shall give notice in writing to the holder (or to any one of joint holders) of any Share which appears to them to be an Excess Foreign-held Share requiring . . . within twenty-one days (or such extended time as in all the circumstances the directors shall consider reasonable) to transfer such Share to another person so that it will cease to be a Foreign-held Share. On and after the date of such notice,

and until registration of a transfer of the Share to which it relates pursuant to the provisions of this paragraph (G) or paragraph (H) of this Article, the Share shall not confer any right to receive notice of or to attend or vote at general meetings of the Company and of any class of shareholders and the rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll which would have attached to the Share had it not appeared to the directors to be an Excess Foreign-held 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 as aforesaid shall be informed by the directors of any share becoming or being deemed to be an Excess Foreign-held Share.

(H) If within twenty-one days after the giving of any notice pursuant to paragraph (G) of this Article (or such extended time as in all the circumstances the directors shall consider reasonable) such notice is not complied with to the satisfaction of the directors, the directors shall arrange for the Company to sell such Share at the best price reasonably obtainable to any other person so that the Share will cease to be a Foreign-held Share. For this purpose the directors may authorise in writing any officer or employee of the Company to execute on behalf of the holder or holders a transfer of the Share to the purchaser and may issue a new certificate to the purchaser. The net proceeds of the sale of such Share shall be received by the Company whose receipt shall be a good discharge for the purchase money and shall be paid over by the Company to the former holder or holders (together with interest at such rate as the directors consider appropriate) upon surrender by him or them of the certificate for the Share.

(I) Any notice given pursuant to paragraph (E), (F) or (G) of this Article may relate to more than one Share and shall in any event specify the Share or Shares to which it relates.

(J) (1) For as long as any Foreign-held Share which carries a right to vote on a poll at general meetings of the Company only in specified circumstances does not carry a present right to vote

at any general meeting of the Company, the directors shall in relation to such Share not be bound to comply with the provisions of sub-paragraph (D)(ii) or the provisions of paragraphs (G) and (H) above, but the directors may, at their discretion and at any time, determine that all provisions of this Article shall apply to any such Foreign-held Share.

- (ii) If at any time such a Foreign-held Share as is referred to in sub-paragraph (i) above carries a present right to vote at general meetings of the Company, such Share shall, if the directors have not previously determined that all the provisions of this Article shall apply to it, thereupon be treated as a Foreign-held Share for all the purposes of this Article.
- (iii) For the purposes of deciding whether a Foreign-held Share is an Excess Foreign-held Share, any Foreign-held Share which is the subject of a determination by the directors pursuant to sub-paragraph (i) above or to which all the provisions of this Article have been applied by virtue of sub-paragraph (ii) above shall be deemed to have been entered in the separate register referred to in paragraph (D) on the date of such determination or of such application, as the case may be.
- (K) The directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article.

LIMITATIONS ON SHAREHOLDINGS

44.(A) For the purpose of this Article:-

"Deemed Relevant Person" means any person who would, or who it appears to the directors would, be a Relevant Person were interests in Deposited Shares included in the definition of "Relevant Person" but so that for this purpose a person who is interested in Deposited Shares shall in

relation to Deposited Shares be deemed to have interests only in that number of Deposited Shares as are attributable to the accounts maintained by The Stock Exchange in his name under the Talisman Settlement System, and where the directors resolve that they have made reasonable enquiries and that they are unable to determine whether or not a person has an interest in any particular shares comprised in the Relevant Share Capital the person concerned shall be deemed to have an interest in all the shares concerned;

"Deposited Shares" means shares comprised in Relevant Share Capital for the time being deposited in The Stock Exchange's Talisman Settlement System;

"interest" means an interest (of any size) in the Relevant Share Capital which would be taken into account in deciding whether a notification to the Company would be required under Part VI of the Act but shall for all purposes (i) include the interests (together "the Included Interests") referred to in Section 209(1)(a), (b), (e) and (j) of the Act except those of a bare or custodian trustee under the laws of England and of a simple trustee under the laws of Scotland and (ii) exclude the interest of a market maker as if the amendments to Part VI of the Act to be made pursuant to sub-paragraphs (a) and (b) of Section 197(1) of the Financial Services Act 1986 had come into effect; and "interested" shall be construed accordingly;

"Permitted Person" means:-

- (a) 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 (G) of this Article;
- (b) a trustee (acting in that capacity) of any employees' share scheme of the Company;

- (c) until such time as all the shares offered for sale, or otherwise made available, by the Secretary of State under or in connection with the Offer for Sale of ordinary shares in the Company are first registered in the names of persons other than the Secretary of State or his nominees following such Offer for Sale, the Crown or the Secretary of State, a Minister of the Crown or any person acting on behalf of the Crown;
- (d) any person who has an interest but who, if the incidents of his interest were governed by the law of England and Wales, would in the opinion of the directors be regarded as a bare trustee of that interest; or
- (e) persons in respect of, and to the extent only of, interests which exist only by virtue of an obligation (contingent or otherwise) to take up shares or the acquisition of shares pursuant to an underwriting agreement (provided that where any given underwriter disposes of any shares at any time after acquiring an interest by virtue of an obligation (contingent or otherwise) to take up shares or the acquisition of shares pursuant to an underwriting agreement, he shall be deemed to be a Permitted Person in respect of only that number of shares in which he was interested pursuant to the underwriting agreement less the number of shares which he has so ceased to be interested in).

"Relevant Person" means any person who has, or who appears to the directors to have, an interest in shares (other than Deposited Shares) which carry fifteen per cent. or more of the total votes attaching to Relevant Share Capital of all classes taken as a whole and, for the purposes of this Article, where the directors resolve that they have made reasonable enquiries and that they are unable to determine whether or not a person has an interest in any particular shares (other than Deposited Shares) comprised in the Relevant Share Capital, the shares concerned

shall be deemed to be Relevant Shares and all persons interested in them to be Relevant Persons;

"Relevant Share Capital" means shares comprised in the relevant share capital (as that expression is defined in Section 198(2) of the Act) of the Company;

"Relevant Shares" means all shares (other than Deposited Shares) in the Relevant Share Capital in which a Relevant Person has or appears to the directors to have or is deemed to have an interest;

"Required Disposal" means a disposal or disposals of such a number of Relevant Shares 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.

(B) The provisions of Part VI of the Act shall apply to the Company as if such provisions extended to the Included Interests, and accordingly the Company, its members and all persons interested in Relevant Share Capital shall have the rights and obligations referred to in Part VI of the Act (including in relation to Included Interests therein) but so that Included Interests, when disclosed to the Company, be entered in a separate register which shall be kept by the Company for that purpose and the provisions, Sections 210(3) to (6) (inclusive), 211(10), 213(3), 215(8), 216 (other than subsection (5)), 217(7), 218(3), 219(3) and (4), 454, 455, 732 and 733 of the Act shall not apply.

(C) Notwithstanding any regulations made under Section 201 of the Act, if the notifiable percentage referred to in Section 190 of the Act shall exceed five per cent. the rights and obligations referred to in this Article and the rights and obligations referred to in Part VI of the Act, except Sections 210(3) to (6) (inclusive), 211(10), 213(3), 215(8), 216 (other than subsection (5)), 217(7), 218(3), 219(3) and (4), 454, 455, 732 and 733 of the Act, shall apply as though such notifiable

percentage were five per cent. and as if such provisions extended to Included Interests.

(D) The purposes of this Article include the prevention of any person from remaining a Relevant Person; and accordingly if any person other than a Permitted Person to the knowledge of the directors becomes or is deemed to be a Relevant Person, the directors shall serve a written notice on all persons (other than persons referred to in paragraph (J) of this Article) who appear to the directors to have interests in and, if different, on the registered holders of the Relevant Shares. Such notice shall set out the restrictions referred to in paragraph (G) of this Article and call for a Required Disposal to be made within twenty-one days of the service of the notice on the registered holder or such longer period as the directors consider reasonable. The directors may extend the period in which 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 them that there is no Relevant Person in relation to the shares concerned. Upon the giving of such notice, and save for the purpose of a Required Disposal under this paragraph (D) or the following paragraph (E), no transfer of any of the Relevant Shares may be registered until either such notice is withdrawn or a Required Disposal has been made to the satisfaction of the directors and registered.

(E) If a notice served under paragraph (D) of this Article has not been complied with in all respects to the satisfaction of the directors and has not been withdrawn, the directors shall, so far as they are able, make a Required Disposal and shall give written notice of such disposal to those persons on whom such notice was served. The manner, timing and terms of any such Required Disposal made or sought to be made by the directors (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 (with the exception of a Permitted Person) is or would become a Relevant Person) shall be such as the directors determine, based upon advice from bankers, brokers or other appropriate persons consulted by them 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 directors shall not be liable to any person for any of the consequences of reliance on such advice. If, on a Required Disposal being made by the directors, Relevant Shares are held by more than one registered holder (treating joint holders of any Relevant Shares as a single holder), the directors shall cause as near as is practicable the same proportion of each registered holding, as is known to them, of such Relevant Shares to be sold.

(F) For the purpose of effecting any Required Disposal, the directors may authorise in writing any officer or employee of the Company to execute any necessary transfer on behalf of any registered holder and may enter the name of the transferee in respect of the transferred shares in the register notwithstanding the absence of any share certificate being lodged in respect thereof and may issue a new certificate to the transferee. The net proceeds of such disposal shall be received by the Company whose receipt shall be a good discharge for the purchase money, and shall be paid (together with interest at such rate as the directors consider appropriate and after deduction of any expenses incurred by the directors in the sale) to the former registered holder (or, in the case of joint holders, the first named joint holder thereof in the register for the purpose) upon surrender by him or on his behalf of any certificate in respect of the Relevant Shares sold and formerly held by him.

(G) A registered holder of a Relevant Share on whom a notice has been served under paragraph (D) of this Article shall not in respect of such share be entitled, until such time as such notice has been withdrawn or the notice has been complied with to the satisfaction of the directors, 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 and the rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll which would have attached to such 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 as aforesaid shall be informed by the directors of any share becoming or being deemed to be a Relevant Share.

\

(H) The purposes of this Article include the limitation of the voting rights of any person who is a Deemed Relevant Person; and accordingly if any person other than a Permitted Person to the knowledge of the directors becomes or is deemed to become a Deemed Relevant Person, the directors shall serve written notice on all persons (other than persons referred to in paragraph (J) of this Article) who appear to the directors to have interests in the Deposited Shares concerned and on the Stock Exchange Nominee (as defined in Article 43) specifying that number of Deposited Shares which have caused the person to become, or be deemed to become, a Deemed Relevant Person. The directors may withdraw any such notice if it appears to them that the person concerned is not a Deemed Relevant Person and shall withdraw such notice on it being shown to their satisfaction that the person concerned is not a Deemed Relevant Person. Upon the giving of such notice and until such time as it is withdrawn the provisions of Article 63(B) shall apply.

(I) Without prejudice to the provisions of the Act and subject to the provisions of sub-paragraph (A)(iii) of this Article the directors may assume without enquiry that a person is not a Relevant Person or a Deemed Relevant Person unless the information contained in the registers kept by the Company under paragraph (B) of this Article appears to the directors to indicate to the contrary or the directors have reason to believe otherwise, in which circumstances the directors shall make reasonable enquiries to discover whether any person is a Relevant Person or a Deemed Relevant Person.

(J) The directors shall not be obliged to serve any notice required under this Article to be served upon any person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances as aforesaid and any accidental error in or failure to give any notice to any person upon whom notice is required to

be served under this Article shall not prevent the implementation of or invalidate any procedure under this Article.

(K) If any director has reason to believe that a person (not being a Permitted Person) is a Relevant Person or a Deemed Relevant Person, he shall inform the other directors of that fact.

(L) The provisions of Articles 123 to 129 shall apply to the service upon a member of any notice required by this Article to be served. Any notice required by this Article to be served upon a person who is not a member, or to a person who is a member but 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 notice may be given to him, shall be deemed validly served if it is sent through the post in a pre-paid cover addressed to that person at the address (or, if more than one, at one of the addresses), if any, at which the directors believe him to be resident or carrying on business. Service shall in such a case be deemed to be effected at the expiration of 24 hours (or, where second class mail is employed, 72 hours) after the time when the cover containing the same is posted and in proving such service it shall be sufficient to prove that such cover was properly addressed, stamped and posted.

(M) Any resolution or determination of, or decision or exercise of any discretion or power by, the directors 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 directors under paragraph (E) of this Article) shall be final and conclusive and any disposal or transfer made, or other things done, by or on behalf of, or on the authority of, the directors 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.

(N) This Article shall apply until 1st January 1989 notwithstanding any provisions in the Articles to the contrary and thereafter this Article 44 shall be deemed to be of no effect. For the avoidance of doubt, the consent in writing of the Special Shareholder to the foregoing provisions of this Article ceasing to have effect after 1st January 1989 shall not be required under Article 9(B)(1).

GENERAL MEETINGS

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

46. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any two members of the Company may call a general meeting.

NOTICE OF GENERAL MEETINGS

47. (A) An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed:-

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.

(B) The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

(C) Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

48. The accidental omission to give notice of a meeting or form of proxy to, or the non-receipt of notice of a meeting or form of proxy by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

49. No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.

50. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the directors may determine.

51. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.

52. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.

53. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.

54. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but 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 fourteen 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 any such notice.

55. 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 Acts, a poll may be demanded:-

(a) by the chairman; or

(b) by at least two members having the right to vote at the meeting; or

(c) by a member or members 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 holding shares conferring a right to vote at the meeting being shares 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 by a person as proxy for a member shall be the same as a demand by the member.

56. 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 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.

57. 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.

58. 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 of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

59. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.

60. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. 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.

61. No notice need be given of a poll not taken forthwith 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.

62. 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 effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members.

VOTES OF MEMBERS

63.(A) Subject to any rights or restrictions attached to any shares and to the provisions of the Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder.

(B) The voting rights of a member who is a Stock Exchange Nominee shall be subject to the following further provisions, that is to say:-

- (1) such member shall not be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the capital of the Company, either in person or by proxy, in respect of any share held by him unless not later than 48 hours before the time appointed for the holding of the relevant poll (together "the Relevant Time") he shall have

delivered to the Company a declaration or declarations in accordance with paragraph (C) of this Article;

(ii) if such member has delivered one or more such declarations he shall be entitled to exercise, either in person (including by a duly authorised representative) or by proxy, such number of votes as would, in the absence of this paragraph (B), attach to that number of shares of the relevant class as is equal to the least of:-

(a) the number of shares of the relevant class of which he is the holder at the Relevant Time; and

(b) the number of shares of the relevant class in respect of which a declaration or declarations have been delivered as aforesaid; and

(c) if any such declaration is to the effect that, if such member were not a Stock Exchange Nominee, shares would be Foreign-held Shares (a "Foreign Voting Declaration") and if the aggregate of the number of votes which could otherwise be cast on a poll in respect of shares the subject of Foreign Voting Declarations when added to the number of votes to be counted towards the Permitted Maximum under sub-paragraph (D)(ii) of Article 43 would cause the Permitted Maximum to be exceeded, the number of the relevant class of shares in respect of which declarations have been delivered as aforesaid less such number of shares in respect of which Foreign Voting Declarations have been given as would, when so added, represent the excess over the Permitted Maximum

less in each case the number of shares specified in notices given, and not withdrawn, under Article 44(H);

and if, notwithstanding the foregoing provisions of this paragraph (B), any votes are exercised which should not have been exercised they shall not be counted.

(C) Declarations for the purposes of this Article shall be in such form as the directors may from time to time prescribe, shall be signed by or on behalf of the person purporting to require the Stock Exchange Nominee to appoint a proxy or a duly authorised representative or to exercise the relevant voting rights, including by an attorney or duly authorised officer or agent, be accompanied by such evidence as the directors may require of the authority of any signatory on behalf of such person and by a copy of the document purporting to require the Stock Exchange Nominee to appoint a proxy or a duly authorised representative or to exercise the voting rights and shall state that, if the member were not a Stock Exchange Nominee, either (i) the shares concerned would not be Foreign-held Shares or (ii) that such Shares would be Foreign-held Shares.

(D) For the purposes of this Article, words and expressions defined in Article 43 shall bear the same meaning herein save that no share shall be regarded as if it were a Foreign-held Share unless the person purporting to require the Stock Exchange Nominee to exercise the voting rights, or to appoint a proxy or a representative, is himself a Foreigner, Foreign Corporation or Corporation under Foreign Control.

64. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.

65. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator

bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

66. No member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him if either (a) all moneys presently payable by him in respect of that share have not been paid or (b) he or any person appearing to be interested in shares held by him has been duly served with a notice under Section 212 of the Act and is in default in supplying to the Company within twenty-eight days from the date of such notice (or such extended time as in all the circumstances the directors shall consider reasonable) the information thereby required. For the purpose of this Article a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under the said Section 212 which fails to establish the identities of those interested in the shares and if (after taking into account the said notification and any other relevant Section 212 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

67. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

68. On a poll votes may be given either personally or by proxy. 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.

69. An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the directors may approve and:-

(i) in the case of an individual, shall be signed by the appointor or by his attorney; and

(ii) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation;

and, in either case, the signature on such an instrument need not be witnessed.

70. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may:-

(a) be deposited at the Office or at such other place within 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 48 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 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded 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.

71. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation 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 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 taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

72. Any corporation which is a member of the Company may be resolution of its directors or other governing body or by authority given under seal or under the hand of an officer duly authorised by it authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The Solicitor for the Affairs of Her Majesty's Treasury may, so long as he is a member of the Company, authorise in writing under his hand such person as he thinks fit to act as his representative at any meeting of the Company or of any class of members of the Company. Any person so authorised pursuant to the foregoing provisions of this Article shall be entitled to exercise the same powers on behalf of the member by whom such authorisation was given as such member could exercise were the member an individual member of the Company and such member shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised by that member is present thereat.

NUMBER OF DIRECTORS

73. Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum but shall be not less than four.

BORROWING POWERS

74.(A) Subject as hereinafter provided and to the provisions of the Acts, the directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(B) (1) The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies (if any) so as to secure (so far as regards subsidiaries as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all money borrowed by the Group (which expression in this Article means the Company and its subsidiaries for the time being) and for the time being owing, subject as hereinafter provided, to persons other than the Company and its wholly owned subsidiaries shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to twice the Adjusted Capital and Reserves.

(2) In this Article the expression "Adjusted Capital and Reserves" means a sum equal to the aggregate of:-

- (a) the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company; and
- (b) the amount standing to the credit of the reserves of the Group (including without limitation the Special Reserve, revaluation reserve and any share premium account or capital redemption reserve fund) after adding thereto or deducting therefrom any balance standing to the credit or debit of the profit and loss account of the Group

all based on a consolidation of the then latest audited balance sheets of the Company and its subsidiaries (prepared on the historical cost basis, modified to such extent as may be stated in the accounting policies used for the preparation of such balance sheets) but after:-

- (i) making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital or any such reserves subsequent to the relevant balance sheet date and so that for this purpose (1) if any issue or proposed issue of shares by the Company for cash has been underwritten then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription moneys payable in respect thereof (not being moneys payable later than six months after the date of allotment) shall to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional) and (2) share capital (including any premium) shall be deemed to have been paid up as soon as it has been unconditionally agreed to be subscribed or taken up (within six months of such agreement) by any person;
- (ii) making such adjustments as may be appropriate in respect of any distributions declared, recommended or made by the Company or its subsidiaries (otherwise than attributable directly or indirectly to the Company) out of profits earned up to and including the date of the latest audited balance sheet of the Company or subsidiary (as the case may be) to the extent that such distribution is not provided for in such balance sheet;
- (iii) making such adjustments as may be appropriate in respect of any variation in the interests of the Company in its

subsidiaries since the date of the latest audited balance sheet of the Company;

(iv) making all such adjustments, if the calculation is required for the purposes of or in connection with a transaction under or in connection with which any company is to become or cease to be a subsidiary, as would be appropriate if such transaction had been carried into effect;

(v) excluding minority interests in subsidiaries;

(vi) deducting sums equivalent to the book values of goodwill and any other intangible assets shown in such consolidation (as adjusted pursuant to the foregoing provisions of this paragraph (2)) provided that for the purposes of this sub-paragraph (vi) such proportion of launching costs (including development costs) previously incurred by the Group as are carried forward in such consolidation against deliveries with the concurrence of the Auditors and in accordance with any current Statement of Standard Accounting Practice or other accountancy principle or practice generally accepted for the time being in the United Kingdom shall be deemed not to be intangible assets.

(C) For the purposes of the foregoing limit the following provisions shall apply:-

(1) there shall be deemed, subject as hereinafter provided, to have been borrowed and to be outstanding as borrowed moneys of the relevant member of the Group (but only to the extent that the same would not otherwise fall to be taken into account):-

- (a) the principal amount of all debentures of any member of the Group which are not for the time being beneficially owned within the Group;
- (b) the outstanding amount of acceptances (not being acceptances of trade bills in respect of the purchase or sale of goods in the ordinary course of trading) by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Group;
- (c) the nominal amount of any issued and paid up share capital (other than equity share capital) of any subsidiary of the Company not for the time being beneficially owned by any member of the Group;
- (d) the nominal amount of any other issued and paid up share capital and the principal amount of any other debentures or other borrowed moneys (not being shares or debentures which, or borrowed money, the indebtedness in respect of which, are for the time being beneficially owned within the Group) the redemption or repayment whereof is an obligation of or is guaranteed or wholly or (to the extent the same is partly secured) partly secured by any member of the Group provided that any amount which falls to be treated as borrowed money under this sub-paragraph (d) and which has been incurred in connection with the sale of any product of any member of the Group or of any other entity in which any member of the Group has an interest shall be reduced by a sum equal to the aggregate of (i) the estimated realisable value of any security available to any member of the Group or other such entity (otherwise than from any other member of the Group) in respect of such amount and (ii) the amount of any insurance cover available to any such member or other such entity in respect of such amount. For this purpose the directors may act in reliance on a bona fide estimate of the

estimated realisable value of any such security or the amount of any such insurance cover but if a certificate by the Auditors as to such value or such amount is requested such certificate shall be conclusive evidence of the same;

- (e) any fixed or minimum premium payable on final redemption or repayment of any debentures, share capital or other borrowed moneys falling to be taken into account;
 - (f) any fixed amount in respect of any Finance Lease (as hereinafter defined) payable by the Company or any of its subsidiaries 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 latest available audited consolidated balance sheet of the Company; for this purpose "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 the lessee or sub-lessee;
- (2) moneys borrowed by any member of the Group for the purposes of repaying or redeeming (with or without premium) in whole or in part any other borrowed moneys falling to be taken into account and intended to be applied for such purpose within six months after the borrowing thereof shall not during such period, except to the extent so applied, themselves fall to be taken into account;
 - (3) any amounts borrowed by any member of the Group from bankers or others for the purpose of financing any contract up to an amount not exceeding those moneys receivable under such contract which are guaranteed or insured by the Export Credits Guarantee Department or other institution or body carrying on a similar business shall be deemed not to be borrowed moneys;

- (4) moneys borrowed (which shall be deemed to include share capital to which paragraph (C) (1) (c) applies) by a partly owned subsidiary and not owing to another member of the Group shall be taken into account subject to the exclusion of a proportion thereof equal to the minority proportion of the borrower and moneys borrowed (including such share capital as aforesaid) by a member of the Group from and owing to a partly owned subsidiary shall be taken into account to the extent of a proportion thereof equal to the minority proportion of the lender; for these purposes "minority proportion" shall mean the proportion of the issued equity share capital of the partly owned subsidiary which is not attributable to the Company or any subsidiary of the Company;
- (5) moneys borrowed by any member of the Group at the time it becomes a subsidiary of the Company and for a period of six months thereafter and moneys borrowed remaining secured on any asset acquired by a member of the Group at the time of such acquisition and for a period of six months thereafter shall be deemed not to be borrowed moneys;
- (6) there shall be credited against the amount of any moneys borrowed any amounts beneficially owned by the Company or any of its subsidiaries which are deposited with any bank or other person (whether on current account or otherwise) not being the Company or one of its subsidiaries and which are repayable to the Company or any of its subsidiaries on demand or within three months of any demand, subject, in the case of money deposited by a partly owned subsidiary, to the exclusion of a proportion thereof equal to the minority proportion (as defined in paragraph (4) above);
- (7) for the avoidance of doubt it is hereby expressly provided that for the purposes of the foregoing limit the following sums shall be deemed not to be borrowed moneys of the Group:-

- (a) sums advanced or paid to any member of the Group (or their agent or nominee) by customers of any member of the Group as prepayments or progress payments or payments on account or by way of deposit or security in respect of products or services or any guarantees or indemnities given by any member of the Group in relation thereto;
 - (b) sums which otherwise would fall to be treated as borrowed moneys of any member of the Group which were treated with the concurrence of the Auditors and in accordance with any current Statement of Standard Accounting Practice or other accountancy principle or practice generally accepted for the time being in the United Kingdom in the latest audited balance sheet of the relevant member of the Group on which such consolidation was based as otherwise than borrowed moneys of that member of the Group;
- (8) when the aggregate amount of moneys borrowed at any material time is being ascertained:-
- (a) any such moneys borrowed by any member of the Group denominated or repayable in a currency other than sterling shall be translated for the purposes of calculating the sterling equivalent:-
 - (1) with the exception of Excepted Foreign Currency Borrowings (as hereinafter defined), at the rate of exchange prevailing at the material time in London provided that all of such moneys borrowed shall be translated (if thereby such sterling aggregate amount would be less) at the option of the Company at the rate of exchange prevailing in London at the date of the latest available audited consolidated balance sheet of the Company; for the purposes of this sub-paragraph the rate of exchange shall be taken as the middle market rate as at the close of business in London on the relevant day (or,

if such day is not a business day) as supplied by such person or calculated on such basis as the Auditors may determine or approve;

(2) in the case of any Excepted Foreign Currency Borrowings, at the rate of exchange which would be applicable to such moneys borrowed on their repayment to the extent that such rate of exchange is fixed under any Exchange Cover Scheme (as hereinafter defined) in connection with such moneys borrowed provided that where it is not possible to determine the rate of exchange applicable at the time of repayment of any such moneys borrowed they shall be translated into sterling under the terms of the applicable Exchange Cover Scheme on such basis as may be agreed with, or determined by the Auditors, or, if this is agreed by the Auditors not to be practicable, in accordance with the provisions of (1) above;

(b) For the purposes of this paragraph (8):-

(1) "Excepted Foreign Currency Borrowings" means moneys borrowed denominated or repayable in a currency other than sterling which have the benefit of an Exchange Cover Scheme and "Exchange Cover Scheme" means any exchange cover scheme, forward currency contract, currency option, back to back loan, swap or other arrangement taken out or entered into to reduce the risks associated with fluctuations in exchange rates;

(2) where under the terms of any borrowing the amount of money which would be required to discharge the principal amount of moneys borrowed in full if it fell to be repaid (whether at the option of the company borrowing the same or by reason of default) at such material time is less than the amount which would otherwise be taken into

account in respect of such moneys borrowed for the purposes of this Article, the amount of such moneys borrowed to be taken into account shall be such less amount.

(D) (1) A certificate or report by the Auditors as to the amount of the Adjusted Capital and Reserves or the amount of any borrowings 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 shall be conclusive evidence of such amount or fact for the purposes of this Article.

(2) If as a result of any change in legislation relating to or affecting taxation matters any fixed amount payable by the Company or any of its subsidiaries in respect of any Finance Lease (as hereinbefore defined) shall increase and if in consequence the limit hereinbefore contained is exceeded, an amount of borrowed moneys equal to the excess may be disregarded until the expiration of six months after the date on which the directors became aware that such a situation has arisen.

(E) No person dealing with the Company or any of its subsidiaries shall be concerned to see or enquire whether the limit imposed by the provisions of this Article is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had at the time when the debt was incurred or security given express notice that the said limit had been or would thereby be exceeded.

POWERS OF DIRECTORS

75. Subject to the provisions of the Acts, the Memorandum of Association and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the Memorandum of Association or 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 the Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

76. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

DELEGATION OF DIRECTORS' POWERS

77. The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers, and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of directors so far as they are capable of applying, but so that the number of directors on such committee from time to time who are not British citizens (as defined in Article 78) shall not exceed one quarter of the total number of the members of such committee.

NATIONALITY OF DIRECTORS

78.(A) No person may be appointed to the office of chairman or to the office of managing director or joint managing director of the Company (by whatsoever name called) (in the Articles together called "chief executive") unless he is a British citizen within the meaning of the British Nationality Act 1981 as in effect at the date of the adoption of this Article (hereinafter referred to as "British citizen").

(B) No person may be appointed to the office of director of the Company if, immediately following such appointment, the number of the directors of the Company who are not British citizens would exceed one quarter of the total number of the directors of the Company for the time being.

(C) (i) If any chairman or chief executive for the time being ceases to be a British citizen, his office as chairman or chief executive (as the case may be), but not (save as hereinafter provided) his office of director, shall thereupon be vacated.

(ii) If a director ceases to be a British citizen and, if at that time or immediately thereafter the number of the directors of the Company who are not British citizens exceeds one quarter of the total number of the directors of the Company for the time being, the office of director of the person concerned shall thereupon be vacated save that where, prior to the person concerned ceasing to be a British citizen, the directors resolve that some other person who is not a British citizen shall vacate office as director, the office of that other person (and not the person concerned) shall be vacated at such time.

(iii) If for any reason, and after the application of the provisions of sub-paragraph (C)(ii) (where applicable), the number of directors who are not British citizens exceeds one quarter of the total number of the directors of the Company for the time being, the board of directors shall procure that within three months of the board becoming aware of that fact the number of directors who are not British citizens shall be one quarter or less of the total number of the directors of the Company for the time being.

(D) (i) No person may be appointed a director of the Company unless he shall have notified the directors previously as to whether or not he is a British citizen.

- (ii) A director shall notify the directors, forthwith upon his ceasing to be a British citizen, of that fact.
- (iii) The directors shall maintain a register of the names of all directors of the Company who have notified the directors that they are not British citizens and have not given a subsequent notice under sub-paragraph (iv) below.
- (iv) If any director whose name is entered in the register to be maintained pursuant to this paragraph (D) becomes a British citizen and so notifies the directors, his name shall be removed from that register.

APPOINTMENT AND RETIREMENT OF DIRECTORS

79. At every annual general meeting one-third of the directors or, if their number is not a multiple of three, the number nearest to one-third shall retire from office.

80. Subject to the provisions of the Acts, the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

81. If the Company at the meeting at which a director retires by rotation does not fill the vacancy, the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost.

82. No person other than a director retiring by rotation shall be appointed or reappointed a director at any general meeting unless:-

- (a) he is recommended by the directors; or

(b) not less than six and not more than thirty clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed or reappointed.

83. 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 and may also determine the rotation in which any additional directors are to retire.

84. The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with the Articles as the maximum number of directors. A director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the directors who are to retire by rotation at the meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof.

85. Subject as aforesaid, a director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not 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.

86. A person may be appointed director at any age and a director may continue in office after attaining any age but the appointment or continuation in office of a director after he has attained the age of 70 shall be subject to the provisions of the Act.

87. For the avoidance of doubt, none of the directors shall be able to appoint any other director or any other person to be an alternate director to act in his place.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

88. The office of a director shall be vacated if:-

- (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) he is, or may be, suffering from mental disorder and either:-
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- (d) he resigns his office by notice to the Company; or
- (e) a notice in writing signed by all his co-directors is served upon him.

89. The Company may in accordance with and subject to the provisions of the Act by ordinary resolution of which special notice has been given remove any director from office (notwithstanding any provision of these Articles or of any agreement between the Company and such

director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a director so removed from office and any person so appointed shall be treated for the purpose of determining the time at which he or any other director is to retire by rotation as if he had become a director on the day on which the director in whose place he is appointed was last elected a director. In default of such appointment the vacancy arising upon the removal of a director from office may be filled as a casual vacancy.

DIRECTORS' REMUNERATION

90.(A) The ordinary remuneration of the directors for their services shall not exceed such maximum as the Company may from time to time by ordinary resolution determine. Such remuneration shall (unless any such resolution otherwise provides) be divisible among the directors as they may agree or, failing agreement, equally (except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office).

(B) Any director who holds any executive office (including for this purpose the office of Chairman or Deputy Chairman whether or not such office is held in an executive capacity), serves on any committee of the directors or otherwise performs special services which in the opinion of the directors are outside the scope of the ordinary duties of a director may (without prejudice to the provisions of Article 92) be paid such extra remuneration by way of salary, commission or otherwise as the directors may determine.

DIRECTORS' EXPENSES

91. The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures.

of the Company or otherwise in connection with the discharge of their duties.

MANAGING AND EXECUTIVE DIRECTORS

92. Subject to the provisions of the Acts, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.

DIRECTORS' INTERESTS

93. Subject to the provisions of the Acts, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:-

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (c) 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.

94. For the purposes of Article 93:.

- (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
- (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 an interest of his.

DIRECTORS' PENSIONS

95. The directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits for any past or present director of the Company or of any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

PROCEEDINGS OF DIRECTORS

96. Subject to the provisions of the Articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting to a

director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote.

97. The quorum for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be two, provided that such quorum shall not be satisfied in relation to any business transacted during any part of the relative proceedings at a time when the number of the directors present who are not British citizens (as defined in Article 78) exceeds one quarter of the total number of the directors then present.

98. 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 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.

99. The directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

100. All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards 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.

101. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall (provided that not less than three quarters of the directors signing the same are British citizens (as defined in Article 78)) be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors.

102.(A) Subject as provided in these Articles, a director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.

(B) Subject to the provisions of the Acts and as provided in these Articles, a director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:-

- (i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with any person connected with him within the meaning of Section 346 of the Act) is not the holder of or beneficially interested in one per cent or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);

(v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme or any employees' share scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes.

103. 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.

104. The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the Articles prohibiting a director from voting at a meeting of directors or of a committee of directors.

105. Where proposals are under consideration concerning the appointment (including fixing or varying the 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 the proviso to Article 102(B)(iv) 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.

106. If a question arises at a meeting of directors or of a committee of directors as to the materiality of a director's interest or 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 and his ruling in relation to any director other than himself shall be final and conclusive.

SECRETARY

107. Subject to the provisions of the Acts, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

MINUTES

108. 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 directors, including the names of the directors present at each such meeting.

THE SEAL

109.(A) The Seal and the Securities Seal, if any, shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the Seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director save that, as regards any certificates for shares or debentures or other securities of the Company, the directors may by resolution determine that such signature or either of them shall be

dispensed with or affixed by some method or system of mechanical signatures.

(B) The Securities Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Any such securities or documents sealed with the Securities Seal shall not require to be signed.

110. The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad and such powers shall be vested in the directors.

DIVIDENDS

111. Subject to the provisions of the Acts, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

112. Subject to the provisions of the Acts, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

113. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly. For the purposes of this Article, no amount paid on a share in advance of a call thereon shall be treated as paid on the share.

114. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

115. Any dividend or other moneys 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 or mental disorder of the holder, 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. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.

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

117. 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.

118. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the holder thereof (or the person becoming entitled to the share in consequence of the death, bankruptcy or mental disorder of the holder or by operation of law or any other event) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

ACCOUNTS

119. No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the directors or by ordinary resolution of the Company.

120. A copy of every balance sheet and profit and loss account which is to be laid before a general meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notice of meetings from the Company under the provisions of the Acts or of the Articles. Provided that this Article shall not require a copy of these documents to be sent to more than one of joint holders or to any person of whose address the Company is not aware, but any member or holder of debentures to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. If all or any of the shares or debentures of the Company shall for the

time being be listed on The Stock Exchange, there shall be forwarded to the appropriate officer of The Stock Exchange such number of copies of such documents as may for the time being be required by its regulations.

CAPITALISATION OF PROFITS

121. 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 the Company's share premium account or capital redemption reserve;
- (b) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions 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 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 partly in one way and partly in the other: but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this Article in fractions; and

- (d) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

RECORD DATES

122. Any resolution declaring a dividend on any class of shares or making provision for any distribution, allotment or issue to the holders of any class of shares, whether a resolution of the Company in general meeting or a resolution of the directors, may specify that the same shall be paid or made (as the case may be) to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and the dividend, distribution, allotment or issue shall be paid or made (as the case may be) to them in accordance with their respective holdings so registered, but without prejudice to the respective rights as between transferors and transferees of any such shares.

NOTICES

123. Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the directors need not be in writing.

124. 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.

125. A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

126. 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 duly given to a person from whom he derives his title (save that he shall not be bound by any notice or notification issued to such person under Section 212 of the Act or under Article 66).

127. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

128. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy or mental disorder of a member by sending or delivering it, in any manner authorised by the Articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

129.(A) Any notice required to be given by the Company to the members, or any of them, and not expressly provided for by the Articles, shall be sufficiently given by advertisement.

(B) 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, notice of such general meeting may be given by advertisement in the United Kingdom. In any such case the Company shall send confirmatory copies of the notice by post if at least 48 hours prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

(C) Any notice given by advertisement shall be advertised on the same date in at least two leading daily newspapers (at least one of which shall be a London newspaper) and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears.

WINDING UP

130. If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Acts, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

131. (A) Subject to the provisions of the Acts, every director or other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the directors out of the funds of the Company to pay, all costs, losses, expenses and liabilities which any such officer or employee may sustain, incur or become liable to by reason

of any contract entered into or act or deed done by him as such officer or employee or in any way in discharge of his duties.

(B) Without prejudice to the generality of the foregoing, the directors shall (save in the circumstances set out in paragraphs (C) and (F) of Article 43 or unless any director has reason to believe otherwise), be entitled to assume that every share, other than those particulars of which are entered in the separate register maintained by the directors pursuant to Article 43(D), is not a Foreign-held Share (as that expression is defined in Article 43) and accordingly, save in such circumstances as aforesaid, the directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or any other person for failing to treat any share as a Foreign-held Share or an Excess Foreign-held Share (defined as aforesaid) in accordance with the provisions of Article 43 and neither shall the directors or any of them be liable to the Company or any other person if, having acted reasonably and in good faith, they determine erroneously that any share is a Foreign-held Share or an Excess Foreign-held Share and, on the basis of such determination, perform or exercise (or purport to perform or exercise) their duties, powers, rights or discretions under Article 43 in relation to such share.

(C) Without prejudice to the generality of the foregoing, the directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or any other person for failing to treat any share as a Relevant Share or any person as a Relevant Person or as a Deemed Relevant Person in accordance with the provisions of Article 44 and neither shall any of the directors be liable to the Company or any other person if, having acted reasonably and in good faith, they determine erroneously that any share is a Relevant Share or any person is a Relevant Person or a Deemed Relevant Person or, on the basis of such determination or any other determination or resolution of the directors, they perform or exercise (or purport to perform or exercise) their duties, powers, rights or discretions under Article 44 in relation to such share.