

4577601

CENTRICA ALPHA FINANCE LIMITED

ARTICLES OF ASSOCIATION

Adopted on 6 December 2002 and amended on 14 December 2005



THE COMPANIES ACTS 1985 AND 1989
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION OF
CENTRICA ALPHA FINANCE LIMITED

1 Table A

- 1.1 The regulations contained in Table A in the Schedule to the Companies (Table A to F) Regulations 1985 (as amended) ("Table A") shall apply to the Company save insofar as they are excluded or modified hereby. No other regulations contained in any statute, statutory instrument or other subordinate legislation shall apply as the regulations or the articles of the Company.
- 1.2 The regulations of Table A numbered 24, 38, 50, 60, 61, 73, 74, 75, 76, 77, 80, 81, 94, 95, 96, 97, 98, 115, 117 and 118 shall not apply. The regulations of Table A numbered 12, 35, 46, 53, 57, 59, 62, 68, 79, 88, 89, 91, 92, 93, 110, 112 and 116 shall be modified. Subject to such exclusions and modifications, and in addition to the remaining regulations of Table A, the provisions hereof shall be the articles of association of the Company.
- 1.3 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution shall also be effective, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution shall also be effective.

2 Private company

The company is a private company limited by shares and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

3 Share Capital

- 3.1 The authorised share capital of the Company at the date of adoption of these Articles is US\$500,000,000 divided into 273,700,000 Ordinary Shares of US\$1 each ("Ordinary Shares") and 2,263,000 Deferred Shares of US\$100 each ("Deferred Shares").

- 3.2 The holders of the Deferred Shares shall have no right as such to receive notice of or to attend or vote at any general meeting of the Company but shall have the redemption rights conferred by Article 3.4.
- 3.3 The profits of the Company available for dividend and resolved by the directors to be distributed in respect of each financial year or other period of the Company shall be applied:-
- 3.3.1 first to the extent, but only to the extent that the Company has realised profits on the disposal of any real estate during the financial year or other period in question, and to the extent so resolved to be distributed in the payment of dividends to the holders of the Deferred Shares; and
- 3.3.2 second any balance of such profits together with any other available profits resolved to be distributed in the payment of dividends to the holders of the Ordinary Shares.
- 3.4 The Deferred Shares may be redeemed in accordance with the following provisions:-
- 3.4.1 the holder or holders of the Deferred Shares may at any time give notice in writing (a "redemption notice") to the Company, requiring the Company to redeem all but not part of the Deferred Shares which have been issued and are fully paid up on a date which shall be specified in the redemption notice being no earlier than 21 days from the date of the redemption notice (the "redemption date"); and
- 3.4.2 on the redemption date the Company shall be bound to redeem the Deferred Shares specified in the redemption notice at a redemption price of not more than US\$0.01 per Deferred Share against delivery to the Company of the certificates for the shares to be redeemed.
- 3.5 The Deferred Shares may be allotted in accordance with the following provisions:-
- 3.5.1 if the Deferred Shares are allotted, they shall be allotted partly paid, in cash, as to US\$0.01 per share and the directors may make calls upon the members holding Deferred Shares in respect of the monies unpaid thereon (in respect of nominal value), being US\$99.99 per Deferred Share in the amount specified in the second column of Article 3.5.2 below.
- 3.5.2 subject to the provisions of Article 3.5.4 and 3.5.5 no such call shall be payable earlier than the relevant date specified in the third column below or later than the

relevant date specified in the fourth column below opposite the calls listed in the first column below.

Calls	Amount Per Share in US\$	Earliest Payment Date	Latest Payment Date
First	39.33	20 th December 2003	27 th December 2003
Second	2.57	20 th December 2004	27 th December 2004
Third	53.87	20 th December 2005	27 th December 2005
Fourth	4.22	20 th December 2005	27 th December 2005

For the avoidance of doubt, where any amount unpaid on any Deferred Share is not called and payable by the relevant date specified in the fourth column above, that amount shall not then be called prior to the winding up of the Company.

- 3.5.3 subject to the provisions of Article 3.5.5 each member holding Deferred Shares shall forthwith pay to the Company as required by the notice the amount called on such Deferred Shares.
- 3.5.4 if any member holding Deferred Shares fails to pay to the Company any amount called on any of such Shares on the due date, then the directors may at their discretion immediately make calls in respect of all other partly paid Deferred Shares held by such member.
- 3.5.5 in the event of a member holding Deferred Shares (i) being in breach of any representation, warranty or covenant given or entered into by it in connection with the issue and allotment of the Deferred Shares, or (ii) becoming insolvent under any applicable law or regulation, or (iii) being placed into liquidation, receivership or under administration under any applicable law or regulation, all monies uncalled and unpaid on the Deferred Shares held by that member shall be deemed to have been called and shall be immediately due and owing by such member to the Company, irrespective of whether the relevant latest payment date has passed.
- 3.5.6 if a member holding Deferred Shares fails to pay any amount becoming due under this Article 3.5, then interest (before and after any judgment) on any amount unpaid on the due date shall accrue at the rate of 2% per annum above three month US\$ LIBOR from time to time until payment is made in full, and the Company shall be

entitled to commence proceedings forthwith against such holder to recover all amounts due.

- 3.5.7 subject always as provided above, the directors may make such calls at their discretion on the holders of the Deferred Shares, to be payable when and in such amounts as the directors determine.

3.6 Authority to issue shares

- 3.6.1 The directors shall have unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any unissued shares of the Company (whether forming part of the original or any increased share capital) to such persons, at such times and generally on such terms and conditions as the directors may determine. Further, the directors shall have general and unconditional authority pursuant to section 80 of the Companies Act 1985 (the "Act") to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of that section) for a period expiring on the fifth anniversary of the date of adoption of these Articles unless previously renewed, varied or revoked by the Company in general meeting, and the maximum amount of relevant securities which may be allotted pursuant to such authority shall be the authorised but as yet unissued share capital of the Company at the date of adoption of these Articles, or where the authority is renewed, at the date of that renewal. Such authority shall extend to the issue of such additional classes of shares created after the adoption of these Articles.

- 3.6.2 The directors shall be entitled, pursuant to the authority conferred by Article 4.1 or under any renewal of such authority, to make at any time prior to its expiry, any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority and to allot relevant securities pursuant to any such offer or agreement.

3.7 Purchase of own shares

Regulations 35 of Table A shall be modified by the deletion of the words "otherwise than out of distributable profits of the company or the proceeds of a fresh issue of shares" and the substitution for them of the words "whether out of its distributable profits or out of the proceeds of a fresh issue of shares or otherwise".

4 Proceedings at general meetings

- 4.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or an elective resolution 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, other than a meeting called for the passing of an elective resolution, may be called by shorter notice if it is so agreed:
- 4.1.1 in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- 4.1.2 in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being (i) a majority together holding not less than such percentage in nominal value of the shares giving the right as has been determined by elective resolution of the members in accordance with the Act, or (ii) if no such elective resolution is in force, a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right.
- 4.2 A poll may be demanded by the chairman or by any member present in person or by proxy and entitled to vote and regulation 46 of Table A shall be modified accordingly.
- 4.3 Regulation 53 of Table A shall be modified by the addition at the end of such regulation of the following sentence: "If such a resolution in writing is described as a special resolution or as an extraordinary resolution or as an elective resolution, it shall have effect accordingly".
- 4.4 A corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company. The person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member.

5 Votes of members

- 5.1 Regulations 57 of Table A shall be modified by the inclusion after the word "shall" of the phrase "unless the directors otherwise determine".
- 5.2 Regulation 59 of Table A shall be modified by the addition at the end of such regulation of the following sentence: "Deposit of an instrument of proxy shall not

preclude a member from attending and voting at the meeting or at any adjournment thereof."

5.3 An instrument appointing a proxy shall be in writing in any form which is usual or which the directors may approve and shall be executed by or on behalf of the appointor.

5.4 Regulation 62 of Table A shall be modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or by facsimile transmission to", by the substitution in paragraph (a) of the words "one hour" in place of "48 hours" and by the substitution in paragraph (b) of the words "one hour" in place of "24 hours".

6 Number of directors

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum and the minimum number shall be one.

7 Alternate directors

7.1 An alternate director who is absent from the United Kingdom shall be entitled to *receive notice of all meetings of directors and meetings of committees of directors* and regulation 66 of Table A shall be modified accordingly.

7.2 Regulation 68 of Table A shall be modified by the addition at the end of such regulations of the following sentence: "Any such notice may be left at or sent by post or facsimile transmission to the office or such other place as may be designated for the purpose by the directors."

8 Borrowing powers of directors

The directors may exercise all the powers of the Company to borrow and raise money and to mortgage and charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the provisions of the Act, 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.

9 Appointment and retirement of directors

9.1 The directors shall not be subject to retirement by rotation and any references in any regulations of Table A to retirement by rotation shall be disregarded.

- 9.2 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.
- 9.3 A person appointed by the directors to fill a vacancy or as an additional director shall not retire from office at the annual general meeting next following his appointment and the last two sentences of regulation 79 of Table A shall be deleted.
- 9.4 No person shall be or become incapable of being appointed a director by reason only of his having attained the age of seventy or any other age nor shall any special notice be required in connection with the appointment or the approval of the appointment of such person, and no director shall vacate his office at any time by reason only of the fact that he has attained the age of seventy or any other age. Section 293 of the Act shall not apply to the Company.

10 Disqualification and removal of directors

- 10.1 The office of a director shall be vacated if:
- 10.1.1 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
- 10.1.2 *he becomes bankrupt or makes any arrangement or composition with his creditors generally; or*
- 10.1.3 he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; or
- 10.1.4 he resigns his office by notice in writing to the Company; or
- 10.1.5 he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) shall not during such period have attended any such meetings instead of him, and the directors resolve that his office be vacated; or
- 10.1.6 he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors.
- 10.2 Without prejudice to the provisions of Article 10.1, the holder or holders of more than half in nominal value of the shares giving the right to attend and vote at general meetings of the Company may, at any time and from time to time, remove any director from office. Such removal shall be effected by notice to the Company signed

by or on behalf of such holder or holders (which notice may consist of several documents in the like form each signed by or on behalf of one or more holders) and left at or sent by facsimile transmission to the office or such other place designated by the directors for the purpose. Such removal shall take effect immediately upon deposit of the notice in accordance with the foregoing provisions of this Article or on such later date (if any) as may be specified in the notice.

11 Proceedings of directors

- 11.1 Regulations 88 of Table A shall be modified by the exclusion of the third sentence and the substitution of the following sentence: "Every director shall receive notice of a meeting, whether or not he is absent from the United Kingdom".
- 11.2 Any director or his alternative may validly participate in a meeting of the directors or a committee of directors through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act, all business transacted in such manner by the directors or a committee of the directors shall for the purposes of the articles be deemed to be validly and effectively transacted at a meeting of the directors or of a committee of the directors notwithstanding that fewer than two directors or alternate directors are physically present at the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 11.3 Meetings of the board of directors shall take place no less frequently than once per quarter and at least five clear working days notice shall be given to each director provided that by unanimous agreement board meetings may be held less frequently and a shorter period of notice for any board meeting may be given.
- 11.4 If and for so long as there is a sole director, he may exercise all the powers conferred on the directors by the articles by resolution in writing signed by him, and regulations 88, 89, 91, 92 and 93 of Table A and Article 11.2 shall not apply.

12 Directors' interests

Without prejudice to the obligation of any director to disclose his interest in accordance with section 317 of the Act, a director may vote at a meeting of directors

or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty and he may be counted in the quorum present at a meeting in relation to any such resolution and if he does so vote his vote shall be counted.

13 Dividends

The directors may deduct from any dividend or other moneys payable to any member on or in respect of any share monies presently payable by him to the Company in respect of that share.

14 Capitalisation of profits

The directors may, with the authority of an ordinary resolution of the Company, resolve that any shares allotted under regulation 110 of Table A to any member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividend and regulation 110 of Table A shall be modified accordingly.

15 Notices

- 15.1 Regulation 112 of Table A shall be modified by the deletion of the last sentence and the substitution therefore of the following: "Any member whose registered address is *not within the United Kingdom shall be entitled to have notices given to him at that address*".
- 15.2 Any notice sent by post to an address within the United Kingdom shall be deemed to have been given within twenty-four hours, if prepaid as first class, and within forty-eight hours, if prepaid as second class, after the same shall have been posted. Any such notice sent by post to an address outside the United Kingdom shall be deemed to have been given within seventy-two hours, if prepaid as airmail. In proving the giving of notice it shall be sufficient to prove that the envelope containing the same was properly addressed, prepaid and posted. Any notice not sent by post but left at the relevant address shall be deemed to have been given on the day it was so left.
- 15.3 Regulation 116 of Table A shall be modified by the deletion of the words "within the United Kingdom".

16 Winding Up

- 16.1 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 Act, 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.
- 16.2 On a return of capital on a winding up (or otherwise) the surplus assets of the Company remaining after the payment of its liabilities shall be applied first in repayment of capital to the shareholders of the Ordinary Shares together with a premium that equates to the total amount of capital contributed in respect of the Deferred Shares at such time. The balance of any surplus assets shall be distributed between the shareholders of the Deferred Shares rateably up to, but not to exceed, the nominal value of such Shares and as to any further surplus thereafter wholly and exclusively as between the holders of the Ordinary Shares.

17 Indemnity

- 17.1 Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every director, alternate director, secretary, auditor or other officer or employee of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses, damages and liabilities which he may sustain or incur in or about the execution of his duties or the exercise of his powers or otherwise in relation thereto including, without prejudice to the generality of the foregoing, any liability incurred defending any proceedings, whether civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company in which judgement is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding or admission of material breach of duty on his part or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- 17.2 The directors may exercise all the powers of the Company to purchase and maintain for any director, auditor or other officer (including former directors and other officers) or any other person insurance against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against.

Names and addresses of Subscribers

Dated this 6th day of December 2002

Witness to the above Signatures: