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A PUBLIC COMPANY LIMITED BY SHARES

INCORPORATED UNDER THE COMPANIES ACT 1985 WITH REGISTERED  
NO. 203873

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**ARTICLES OF ASSOCIATION**

**of**

**STV Group plc**

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(Adopted by special resolution passed on 21 April 2010)

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## PRELIMINARY

### Table A and other Regulations

- 1 This document comprises the articles of association of the Company. No regulations for the management of a company or articles set out in any schedule to, or subordinate legislation made under, any statute including the regulations contained in the Companies (Model Articles) Regulations 2008 shall apply to the Company. The regulations in Table A as in force at the date of the incorporation of the Company shall not apply to the Company.

## DEFINITIONS

- 2.1 In these Articles, except where the subject or context otherwise requires:

*Act* means the Companies Act 2006 (including any modification or re-enactment of that act at any time being in force);

*Articles* means these articles of association as altered from time to time by special resolution;

*Auditors* means the auditors of the Company;

*board* means the directors or any of them acting as the board of directors of the Company;

*Broadcasting Act* means the Broadcasting Act 1990 (as amended by the Broadcasting Act 1996 and the Communications Act 2003);

*certificated share* means a share in the capital of the Company that is not an uncertificated share and references in these Articles to a share being held in certificated form shall be construed accordingly;

*clear days* in relation to the giving of a notice means the period excluding the day on which a notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

*Company* means STV Group plc;

*Companies Acts* means the Companies Acts as defined in Section 2 of the Companies Act 2006 to time and includes any enactment passed after that Act which may, by virtue of that or any other such enactment, be cited together with the Companies Act 2006 as the "Companies Acts" (with or without the addition of an indication of the date of any such enactment);

*director* means a director of the Company;

*Dividend* means dividend or bonus;

*electronic communication* means a communication sent by electronic transmission in any form through any medium.

*employees' share scheme* has the meaning given by section 1166 of the Act as relevant from time to time;

**entitled by transmission** means, in relation to a share in the capital of the Company, entitled as a consequence of the death or bankruptcy of the holder or otherwise by operation of law;

**financial institution** means a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, each of which terms has the meaning given to it by section 778 of the Act;

**Holder** in relation to a share in the capital of the Company means the member whose name is entered in the register as the holder of that share;

**London Stock Exchange** means London Stock Exchange PLC;

**Member** means a member of the Company;

**Memorandum** means the memorandum of association of the Company as amended from time to time;

**Ofcom** means the Office of Communications as defined in the Office of Communications Act 2002;

**office** means the registered office of the Company;

**paid** means paid or credited as paid;

**Properly Authenticated Dematerialised Instruction** has the meaning given to that expression in the Regulations;

**register** means the register of members of the Company;

**Regulations** means the Uncertificated Securities Regulations 2001 including any modification or re-enactment of them for the time being in force;

**seal** means the common seal of the Company and includes any official seal kept by the Company by virtue of section 48 or 49 of the Act;

**secretary** means the secretary of the Company and includes a joint, assistant, deputy or temporary secretary and any other person appointed to perform the duties of the secretary;

**treasury shares** has the meaning given by section 724 the Act;

**uncertificated share** means a share in the capital of the Company which is recorded on the register as being held in uncertificated form and title to which may, by virtue of the Regulations, be transferred by means of a relevant system and references in these articles to a share being held in uncertificated form shall be construed accordingly; and

**United Kingdom** means Great Britain and Northern Ireland.

## CONSTRUCTION

- 3 References to a document being executed include references to its being executed under hand or under seal or by electronic signature or by any other method and references to a document



or instrument include references to any information in visible form whether having physical substance or not.

References to writing include references to any visible substitute for writing, including by way of an electronic communication, and to anything partly in one visible form and partly in another visible form.

References to the “giving”, “sending” or “supplying” of any notice, document or information to a person (which expressions shall be deemed to include such notice, document or information being made available to, delivered to, deposited with or served upon a person) shall mean the giving, sending or supplying of any notice, document or information by any means permitted by these Articles and “giving”, “sending” or “supplying” shall be construed accordingly.

Words denoting the singular number include the plural number and vice versa; words denoting the masculine gender include the feminine gender; and words denoting persons include corporations.

Words or expressions contained in these Articles which are not defined in Article 2 but are defined in the Act have the same meaning as in the Act (but excluding any modification of the Act not in force at the date of adoption of these Articles) unless inconsistent with the subject or context.

Words or expressions contained in these Articles which are not defined in Article 2 but are defined in the Regulations have the same meaning as in the Regulations (but excluding any modification of the Regulations not in force at the date of adoption of these Articles) unless inconsistent with the subject or context.

Subject to the preceding two paragraphs, references to any provision of any enactment or of any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) include any modification or re-enactment of that provision for the time being in force.

Headings, footnotes and marginal notes are inserted for convenience only and do not affect the construction of these Articles.

In these Articles, (a) powers of delegation shall not be restrictively construed but the widest interpretation shall be given to them; (b) the word board in the context of the exercise of any power contained in these Articles includes any committee consisting of one or more directors, any director holding executive office and any local or divisional board, manager or agent of the Company to which or, as the case may be, to whom the power in question has been delegated; (c) no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and (d) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under these Articles or under another delegation of the power.

Where, in relation to a share, these Articles refer to a relevant system, the reference is to the relevant system in which that share is a participating security at the relevant time.

## **THE COMPANY'S OBJECTS**

4 The objects of the Company are unrestricted.

## **CHANGE OF NAME**

5 The Company may by ordinary resolution change its name.

## **LIABILITY OF MEMBERS**

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

## **SHARE CAPITAL**

### **Shares with special rights**

7.1 Subject to the provisions of the Companies Acts:

- (a) shares may be issued on the terms that they are, or are liable, to be redeemed at the option of the Company or the holder on such terms and in such manner as may be determined by the board prior to the date on which such shares are allotted;
- (b) without prejudice to any rights attached to any existing shares or class of shares and subject to (a) above, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or, if the Company does not so determine, as the directors may determine).

### **Share warrants to bearer**

7.2 The board may issue share warrants to bearer in respect of any fully paid shares under a seal of the Company or in any other manner authorised by the board. Any share while represented by such a warrant shall be transferable by delivery of the warrant relating to it. In any case in which a warrant is so issued, the board may provide for the payment of dividends or other moneys on the shares represented by the warrant by coupons or otherwise. The board may decide, either generally or in any particular case or cases, that any signature on a warrant may be applied by electronic or mechanical means or printed on it or that the warrant need not be signed by any person.

### **Conditions of issue of share warrants**

7.3 The board may determine, and from time to time vary, the conditions on which share warrants to bearer shall be issued and, in particular, the conditions on which:

- (a) a new warrant or coupon shall be issued in place of one worn-out, defaced, lost or destroyed (but no new warrant shall be issued unless the Company is satisfied beyond reasonable doubt that the original has been destroyed); or
- (b) the bearer shall be entitled to attend and vote at general meetings; or

- (c) a warrant may be surrendered and the name of the bearer entered in the register in respect of the shares specified in the warrant.

The bearer of such a warrant shall be subject to the conditions for the time being in force in relation to the warrant, whether made before or after the issue of the warrant. Subject to those conditions and to the provisions of the Companies Acts, the bearer shall be deemed to be a member of the Company and shall have the same rights and privileges as he would have if his name had been included in the register as the holder of the shares comprised in the warrant.

### **No right in relation to share**

- 7.4 The Company shall not be bound by or be compelled in any way to recognise any right in respect of the share represented by a share warrant other than the bearer's absolute right to the warrant.

### **UNCERTIFICATED SHARES**

- 8.1 Subject to the provisions of the Regulations, the board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

### **Not separate class of shares**

- 8.2 Shares in the capital of the Company that fall within a certain class shall not form a separate class of shares from other shares in that class because any share in that class:
  - (a) is held in uncertificated form; or
  - (b) is permitted in accordance with the Regulations to become a participating security.

### **Exercise of Company's entitlements in respect of uncertificated share**

- 8.3 Where any class of shares is a participating security and the Company is entitled under any provision of the Companies Acts, the Regulations or the Articles to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over a share held in uncertificated form, the Company shall be entitled, subject to the provisions of the Companies Acts, the Regulations, the Articles and the facilities and requirements of the relevant system:
  - (a) to require the holder of that uncertificated share by notice to change that share into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company;
  - (b) to require the holder of that uncertificated share by notice to give any instructions necessary to transfer title to that share by means of the relevant system within the period specified in the notice;
  - (c) to require the holder of that uncertificated share by notice to appoint any person to take any step, including without limitation the giving of any instructions by means of the

relevant system, necessary to transfer that share within the period specified in the notice; and

- (d) to take any action that the board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of that share or otherwise to enforce a lien in respect of that share.

### **RESIDUAL ALLOTMENT POWERS**

9 Subject to the provisions of the Act relating to authority, pre-emption rights or otherwise and of any resolution of the Company in general meeting passed pursuant to those provisions:

- (a) all unissued shares for the time being in the capital of the Company shall be at the disposal of the board; and
- (b) the board 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 conditions and at such times as it thinks fit.

### **COMMISSIONS**

10 The Company may exercise all powers of paying commissions or brokerage conferred or permitted by the Act. Subject to the provisions of the Act, any such commission or brokerage 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.

### **INTERESTS NOT RECOGNISED**

11 Except as required by law or by these Articles, the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the holder or, in the case of a share warrant, in the bearer of the warrant for the time being.

### **TRUSTS MAY BE RECOGNISED**

12 The Company shall be entitled, but except as required by law shall not be bound, to recognise in such manner and to such extent as it may think fit any trusts in respect of any of the shares of the Company. Notwithstanding any such recognition, the Company shall not be bound to see to the execution, administration or observance of any trust, whether express, implied or constructive, in respect of any shares of the Company and shall be entitled to recognise and give effect to the acts and deeds of the holders of such shares as if they were the absolute owners thereof. For the purpose of this Article 12, *Trust* includes any right in respect of any shares of the Company other than an absolute right thereto in the holder thereof for the time being or such other rights in case of transmission thereof as are mentioned in these Articles.

## **VARIATION OF RIGHTS**

### **Method of varying rights**

13.1 Subject to the provisions of the Act, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of allotment of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise).

### **When rights deemed to be varied**

13.2 For the purposes of this Article, if at any time the capital of the Company is divided into different classes of shares, unless otherwise expressly provided by the rights attached to any share or class of shares, those rights shall be deemed to be varied by:

- (a) the reduction of the capital paid up on that share or class of shares otherwise than by a purchase or redemption by the Company of its own shares; and
- (b) the allotment of another share ranking in priority for payment of a dividend or in respect of capital or which confers on its holder voting rights more favourable than those conferred by that share or class of shares,

but shall not be deemed to be varied by:

- (c) the creation or issue of another share ranking equally with, or subsequent to, that share or class of shares or by the purchase or redemption by the Company of its own shares; or
- (d) the Company permitting, in accordance with the Regulations, the holding of and transfer of title to shares of that or any other class in uncertificated form by means of a relevant system.

## **SHARE CERTIFICATES**

### **Authentication and form of certificates**

14 Every certificate for shares, warrants, debentures or other securities of the Company and every certificate relating to a participation in an employees' share scheme shall (except to the extent that the terms and conditions for the time being relating thereto otherwise provide) bear the signature of one director or the secretary or a person authorised to subscribe the certificate on behalf of the Company, provided that the directors may by resolution determine, either generally or in any particular case or cases, that any such signature shall be affixed by some method or system of mechanical or electronic signature. Every such certificate shall specify the number and class of shares, debentures or other securities to which it relates and the amount paid up thereon. No certificate shall be issued representing shares, debentures or other securities of more than one class. No certificate need be issued in respect of shares, debentures or other securities held by a recognised clearing house or a nominee of a recognised clearing

house or of a recognised investment exchange in respect of which the Company is not required by law to complete and have ready for delivery a certificate.

## **MEMBERS' RIGHTS TO CERTIFICATES**

15 Every member, on becoming the holder of any certificated share (except a financial institution in respect of whom the Company is not required by law to complete and have ready for delivery a certificate) shall be entitled, without payment, to one certificate for all the certificated shares of each class held by him (and, on transferring a part of his holding of certificated shares of any class, to a certificate for the balance of his holding of certificated shares). He may elect to receive one or more additional certificates for any of his certificated shares if he pays for every certificate after the first a reasonable sum determined from time to time by the board. Every certificate shall:

- (a) be executed under the seal or otherwise in accordance with Article 133 or in such other manner as the board may approve; and
- (b) specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up on the shares.

The Company shall not be bound to issue more than one certificate for certificated shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them. Shares of different classes may not be included in the same certificate.

## **CANCELLATION AND REPLACEMENT OF CERTIFICATES**

- 16
- (a) Any two or more certificates representing shares of any one class held by any member may, at his request, be cancelled and a single new certificate for all such shares issued in lieu at a reasonable charge.
  - (b) If any member shall surrender for cancellation a certificate representing shares held by him and request the Company to issue in lieu two or more certificates representing such shares in such proportions as he may specify, the directors may, if they think fit, comply with such request at a reasonable charge.
  - (c) If a certificate shall be damaged, defaced, worn out, or alleged to have been lost, stolen or destroyed, it may be replaced by a new certificate on request subject to (in the case of damage, defacement or wearing out) delivery up of the certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions (if any) as to evidence and indemnity as the directors think fit. Any such replacement certificate shall be issued without charge save that, in the case of alleged loss, theft or destruction, the person to whom a new certificate is issued shall pay to the Company any exceptional out of pocket expenses incidental to the investigation of evidence of loss, theft or destruction and the preparation of the requisite form of indemnity as aforesaid.
  - (d) In the case of shares held jointly by several persons any such request may be made by any one of the joint holders.

## **LIEN**

### **Company to have lien on shares**

- 17 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to the Company (whether presently or not) in respect of that share. The board may at any time (generally or in a particular case) waive any lien or 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 (including without limitation dividends) payable in respect of it. The directors may waive any lien which has arisen and may declare any share to be exempt, wholly or partially, from the provisions of this Article 17.

### **ENFORCEMENT OF LIEN BY SALE**

- 18.1 The Company may sell, in such manner as the board determines, any share 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 14 clear days after notice has been given to the holder of the share, or to the person entitled to it by transmission, demanding payment and stating that if the notice is not complied with the share may be sold.

#### **Application of proceeds**

- 18.2 The net proceeds of the sale, after payment of the costs of such sale, shall be applied in or towards payment or satisfaction of so much of the sum in respect of which the lien exists as is presently payable. Any residue shall (if the share sold is a certificated share, on surrender to the Company for cancellation of the certificate in respect of the share sold and, whether the share sold is a certificated or uncertificated share, subject to a like lien for any moneys not presently payable as existed on the share before the sale) be paid to the person entitled to the share at the date of the sale.

#### **Giving effect to the sale**

- 18.3 A statutory declaration in writing that the declared is a director or the secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration, and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with, in relation to certificated shares, the certificate delivered to a purchaser or allottee thereof, shall (subject if necessary to the execution of an instrument of transfer or transfer by means of a relevant system, as the case may be) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share, and shall not be bound to see to the application of the purchase money (if any), nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, surrender, sale, re-allotment or disposal of the share, and the remedy of any person aggrieved in respect thereof shall be in damages only and against the Company exclusively.

## **CALLS ON SHARES**

### **Power to make calls**

- 19.1 Subject to the terms of allotment, the board may from time to time make calls on the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium). Each member shall (subject to being given by the board at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company the amount called on his shares as required by the notice. A call may be required to be paid by instalments. A call may be revoked in whole or part and the time fixed for payment of a call may be postponed in whole or part as the board may determine. A person on whom a call is made shall remain liable for calls made on him even if the shares in respect of which the call was made are subsequently transferred.

### **TIME WHEN CALL MADE**

- 20 A call shall be deemed to have been made at the time when the resolution of the board authorising the call was passed.

### **LIABILITY OF JOINT HOLDERS**

- 21 The joint holders of a share shall be jointly and severally liable to pay all calls in respect of it.

### **INTEREST PAYABLE**

- 22 If a call or any instalment of a call remains unpaid in whole or in part 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. Interest shall be 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, the rate determined by the board, not exceeding 15 per cent. per annum, or, if higher, the appropriate rate (as defined by the Act), but the board may in respect of any individual member waive payment of such interest wholly or in part.

### **DEEMED CALLS**

- 23 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 duly made and notified and payable on the date so fixed or in accordance with the terms of the allotment. If it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

### **DIFFERENTIATION ON CALLS**

- 24 Subject to the terms of allotment, the board may make arrangements on the issue of shares for a difference between the allottees or holders in the amounts and times of payment of calls on their shares.

### **PAYMENT OF CALLS IN ADVANCE**

- 25 The board may, if it thinks fit, receive from any member all or any part of the moneys uncalled and unpaid on any share held by him. Such payment in advance of calls shall extinguish the



liability on the share in respect of which it is made to the extent of the payment. The Company may pay on all or any of the moneys so advanced (until they would but for such advance become presently payable) interest at such rate agreed between the board and the members not exceeding (unless the Company by ordinary resolution otherwise directs) 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Act).

## **FORFEITURE AND SURRENDER**

### **Notice requiring payment of call**

- 26 If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the board may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

### **FORFEITURE FOR NON-COMPLIANCE**

- 27 If that notice is not complied with, any share in respect of which it was given may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the board. The forfeiture shall include all Dividends or other moneys payable in respect of the forfeited share which have not been paid before the forfeiture. When a share has been forfeited, notice of the forfeiture shall be served on the person who was the holder of the share before the forfeiture. An entry shall be made promptly in the register opposite the entry of the share showing that notice has been served, that the share has been forfeited and the date of forfeiture. No forfeiture shall be invalidated by the omission or neglect to give that notice or to make those entries.

### **SALE OF FORFEITED SHARES**

- 28 Subject to the provisions of the Act, a forfeited share shall be deemed to belong to the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the board determines, either to the person who was the holder before the forfeiture or to any other person. At any time before sale, re-allotment or other disposal, the forfeiture may be cancelled on such terms as the board thinks fit. Where for the purposes of its disposal a forfeited share held in certificated form is to be transferred to any person, the board may authorise any person to execute an instrument of transfer of the share to that person. Where for the purposes of its disposal a forfeited share held in uncertificated form is to be transferred to any person, the board may exercise any of the Company's powers under Article 8.3. The Company may receive the consideration given for the share on its disposal and may register the transferee as holder of the share.

### **LIABILITY FOLLOWING FORFEITURE**

- 29 A person shall cease to be a member in respect of any share which has been forfeited and shall, if the share is a certificated share, surrender the certificate for any forfeited share to the Company for cancellation. The person 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 that

share with interest on that amount at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the rate determined by the board, not exceeding 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Act), from the date of forfeiture until payment. The board may waive payment wholly or in part or enforce payment without any allowance for the value of the Share at the time of forfeiture or for any consideration received on its disposal.

## **SURRENDER**

- 30 The board may accept the surrender of any share which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

## **EXTINCTION OF RIGHTS**

- 31 The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the person whose share is forfeited and the Company, except only those rights and liabilities expressly saved by these Articles, or as are given or imposed in the case of past members by the Act.

## **EVIDENCE OF FORFEITURE OR SURRENDER**

- 32 A statutory declaration by a director or the secretary that a share has been duly forfeited or surrendered 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. The declaration shall (subject if necessary to the execution of an instrument of transfer or transfer by means of the relevant system, as the case may be) constitute a good title to the share. The person to whom the share is disposed of shall not be bound to see to the application of the purchase money, if any, and his title to the share shall not be affected by any irregularity in, or invalidity of, the proceedings in reference to the forfeiture, surrender, sale, re-allotment or disposal of the share.

## **TRANSFER OF SHARES**

### **Form and execution of transfer of certificated share**

- 33 The instrument of transfer of a certificated share may be in any usual form or in any other form which the board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

## **TRANSFERS OF PARTLY PAID CERTIFICATED SHARES**

- 34 The board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The board may also decline to register any transfer of shares if it is the board's opinion that such transfer would or might (a) prejudice the right of the Company or any subsidiary of the Company to hold any licence granted or to be granted to the Company or any subsidiary of the Company from time to time to provide any "relevant regulated television service" (as that expression is defined in Section

13(1A) of the Broadcasting Act) or (b) give rise to or cause, directly or indirectly, a variation to be made to any such licence by Ofcom.

## **INVALID TRANSFERS OF CERTIFICATED SHARES**

35.1 The board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

- (a) is lodged, duly stamped (if stampable), at the office or at another place appointed by the board accompanied by the certificate for the share to which it relates and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer;
- (b) is in respect of only one class of shares; and
- (c) is in favour of not more than four transferees.

### **Transfers by financial institutions**

35.2 In the case of a transfer of a certificated share by a financial institution, the lodgement of a certificate will only be necessary if and to the extent that a certificate has been issued in respect of the share in question.

## **NOTICE OF REFUSAL TO REGISTER**

36 If the board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for the refusal within two months after the date on which the instrument of transfer was lodged with the Company or the Operator-instruction was received, as the case may be.

## **NO FEE PAYABLE ON REGISTRATION**

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

## **RETENTION OF TRANSFERS**

38 The Company shall be entitled to retain an instrument of transfer which is registered, but an instrument of transfer which the board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

## **TRANSMISSION OF SHARES**

### **Transmission**

39 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. Nothing in these Articles shall release the estate of a deceased member (whether a sole or joint holder) from any liability in respect of any share held by him.

## **ELECTIONS PERMITTED**

- 40.1 A person becoming entitled by transmission to a share may, on production of any evidence as to his entitlement properly required by the board, elect either to become the holder of the share or to have another 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 and the share is a certificated share, he shall execute an instrument of transfer of the share to that person. If he elects to have himself or another person registered and the share is an uncertificated share, he shall take any action the board may require (including without limitation the execution of any document and the giving of any instruction by means of a relevant system) to enable himself or that person to be registered as the holder of the share. All the provisions of these Articles relating to the transfer of shares apply to that 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 or other event giving rise to the transmission had not occurred.

### **Elections required**

- 40.2 The board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share. If the notice is not complied with within 60 days, the board may after the expiry of that period withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

## **RIGHTS OF PERSONS ENTITLED BY TRANSMISSION**

- 41 A person becoming entitled by transmission to a share shall, on production of any evidence as to his entitlement properly required by the board and subject to the requirements of Article 40, have the same rights in relation to the share as he would have had if he were the holder of the share, subject to Article 144. That person may give a discharge for all dividends and other moneys payable in respect of the share, but he shall not, before being registered as the holder of the share, be entitled in respect of it to receive notice of, or to attend or vote at, any meeting of the Company or to receive notice of or to attend or vote at any separate meeting of the holders of any class of shares in the capital of the Company.

## **TRANSFER TO AVOID DISQUALIFICATION OF COMPANY**

- 42.1 In this Article 42 words and expressions shall have the meanings ascribed thereto in the Broadcasting Act and unless the context otherwise requires:

***Licence*** means any licence to provide Channel 3 or Channel 5 (as appropriate) services under the Broadcasting Act and/or pursuant to section 214 of the Communications Act 2003;

***Relevant Interest*** means any interest in shares in the Company (including any interest attributed to a person by the board pursuant to Article 42.5), either alone or in conjunction with any other such interest or interests, as a result of which:

- (a) the Company or any subsidiary of the Company would become a disqualified person in relation to any Licence held by it (or awarded, but not yet granted, to it) by virtue of Part II of Schedule 2 to the Broadcasting Act or would contravene requirements imposed by or under Schedule 14 to the Communications Act 2003;

- (b) there would be a breach of, or failure to comply with, any requirements or conditions imposed by or under section 5 of the Broadcasting Act in relation to any Licence of the Company or any subsidiary of the Company to which those requirements apply by the Company or any subsidiary of the Company or any other person;
- (c) Ofcom may refuse to grant or may revoke a Licence to the Company or any subsidiary of the Company thereof under the Broadcasting Act; or
- (d) the Company or any subsidiary of the Company would otherwise be materially adversely affected in relation to any Licence held by (or awarded, but not yet granted, to it);

**Relevant Person** means any person who:

- (a) has a Relevant Interest unless in any such case Ofcom has given its consent in writing to the Company, or any subsidiary of the Company, to the existence or continuance of the circumstance or circumstances which caused (or would have caused if such consent had not been given) the person to be or become a Relevant Person and:
  - (i) such consent has not been withdrawn; and
  - (ii) there has not been any change in any circumstance which would be relevant to Ofcom in considering whether to withdraw its consent; or
- (b) is determined by the board, following consultation with Ofcom, to have an interest in shares in the Company which may cause Ofcom to vary, revoke, determine or refuse to award, grant, renew or extend a Licence to or of the Company or any subsidiary of the Company;

**Relevant Shares** means shares in the issued capital of the Company comprised in the interest of a Relevant Person;

**Required Disposal** means the sale and transfer in accordance with the provisions of this Article of such number of Relevant Shares to such persons as will in the opinion of the board cause a Relevant Person to cease to be a Relevant Person and will not cause any other person (being the transferee or a person interested for the purposes of this Article in shares held by the transferee) to become, or continue to be, a Relevant Person.

42.2 Any determination of the board under this Article shall be final and conclusive but without prejudice to the power of the board, at its sole discretion, subsequently to revoke or vary such determination.

42.3 The board may at any time serve a notice upon any member requiring him to furnish it with any information supported by a declaration and by such other evidence (if any) in support as the board may require for the purpose of determining whether such member or any other person is a Relevant Person. If such information and evidence is not furnished within a reasonable time (not being less than fourteen days) or the information and evidence provided is in the opinion of the board unsatisfactory for the purpose of so determining, the board may serve upon such member a further notice calling upon him within fourteen days after the service of such further notice, to furnish the board with such information and evidence or further information or evidence as shall (in its opinion) enable it to so determine.

- 42.4 The board may assume without enquiry that a person is not a Relevant Person unless the information obtained by it under Article 42.3 indicates to the contrary or any director has reason to believe otherwise, in which circumstances, the board shall use its best endeavours to discover whether any person is a Relevant Person. The board may determine that any person is or may become a Relevant Person if there are reasonable grounds for believing that such is the case (notwithstanding that the Company has not been notified of any facts indicating that such person is a Relevant Person) until such time as it is satisfied that such is not the case.
- 42.5 For the purpose of determining whether any person is a Relevant Person, the board may attribute to such person and aggregate with the interests in issued shares of such person:
- (a) the interests in issued shares of any person in whose shares such person is or is deemed to be interested for the purposes of Part 22 of the Act or is treated as appearing to be so interested under Article 74.1;
  - (b) the interests in issued shares of any person who, along with such person is or is determined by the board to be, a party to an agreement or arrangement (whether legally enforceable or not) whereby such shares are to be voted in accordance with that person's instructions (whether given by him directly or through any other person); and
  - (c) the interests in issued shares of any person who is, or is determined by the board to be, an Associate of such person.
- 42.6 Subject to Articles 42.4 and 42.10, if any person (other than a trustee acting in that capacity of any employees' share scheme of the Company) is or becomes a Relevant Person, the board shall serve a written notice on all those who, to the knowledge of the board, have interests in, and, if different, on the registered holders of, the Relevant Shares.
- 42.7 The notice referred to in Article 42.6 shall notify the person on whom it is served that the board has determined that he is a Relevant Person, shall set out the restrictions referred to in Article 42.9 and shall call for a Required Disposal to be made and for reasonable evidence thereof to be supplied to the Company within twenty one days or such other shorter period as the board considers reasonable and which it may extend.
- 42.8 (a) If a notice served under Article 42.6 has not been complied with to the satisfaction of the board, the Company shall be irrevocably appointed as the registered holder's attorney to make and, so far as it is able, it shall make a Required Disposal of Relevant Shares to which the said notice related at the best price reasonably obtainable. The Company shall give written notice of such disposal to those persons on whom such notice was served. Except as hereinafter provided, a Required Disposal shall be completed as soon as reasonably practicable after expiry of the said notice as may in the opinion of the board be consistent with obtaining the best price reasonably obtainable and in any event within thirty (30) days after expiry of such notice, provided that a Required Disposal shall be suspended during any period when dealings in the Company's shares are not permitted either by law or by regulations of The London Stock Exchange plc or the UK Listing Authority but any Required Disposal suspended as aforesaid shall be completed within thirty (30) days after the expiry of the period of such suspension and provided that neither the Company nor the board shall be liable to any member or any person entitled to a beneficial interest in any share for failing to obtain the best price so long as the board acts in good faith within the period specified

above. If on a Required Disposal being made by the Company, Relevant Shares are held by more than one registered holder (treating joint holders of any Relevant Shares as a single holder), the board shall cause the same proportion of each holding as is known to it to be sold.

- (b) For the purpose of effecting any Required Disposal, the board may authorise in writing any officer or employee of the Company to execute any necessary transfer on behalf of any registered holder and may issue a new certificate to the purchaser. 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 (without any interest being payable thereon) to the former registered holder upon surrender by him of any certificate in respect of the shares sold and formerly held by him.

42.9 If a notice has been served under Article 42.6 on any holder of Relevant Shares (treating joint holders as a single holder), such holder shall not in respect of the number of Relevant Shares held by him be entitled with effect from the date of service of such notice to receive notice of, or to attend or vote at, any general meeting of the Company or any meeting of the holders of shares.

42.10 If, in accordance with Article 42.4, the board shall have assumed that any person is not a Relevant Person, the exercise by that person of any right attaching to any share registered in his name shall not be challenged or invalidated by any subsequent determination by the board that such person is a Relevant Person.

42.11 The board shall not be obliged to serve any notice under Article 42.3 upon any person if it does not know his or its identity or address.

#### **NEW SHARES SUBJECT TO THESE ARTICLES**

43 All shares allotted and issued by the Company shall be:

- (a) subject to all the provisions of these Articles including, without limitation, provisions relating to payment of calls, lien, forfeiture, transfer and transmission; and
- (b) unclassified, unless otherwise provided by these Articles, by the resolution creating the shares or by the terms of allotment of the shares.

#### **FRACTIONS ARISING**

44 Whenever any fractions arise as a result of a consolidation or sub-division of shares, the board may on behalf of the members deal with the fractions as it thinks fit. In particular, without limitation, the board may sell shares representing fractions to which any members would otherwise become entitled 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. Where the shares to be sold are held in certificated form the board may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the buyer. Where the shares to be sold are held in uncertificated form, the board may do all acts and things it considers necessary or expedient to effect the transfer of the shares to, or in accordance with the directions of, the buyer. The buyer shall not be bound to see to the application of the purchase moneys and his title to the shares shall not be affected by any irregularity in, or invalidity of, the proceedings in relation to the sale.

## **POWER TO REDUCE CAPITAL**

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

## **PURCHASE OF OWN SHARES**

### **Power to purchase own shares**

- 46 Subject to and in accordance with the provisions of the Act and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class (including without limitation redeemable shares) in any way and at any price (whether at par or above or below par) and may hold such shares as treasury shares but not unless the purchase has been sanctioned by a special resolution passed at a separate meeting of the holders of any class of convertible securities in the Company carrying rights to convert into equity share capital of the Company. Neither the Company nor the Directors shall be required to select the shares to be purchased rateably or in any other particular manner as between the holders of shares of the same class or between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

## **GENERAL MEETINGS**

### **Types of general meeting**

- 47 All general meetings of the Company other than annual general meetings shall be called general meetings. The board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Act.

## **CLASS MEETINGS**

- 48 All provisions of these Articles relating to general meetings of the Company shall, mutatis mutandis, apply to every separate general meeting of the holders of any class of shares in the capital of the Company, except that:
- (a) the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class or, at any adjourned meeting of such holders, one holder present in person or by proxy, whatever the amount of his holding, who shall be deemed to constitute a meeting;
  - (b) any holder of shares of the class present in person or by proxy may demand a poll; and
  - (c) each holder of shares of the class present in person or by proxy shall, on a poll, have one vote in respect of every share of the class held by him.

## **CONVENING GENERAL MEETINGS**

- 49 The board may call general meetings whenever and at such times and places as it shall determine. On the requisition of members pursuant to the provisions of the Act, the board shall promptly convene a general meeting in accordance with the requirements of the Act. If there are insufficient directors in the United Kingdom to call a general meeting any director of the



Company may call a general meeting, but where no director is willing or able to do so, any two members of the Company may summon a meeting for the purpose of appointing one or more directors.

## **NOTICE OF GENERAL MEETINGS**

### **Period of notice**

50.1 An annual general meeting and each other general meeting of the Company shall be called by notice of at least such length as is required in the circumstances by the Companies Acts.

### **Recipients of notice**

50.2 Subject to the provisions of these Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to each of the directors, to the auditors and to all other persons as are entitled to such notice under the Companies Acts.

## **CONTENTS OF NOTICE: GENERAL**

51.1 The notice shall specify the date, time and place of the meeting, including without limitation any satellite meeting place arranged for the purposes of Article 52.1 which shall be identified as such in the notice and the general nature of the business of the meeting. It shall be given, in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Companies Acts or by the Company in general meeting, to such persons as are entitled to receive such notices from the Company and shall comply with the provisions of the Companies Acts as to informing members of their right to appoint proxies. If on two consecutive occasions notices have been sent through the post to any member at his registered address or his address for the service of notices but have been returned undelivered, such members shall not thereafter be entitled to receive notices from the Company until he shall have communicated with the Company and supplied in writing to the Company a new registered address or address within the United Kingdom for the service of notices.

### **Contents of notice: additional requirements**

51.2 In the case of an annual general meeting, the notice shall specify the meeting as such. In the case of a meeting to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution.

### **Article 52.3 arrangements**

51.3 The notice shall include details of any arrangements made for the purpose of Article 52.3 (making clear that participation in those arrangements will not amount to attendance at the meeting to which the notice relates).

## **GENERAL MEETINGS AT MORE THAN ONE PLACE**

52.1 The board may resolve to enable persons entitled to attend a general meeting to do so by simultaneous attendance and participation at a satellite meeting place designated by the directors anywhere in the world. The members present in person or by proxy at satellite meeting places shall be counted in the quorum for, and entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman

of the general meeting is satisfied that adequate facilities are available throughout the general meeting to ensure that members attending at all the meeting places are able to:

- (a) participate in the business for which the meeting has been convened;
- (b) hear and see all persons who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place; and
- (c) be heard and seen by all other persons so present in the same way.

The chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place.

### **Interruption or adjournment where facilities inadequate**

52.2 If it appears to the chairman of the general meeting that the facilities at the principal meeting place or any satellite meeting place have become inadequate for the purposes referred to in Article 52.1, then the chairman may, without the consent of the meeting, interrupt or adjourn the general meeting. All business conducted at that general meeting up to the time of that adjournment shall be valid. The provisions of Article 58.2 shall apply to that adjournment.

### **Other arrangements for viewing/hearing proceedings**

52.3 The board may make arrangements for persons entitled to attend a general meeting or an adjourned general meeting to be able to view and hear the proceedings of the general meeting or adjourned general meeting and to speak at the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) by attending at a venue anywhere in the world not being a satellite meeting place. Those attending at any such venue shall not be regarded as present at the general meeting or adjourned general meeting and shall not be entitled to vote at the meeting at or from that venue. The inability for any reason of any member present in person or by proxy at such a venue to view or hear all or any of the proceedings of the meeting or to speak at the meeting shall not in any way affect the validity of the proceedings of the meeting.

### **Controlling level of attendance**

52.4 The board may from time to time make any arrangements for controlling the level of attendance at any venue for which arrangements have been made pursuant to Article 52.3 (including without limitation the issue of tickets or the imposition of some other means of selection) in its absolute discretion considers appropriate, and may from time to time change those arrangements. If a member, pursuant to those arrangements, is not entitled to attend in person or by proxy at a particular venue, he shall be entitled to attend in person or by proxy at any other venue for which arrangements have been made pursuant to Article 52.3. The entitlement of any member to be present at such venue in person or by proxy shall be subject to any such arrangement then in force and stated by the notice of meeting or adjourned meeting to apply to the meeting.

### **Change in place and/or time of meeting**

52.5 If, after the giving of notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the board decides that it is impracticable or unreasonable for a reason beyond its control to hold the meeting at the declared place (or any of the declared places, in the case of a meeting to which Article 52.1 applies) and/or time, it may change the place (or any of the places, in the case of a meeting to which Article 52.1 applies) and/or postpone the time at which the meeting is to be held. If such a decision is made, the board may then change the place (or any of the places, in the case of a meeting to which Article 52.1 applies) and/or postpone the time again if it decides that it is reasonable to do so. In either case:

- (a) no new notice of the meeting need be given, but the board shall, if practicable, advertise the date, time and place of the meeting in at least two newspapers having a national circulation and shall make arrangements for notices of the change of place and/or postponement to appear at the original place and/or at the original time; and
- (b) notwithstanding Article 80.2, an instrument of proxy in relation to the meeting may be delivered at any time not less than 48 hours before any new time appointed for holding the meeting.

### **Meaning of participate**

52.6 For the purposes of this Article 52, the right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote on a show of hands, vote on a poll, be represented by a proxy and have access to all documents which are required by the Act or these Articles to be made available at the meeting.

### **ACCIDENTAL OMISSION TO GIVE NOTICE**

53 The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by these Articles, to any person entitled to receive it, or the non-receipt of a notice of meeting or form of proxy by that person, shall not invalidate the proceedings at that meeting.

### **SECURITY**

54 The board and, at any general meeting, the chairman may make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The board and, at any general meeting, the chairman are entitled to refuse entry to a person who refuses to comply with these arrangements, requirements or restrictions.

### **PROCEEDINGS AT GENERAL MEETINGS**

#### **Quorum**

55.1 No business shall be transacted at any general meeting unless a quorum is present, but the absence of a quorum shall not preclude the choice or appointment of a chairman, which shall

not be treated as part of the business of the meeting. Save as otherwise provided by these Articles and the Companies Acts, two persons, entitled to vote on the business to be transacted each being a member, a proxy of a member or a duly authorised representative of a corporation which is a member, shall be a quorum.

- 55.2 If such a quorum is not present within five minutes (or such longer time not exceeding 30 minutes as the chairman of the meeting may decide to wait) from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved, and in any other case shall stand adjourned to such time and place as the chairman of the meeting may determine. The adjourned meeting shall be dissolved if a quorum is not present within 15 minutes after the time appointed for holding the meeting.

## **CHAIRMAN**

- 56 The chairman, if any, of the board or, in his absence, any deputy chairman of the board or, in his absence, some other director nominated by the board, shall preside as chairman of the meeting. If neither the chairman, deputy chairman nor such other director (if any) is present within five minutes after the time appointed for holding the meeting or is not willing to act as chairman, the directors present shall elect one of their number to be chairman. If there is only one director present and willing to act, he shall be chairman. If no director is willing to act as chairman, or if no director is present within five 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.

## **ENTITLEMENT TO SPEAK**

- 57 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 capital of the Company. Any proxy appointed by a member shall also be entitled to speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Company at which such member would have been entitled to attend and speak.

## **ADJOURNMENTS: CHAIRMAN'S POWERS**

- 58.1 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. 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. In addition (and without prejudice to the chairman's power to adjourn a meeting conferred by Article 52.2), the chairman may adjourn the meeting to another time and place without such consent if it appears to him that:
- (a) it is likely to be impracticable to hold or continue that meeting because of the number of members wishing to attend who are not present; or
  - (b) the unruly conduct of persons attending the meeting prevents or is likely to prevent the orderly continuation of the business of the meeting; or

- (c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

### **Adjournments: procedures**

58.2 Any such adjournment may be for such time and to such other place (or, in the case of a meeting held at a principal meeting place and a satellite meeting place, such other places) as the chairman may, in his absolute discretion determine, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting. Any such member may nevertheless execute a form of proxy for the adjourned meeting which, if delivered by him to the chairman or the secretary, shall be valid even though it is given at less notice than would otherwise be required by these Articles. When a meeting is adjourned for thirty (30) days or more or for an indefinite period, at least seven clear days' notice shall be given specifying the time and place (or places, in the case of a meeting to which Article 52.1 applies) of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **AMENDMENTS TO RESOLUTIONS**

59 If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. With the consent of the chairman, an amendment may be withdrawn by its proposer before it is voted on. No amendment to a resolution duly proposed as a special resolution may be considered or voted on (other than a mere clerical amendment to correct a patent error). No amendment to a resolution duly proposed as an ordinary resolution may be considered or voted on (other than a mere clerical amendment to correct a patent error) unless either (a) at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which the ordinary resolution is to be considered, notice of the terms of the amendment and the intention to move it has been lodged at the office, or (b) the chairman in his absolute discretion decides that the amendment may be considered and voted on.

### **METHODS OF VOTING**

60 A resolution put to the vote of a general meeting shall be decided on a show of hands unless, before or on the declaration of the result of a vote on the show of hands or on the withdrawal of any other demand for a poll, a poll is duly demanded. Without prejudice to the other provisions of this Article, the chairman may, in his absolute discretion, demand a poll on all or some of the resolutions put to the vote of the meeting before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll. Subject to the provisions of the Act, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy having the right to vote at the meeting; or
- (c) any member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to attend and vote at

the meeting (excluding any voting rights attached to any shares in the Company held as treasury shares); or

- (d) any member or members present in person or by proxy holding shares conferring a right to attend and 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 (excluding any voting rights attached to any shares in the Company held as treasury shares).

A demand by a person as proxy for a member shall be the same as a demand by the member.

#### **DECLARATION OF RESULT**

- 61 Unless a poll is duly demanded (and the demand is not withdrawn before the poll is taken) 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 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. The results of such a poll shall be published on the Company's website.

#### **CHAIRMAN'S CASTING VOTE**

- 62 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote.

#### **WITHDRAWAL OF DEMAND FOR POLL**

- 63 The demand for a poll may be withdrawn before the poll is taken, but only with the consent of the chairman. A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If the demand for a poll is withdrawn, the chairman or any other member entitled may demand a poll.

#### **CONDUCT OF POLL**

- 64 Subject to Article 65, a poll shall be taken as the chairman directs and he may, and shall if required by the meeting, 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.

#### **WHEN POLL TO BE TAKEN**

- 65 A poll demanded on the election of a chairman or on a question of adjournment shall be taken at the meeting at which it is demanded. A poll demanded on any other question shall be taken either at the meeting or at such time and place as the chairman directs not being more than 30 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.

## **NOTICE OF POLL**

- 66 No notice need be given of a poll not taken at the meeting at which it is demanded if the time and place at which it is to be taken are announced at the meeting. 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.

## **EFFECTIVENESS OF SPECIAL RESOLUTIONS**

- 67 Where for any purpose an ordinary resolution of the Company is required, a special resolution shall also be effective.

## **RESOLUTIONS IN WRITING**

- 68 A resolution in writing executed by or on behalf of each member who would have been entitled to vote on it if it had been proposed at a general meeting at which he was present shall be as effective as if it had been passed at a general meeting properly convened and held and may consist of several instruments in the same form each executed by or on behalf of one or more of the members.

## **VOTES OF MEMBERS**

### **Right to vote**

- 69 Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

## **VOTES OF JOINT HOLDERS**

- 70 In the case of joint holders of a share, 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. For this purpose seniority shall be determined by the order in which the names of the holders stand in the register.

## **MEMBER UNDER INCAPACITY**

- 71 A member in respect of whom an order has been made by a court or official 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 for that purpose appointed by that court or official. That receiver, curator bonis or other person may, appoint a proxy to exercise his rights. The right to vote shall be exercisable only if evidence satisfactory to the board of the authority of the person claiming to exercise the right to vote has been delivered to the office, or at another place specified in accordance with these Articles for the delivery 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.

## **CALLS IN ARREARS**

- 72 No member shall be entitled to vote at a general meeting or at a 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 all moneys presently payable by him in respect of that share have been paid.

## **SECTION 793 OF THE ACT: RESTRICTIONS IF IN DEFAULT**

73.1 If at any time the board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Act (a *section 793 notice*) and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the board may, in its absolute discretion at any time thereafter by notice (a *direction notice*) to such member direct that:

- (a) in respect of the shares in relation to which the default occurred (the *default shares*, which expression includes any shares issued after the date of the section 793 notice in respect of those shares) the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll; and
- (b) where the default shares represent at least  $\frac{1}{4}$  of one per cent. in nominal value of the issued shares of their class, the direction notice may additionally direct that in respect of the default shares:
  - (i) no payment shall be made by way of dividend and no Share shall be allotted pursuant to Article 141;
  - (ii) no transfer of any default share shall be registered unless:
    - (A) the member is not himself in default as regards supplying the information requested and the transfer when presented for registration is accompanied by a certificate by the member in such form as the board may in its absolute discretion require to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer; or
    - (B) the transfer is an approved transfer; or
    - (C) registration of the transfer is required by the Regulations.

### **Copy of notice to interested persons**

73.2 The Company shall send a copy of the direction notice to each other person appearing to be interested in the default shares, but the failure or omission by the Company to do so shall not invalidate such notice.

### **When restrictions cease to have effect**



73.3 Any direction notice shall cease to have effect not more than seven days after the earlier of receipt by the Company of:

- (a) a notice of an approved transfer, but only in relation to the shares transferred; or
- (b) all the information required by the relevant section 793 notice, in a form satisfactory to the board.

#### **Board may cancel restrictions**

73.4 The board may at any time give notice cancelling a direction notice.

#### **Conversion of uncertificated shares**

73.5 The Company may exercise any of its powers under Article 8.3 in respect of any default share that is held in uncertificated form.

### **PROVISIONS SUPPLEMENTARY TO ARTICLE 73**

74.1 For the purposes of Article 73:

- (a) 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 section 793 of the Act which either (i) names such person as being so interested or (ii) fails to establish the identities of all those interested in the shares, and (after taking into account the said notification and any other relevant section 793 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;
- (b) the prescribed period is 14 days from the date of service of the section 793 notice; and
- (c) a transfer of shares is an approved transfer if:
  - (i) it is a transfer of shares pursuant to an acceptance of a takeover offer (within the meaning of section 974 of the Act); or
  - (ii) the board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares the subject of the transfer to a party unconnected with the member and with any other person appearing to be interested in the shares; or
  - (iii) the transfer results from a sale made through a recognised investment exchange as defined in the Financial Services and Markets Act 2000 or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded.

#### **Section 794 of the Act**

74.2 Nothing contained in Article 73 limits the power of the Company under section 794 of the Act.

## **ERRORS IN VOTING**

- 75 If any votes are counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same meeting, or at any adjournment of the meeting, and, in the opinion of the chairman, it is of sufficient magnitude to vitiate the result of the voting.

## **OBJECTION TO VOTING**

- 76 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting or poll at which the vote objected to is tendered. Every vote not disallowed at such meeting shall be valid and every vote not counted which ought to have been counted shall be disregarded. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

## **SUPPLEMENTARY PROVISIONS ON VOTING**

- 77 On a poll, votes may be given either personally or by proxy. A member (present in person or by proxy) 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.

## **PROXIES AND CORPORATE REPRESENTATIVES**

### **Appointment of proxy**

- 78 An instrument appointing a proxy shall be in writing and executed by the appointor or his attorney or, if the appointor is a corporation, executed by a duly authorised officer, attorney or other authorised person or under its common seal.

## **FORM OF PROXY**

- 79 Instruments of proxy shall be in any usual form or in any other form which the board may approve. The board may, if it thinks fit, but subject to the provisions of the Act, at the Company's expense send out forms of instrument of proxy for use at the meeting with the notice of any meeting. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion. If a member appoints more than one person to act as his proxy the appointment of each such proxy shall specify the shares held by the member in respect of which each such proxy is authorised to vote and no member may appoint more than one proxy (save in the alternative) to vote in respect of any one share held by that member.

## **DELIVERY OF FORM OF PROXY**

- 80.1 The instrument appointing a proxy and any power of attorney or other written authority under which it is executed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or written authority shall:

- (a) be delivered personally, by post or, to the extent permitted by the Companies Acts, by electronic communication to 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 (or such shorter period as the board may determine and is specified in either or both of the notice convening the meeting and any form of proxy sent by or on behalf of the Company in relation to the meeting) before the time appointed 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 delivered 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.

In calculating the periods mentioned in the above paragraphs of this Article, no account shall be taken of any part of a day that is not a working day (as defined in section 1173 of the Act).

An instrument of proxy which is not delivered in any such manner shall be invalid. No instrument of proxy shall be valid more than twelve months after the date stated in it as the date of its execution. When two or more valid instruments of proxy are delivered in respect of the same share for use at the same meeting, the one which was executed last shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was executed last, none of them shall be treated as valid in respect of that share. The proceedings at a general meeting shall not be invalidated where an instrument of proxy in respect of that meeting is delivered in a manner permitted by the Articles by electronic transmission, but because of a technical problem it cannot be read by the recipient.

- 80.2 Without limiting the provisions of Article 80.1 in relation to any shares which are uncertificated shares, the board may from time to time permit appointments of a proxy to be made by means of an electronic communication in the form of an Uncertificated Proxy Instruction, (that is, Properly Authenticated Dematerialised Instruction, and/or other instruction or notification, which is sent by means of the relevant system concerned and received by such participant in that system acting on behalf of the Company as the board may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the board (subject always to the facilities and requirements of the relevant system concerned)); and may in a similar manner permit supplements to, or amendments or revocations of, any such Uncertificated Proxy Instruction to be made by like means. The board may in addition prescribe the method of determining the time at which any such Properly Authenticated Dematerialised Instruction (and/or other instruction or notification) is to be treated as received by the Company or such participant. The board may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

## **VALIDITY OF FORM OF PROXY**

- 81.1 An instrument appointing a proxy shall be deemed to include the right to demand, or join in demanding, a poll. The instrument of proxy shall also be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit.

The instrument of proxy shall, unless it provides to the contrary, be valid for any adjournment of the meeting as well as for the meeting to which it relates.

- 81.2 The Company shall not be bound to enquire whether any proxy or corporate representative votes in accordance with the instructions given to him by the member he represents and if a proxy or corporate representative does not vote in accordance with the instructions of the member he represents the vote or votes cast shall nevertheless be valid for all purposes.

## **CORPORATE REPRESENTATIVES**

- 82 Any corporation which is a member of the Company (in this Article the *grantor*) may (in the case of a corporation, by resolution of its directors or other governing body or by authority to be given under seal or under the hand of an officer duly authorised by it) authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any separate meeting of the holders of any class of shares. A person(s) so authorised shall be entitled to exercise the same power on behalf of the grantor as the grantor could exercise if it were an individual member of the Company, save that a director, the secretary or other person authorised for the purpose by the secretary may require such person to produce a certified copy of the resolution of authorisation or other authority before permitting him to exercise his powers. The grantor shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present at it.

## **REVOCAION OF AUTHORITY**

- 83 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 delivered and in the same manner in which the instrument of proxy was duly delivered at least three hours before the start 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.

## **NUMBER OF DIRECTORS**

### **Limits on number of directors**

- 84 Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall be not less than 3 in number.

## **DIRECTORS TO RETIRE BY ROTATION**

- 85 At every annual general meeting, at least one-third of the directors, (or, if their number is not three or a multiple of three, the number nearest to one-third which should, for the avoidance of doubt, be rounded up) shall retire from office. The procedure for deciding which directors are to retire by rotation is set out in Article 86.

## **WHICH DIRECTORS TO RETIRE**

- 86 Subject to the provisions of the Act and these Articles, the directors to retire at each annual general meeting shall be decided as follows:

- (a) Any director who, at the start of the annual general meeting, has been in office for more than three years since his last appointment or re-appointment shall retire.
- (b) In the event that those directors to retire pursuant to paragraph (a) above do not constitute one-third of the directors for the purposes of Article 85, in deciding which further directors should retire by rotation in order to fulfil the requirements of Article 85, those directors who have been longest in office since their last appointment or re-appointment shall retire. As between those directors who became or were last re-appointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- (c) The directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the board at the date of the notice convening the annual general meeting.
- (d) No director shall be required to retire or be relieved from retiring or be retired by reason of any change in the number or identity of the directors after the date of the notice but before the close of the meeting.
- (e) If there is only one director who is subject to retirement by rotation, he shall retire.
- (f) A retiring director shall be eligible for re-election.

#### **WHEN DIRECTOR DEEMED TO BE RE-APPOINTED**

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

#### **ELIGIBILITY FOR ELECTION**

88 No person other than a director retiring by rotation shall be appointed a director at any general meeting unless:

- (a) he is recommended by the board; or
- (b) not less than seven nor more than 42 days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting (not being the person to be proposed) has been given to the Company of the intention to propose that person for appointment stating the particulars which would, if he were so appointed, 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.

#### **SEPARATE RESOLUTIONS ON APPOINTMENT**

89 Except as otherwise authorised by the Act, the appointment of any person proposed as a director shall be effected by a separate resolution.

## **ADDITIONAL POWERS OF THE COMPANY**

- 90 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. The appointment of a person to fill a vacancy or as an additional director shall take effect from the end of the meeting.

## **APPOINTMENT BY BOARD**

- 91 The board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director and in either case whether or not for a fixed term, provided that the appointment does not cause the number of directors to exceed the number, if any, fixed by or in accordance with these Articles as the maximum number of directors. Irrespective of the terms of his appointment, a director so appointed shall hold office only until the next following general meeting and shall not be taken into account in determining the directors who are to retire by rotation at the meeting. If not re-appointed at such general meeting, he shall vacate office at its conclusion.

## **POSITION OF RETIRING DIRECTORS**

- 92 A director who retires at an annual general meeting may, if willing to act, be re-appointed. If he is not re-appointed, 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.

## **AGE LIMIT**

- 93 No person shall be disqualified from being appointed or re-appointed a director, and no director shall be required to vacate that office, by reason only of the fact that he has attained any age.

## **NO SHARE QUALIFICATION**

- 94 A director shall not be required to hold any shares in the capital of the Company by way of qualification.

## **ALTERNATE DIRECTORS**

### **Power to appoint alternates**

- 95 Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the board and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.

## **ALTERNATES ENTITLED TO RECEIVE NOTICE**

- 96 An alternate director shall be entitled to receive notice of all meetings of the board and of all meetings of committees of the board of which his appointor is a member, to attend and vote at any such meeting at which his appointor is not personally present, and generally to perform all the functions of his appointor (except as regards power to appoint an alternate) as a director in

his absence. It shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom.

#### **ALTERNATES REPRESENTING MORE THAN ONE DIRECTOR**

97 A director or any other person may act as alternate director to represent more than one director, and an alternate director shall be entitled at meetings of the board or any committee of the board to one vote for every director whom he represents (and who is not present) in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

#### **EXPENSES AND REMUNERATION OF ALTERNATES**

98 An alternate director may be repaid by the Company such expenses as might properly have been repaid to him if he had been a director but shall not be entitled to receive any remuneration from the Company in respect of his services as an alternate director except such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct. An alternate director shall be entitled to be indemnified by the Company to the same extent as if he were a director.

#### **TERMINATION OF APPOINTMENT**

- 99 An alternate director shall cease to be an alternate director:
- (a) if his appointor ceases to be a director; but, if a director retires by rotation or otherwise but is re-appointed or deemed to have been re-appointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his re-appointment; or
  - (b) on the happening of any event which, if he were a director, would cause him to vacate his office as director; or
  - (c) if he resigns his office by notice to the Company.

#### **METHOD OF APPOINTMENT AND REVOCATION**

100 Any appointment or removal of an alternate director shall be by notice to the Company executed by the director making or revoking the appointment and shall take effect in accordance with the terms of the notice (subject to any approval required by Article 95) on receipt of such notice at the office.

#### **ALTERNATE NOT AN AGENT OF APPOINTOR**

101 Except as otherwise expressly provided in these Articles, an alternate director shall be deemed for all purposes to be a director. Accordingly, except where the context otherwise requires, a reference to a director shall be deemed to include a reference to an alternate director. An alternate director shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

## **POWERS OF THE BOARD**

### **Business to be managed by board**

102 Subject to the provisions of the Act, the Memorandum and these Articles and to any directions given by special resolution, the business of the Company shall be managed by the board which may exercise all the powers of the Company, including without limitation the power to dispose of all or any part of the undertaking of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the board 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 board by these Articles. A meeting of the board at which a quorum is present may exercise all powers exercisable by the board.

### **EXERCISE BY COMPANY OF VOTING RIGHTS**

103 The board may exercise the voting power conferred by the shares in any body corporate held or owned by the Company in such manner in all respects as it thinks fit (including without limitation the exercise of that power in favour of any resolution appointing its members or any of them directors of such body corporate, or voting or providing for the payment of remuneration to the directors of such body corporate).

### **DELEGATION OF POWERS OF THE BOARD**

#### **Committees of the board**

104 The board may delegate any of its powers to any committee consisting of one or more directors. The board may also delegate to any director holding any executive office such of its powers as the board considers desirable to be exercised by him. Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent of the Company all or any of the powers delegated and may be made subject to such conditions as the board may specify, and may be revoked or altered. The board may co-opt on to any such committee persons other than directors, who may enjoy voting rights in the committee. The co-opted members shall be less than one-half of the total membership of the committee and a resolution of any committee shall be effective only if a majority of the members present are directors. Subject to any conditions imposed by the board, the proceedings of a committee with two or more members shall be governed by these Articles regulating the proceedings of directors so far as they are capable of applying.

### **LOCAL BOARDS, ETC.**

105 The board may establish local or divisional boards or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of the local or divisional boards, or any managers or agents, and may fix their remuneration. The board may delegate to any local or divisional board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the board, with power to sub-delegate, and may authorise the members of any local or divisional board, or any of them, to fill any vacancies and to act notwithstanding vacancies. Any appointment or delegation made pursuant to this Article may be made on such terms and subject to such conditions as the



board may decide. The board may remove any person so appointed and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

## **AGENTS**

106 The board may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes, with such powers, authorities and discretions (not exceeding those vested in the board) and on such conditions as the board determines, including without limitation authority for the agent to delegate all or any of his powers, authorities and discretions, and may revoke or vary such delegation.

## **OFFICES INCLUDING THE TITLE "DIRECTOR"**

107 The board may appoint any person to any office or employment having a designation or title including the word "director" or attach to any existing office or employment with the Company such a designation or title and may terminate any such appointment or the use of any such designation or title. The inclusion of the word "director" in the designation or title of any such office or employment shall not imply that the holder is a director of the Company, and the holder shall not thereby be empowered in any respect to act as, or be deemed to be, a director of the Company for any of the purposes of these Articles.

## **BORROWING POWERS**

108 The board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, 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.

## **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

### **Disqualification as a director**

109.1 The office of a director shall be vacated if:

- (a) he ceases to be a director by virtue of any provisions of the Act or these Articles 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 shall apply to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act; or
- (c) 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 1984; 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, having been appointed for a fixed term, the term expires or his office as a director is vacated pursuant to Article 91; or
- (e) he has been absent for more than six consecutive months without permission of the board from meetings of the board held during that period and his alternate director (if any) has not attended in his place during that period and the board resolves that his office be vacated; or
- (f) he is requested to resign in writing by not less than three quarters of the other directors. In calculating the number of directors who are required to make such a request to the director, (i) an alternate director appointed by him acting in his capacity as such shall be excluded; and (ii) a director and any alternate director appointed by him and acting in his capacity as such shall constitute a single director for this purpose, so that execution by either shall be sufficient.

## **POWER OF COMPANY TO REMOVE DIRECTOR**

- 110 The Company may, without prejudice to the provisions of the Act, by ordinary resolution 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). No special notice need be given of any resolution to remove a director in accordance with this Article and no director proposed to be removed in accordance with this Article has any special right to protest against his removal. The Company may, by ordinary resolution, appoint another person in place of a director removed from office in accordance with this Article. Any person so appointed shall, for the purpose of determining the time at which he or any other director is to retire by rotation, be treated 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 on the removal of a director from office may be filled as a casual vacancy.

## **REMUNERATION OF NON-EXECUTIVE DIRECTORS**

### **Ordinary remuneration**

- 111 The ordinary remuneration of the directors who do not hold executive office for their services (excluding amounts payable under any other provision of these Articles) shall not exceed in aggregate £450,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the board.

## **ADDITIONAL REMUNERATION FOR SPECIAL SERVICES**

- 112 Any director who does not hold executive office and who serves on any committee of the board, by the request of the board goes or resides abroad for any purpose of the Company or otherwise performs special services which in the opinion of the board are outside the scope of the ordinary duties of a director, may (without prejudice to the provisions of Article 111) be

paid such extra remuneration by way of salary, commission or otherwise as the board may determine.

## **DIRECTORS' EXPENSES**

### **Directors may be paid expenses**

- 113 The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of the board or committees of the board, 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.

## **EXECUTIVE DIRECTORS**

### **Appointment to executive office**

- 114 Subject to the provisions of the Act, the board may appoint one or more of its body to be the holder of any executive office (except that of auditor) in 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 on such terms, including without limitation terms as to remuneration, as the board determines. The board may revoke or vary any such appointment but without prejudice to any rights or claims which the person whose appointment is revoked or varied may have against the Company because of the revocation or variation.

## **TERMINATION OF APPOINTMENT TO EXECUTIVE OFFICE**

- 115 Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any rights or claims which he may have against the Company by reason of such cessation. A director appointed to an executive office shall not cease to be a director merely because his appointment to such executive office terminates.

## **EMOLUMENTS TO BE DETERMINED BY THE BOARD**

- 116 The emoluments of any director holding executive office for his services as such shall be determined by the board, and may be of any description, including without limitation admission to, or continuance of, membership of any scheme (including any share acquisition scheme) or fund instituted or established or financed or contributed to by the Company for the provision of pensions, life assurance or other benefits for employees or their dependants, or the payment of a pension or other benefits to him or his dependants on or after retirement or death, apart from membership of any such scheme or fund.

## **DIRECTORS' INTERESTS**

### **Directors may contract with the Company**

- 117.1 Subject to the provisions of the Act, and provided that he has, in accordance with the Act, disclosed to the board the nature and extent of any interest (whether direct or indirect) of his before the Company enters into the transaction or arrangement, 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 act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- (c) 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
- (d) 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.

### **Directors' Powers to Authorise Conflicts of Interest**

117.2 (a) This Article 117.2 shall only apply on and from the commencement in force of section 175 of the Act.

(b) The board may (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisations) authorise, to the fullest extent permitted by law:

- (i) any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including conflict of interest and duty or conflict of duties);
- (ii) a director to accept or continue in any office, employment or position in addition to his office as a director of the Company and without prejudice to the generality of paragraph (b)(i) of this Article 117.2 may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises,

provided that for this purpose the director in question and any other interested director are not counted in the quorum at any board meeting at which such matter, or such office, employment or position, is approved and it is agreed to without their voting or would have been agreed to if their votes had not been counted.

(c) If a matter, or office, employment or position, has been authorised by the board in accordance with this Article 117.2 then:

- (i) the director shall not be required to disclose any confidential information relating to such matter, or such office, employment or position, to the Company if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that matter, or that office, employment or position;

- (ii) the director may absent himself from meetings of the board at which anything relating to that matter, or that office, employment or position, will or may be discussed; and
  - (iii) the director may make such arrangement as such director thinks fit for board and committee papers to be received and ready a professional adviser on behalf of that director.
- (d) A director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any matter, or from any office, employment or position, which has been approved by the directors pursuant to this Article 117.2 (subject always in any such case to any limits or conditions to which such approval was subject).
- (e) This Article is without prejudice to the operation of Article 117.1.

## **GRATUITIES, PENSIONS AND INSURANCE**

### **Gratuities and pensions**

118.1 The board may (by establishment of, or maintenance of, schemes or otherwise) provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, 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 or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

### **Insurance**

118.2 Without prejudice to the provisions of Article 159, the board may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any person who is or was:

- (a) a director, officer or employee of the Company, or any body which is or was the holding company or subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had any interest (whether direct or indirect) or with which the Company or such holding company or subsidiary undertaking is or was in any way allied or associated; or
- (b) a trustee of any pension fund in which employees of the Company or any other body referred to in Article 118.2(a) is or has been interested,

including without limitation insurance against any liability incurred by such person in respect of any act or omission in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to his duties, powers or offices in relation to the relevant body or fund.

## **Directors not liable to account**

118.3 No director or former director shall be accountable to the Company or the members for any benefit provided pursuant to this Article. The receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

## **PROVISION FOR EMPLOYEES**

119 Pursuant to section 247 of the Act, the board is hereby authorised to make such provision as may seem appropriate for the benefit of any persons employed or formerly employed by the Company or any of its subsidiary undertakings in connection with the cessation or the transfer of the whole or part of the undertaking of the Company or any subsidiary undertaking. Any such provision shall be made by a resolution of the board in accordance with section 247.

## **PROCEEDINGS OF THE BOARD**

### **Convening meetings**

120 Subject to the provisions of these Articles, the board may regulate its proceedings as it thinks fit. A director may, and the secretary at the request of a director shall, call a meeting of the board. Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or to his electronic address or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. It shall not be necessary to give notice of a board meeting to any director who is for the time being absent from the United Kingdom. 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. Any director may waive notice of a meeting and any such waiver may be retrospective.

## **QUORUM**

121 The quorum for the transaction of the business of the board may be fixed by the board and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. Any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the board meeting if no director objects.

## **POWERS OF DIRECTORS IF NUMBER FALLS BELOW MINIMUM**

122 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.

## **CHAIRMAN AND DEPUTY CHAIRMAN**

123 The board may appoint one of their number to be the chairman, and one of their number to be the deputy chairman, of the board and may at any time remove either of them from such office. Unless he is unwilling to do so, the director appointed as chairman, or in his stead the director appointed as deputy chairman, shall preside at every meeting of the board at which he is

present. If there is no director holding either of those offices, or if neither the chairman nor the deputy chairman is willing to preside or neither of them is 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.

## **VALIDITY OF ACTS OF THE BOARD**

124 All acts done by a meeting of the board, or of a committee of the board, or by a person acting as a director or alternate director, shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or any member of the committee or alternate 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 or, as the case may be, an alternate director and had been entitled to vote.

## **RESOLUTIONS IN WRITING**

125 A resolution in writing executed by all the directors entitled to receive notice of a meeting of the board or of a committee of the board (not being less than the number of directors required to form a quorum of the board) shall be as valid and effectual as if it had been passed at a meeting of the board or (as the case may be) a committee of the board duly convened and held. For this purpose:

- (a) a resolution may consist of several documents to the same effect each executed by one or more directors;
- (b) a resolution executed by an alternate director need not also be signed by his appointor; and
- (c) a resolution executed by a director who has appointed an alternate director need not also be executed by the alternate director in that capacity.

## **MEETINGS BY TELEPHONE, ETC.**

126 Without prejudice to the first sentence of Article 120, a person entitled to be present at a meeting of the board or of a committee of the board shall be deemed to be present for all purposes if he is able (directly or by telephonic or video conference communication) to speak to and be heard by all those present or deemed to be present simultaneously. A director so deemed to be present shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where it is convened to be held or (if no director is present in that place) where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is. The word *meeting* in these Articles shall be construed accordingly.

## **DIRECTORS' POWER TO VOTE ON CONTRACTS IN WHICH THEY ARE INTERESTED**

127.1 Except as otherwise provided by these Articles, a director shall not vote at a meeting of the board or a committee of the board on any resolution of the board concerning a matter in which he has an interest (whether direct or indirect) (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) which (together

with any interest of any person connected with him) is to his knowledge material unless his interest arises only because the resolution concerns one or more of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest representing one per cent. or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- (e) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and
- (f) a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any directors of the Company or for persons who include directors of the Company.

### **Interests of connected person and alternate director**

127.2 For the purposes of this Article, an interest of a person who is, for any purpose of the Act, connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

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

### **DIVISION OF PROPOSALS**

128 Where proposals are under consideration concerning the appointment (including without limitation 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. In such cases each of the directors concerned shall be entitled to vote in respect of each resolution except that concerning his own appointment.

## **DECISION OF CHAIRMAN FINAL AND CONCLUSIVE**

129 If a question arises at a meeting of the board or of a committee of the Board as to the entitlement 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 except in a case where the nature or extent of the interests of the director concerned have not been fairly disclosed. If any such question arises in respect of the chairman of the meeting, it shall be decided by resolution of the board (on which the chairman shall not vote) and such resolution will be final and conclusive except in a case where the nature and extent of the interests of the chairman have not been fairly disclosed.

## **SECRETARY**

### **Appointment and removal of secretary**

130 Subject to the provisions of the Act, the secretary shall be appointed by the board for such term, at such remuneration and on such conditions as it may think fit. Any secretary so appointed may be removed by the board, but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

## **MINUTES**

### **Minutes required to be kept**

131.1 The board shall cause minutes to be made in books kept for the purpose of:

- (a) all appointments of officers made by the board; and
- (b) all proceedings at meetings of the Company, the holders of any class of shares in the capital of the Company, the board and committees of the board, including the names of the directors present at each such meeting.

### **Conclusiveness of minutes**

131.2 Any such minutes, if purporting to be executed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence of the proceedings at the meeting without any further proof of the facts stated in them.

## **THE SEAL**

### **Authority required for execution of deed**

132 The Company may have a seal and the board shall provide for the safe custody of such seal. The seal shall only be used by the authority of a resolution of the board. The board may determine who shall sign any instrument executed under the seal. If they do not, it shall be signed by at least one director and the secretary or by at least two directors. Any document

may be executed under the seal by impressing the seal by mechanical means or by printing the seal or a facsimile of it on the document or by applying the seal or a facsimile of it by any other means to the document. A document executed, with the authority of a resolution of the board, by a director and the secretary or by two directors and expressed (in whatever form of words) to be executed by the Company has the same effect as if executed under the seal. For the purpose of the preceding sentence only, "Secretary" shall have the same meaning as in the Act and not the meaning given to it by Article 2.

## **CERTIFICATES FOR SHARES AND DEBENTURES**

133 The board may by resolution determine either generally or in any particular case that any certificate for shares or debentures or representing any other form of security executed in accordance with Article 15 may have any signature affixed to it by some mechanical or electronic means, or printed on it or, in the case of a certificate executed under the seal, need not bear any signature.

## **OFFICIAL SEAL FOR USE ABROAD**

134 The Company may exercise the powers conferred by section 49 of the Act, as appropriate with regard to having an official seal for use abroad.

## **REGISTERS**

### **Overseas and local registers**

135 Subject to the provisions of the Act and the Regulations, the Company may keep an overseas or local or other register in any place, and the board may make, amend and revoke any regulations it thinks fit about the keeping of that register.

## **AUTHENTICATION AND CERTIFICATION OF COPIES AND EXTRACTS**

136 Any director or the secretary or any other person appointed by the board for the purpose shall have power to authenticate and certify as true copies of and extracts from:

- (a) any document comprising or affecting the constitution of the Company;
- (b) any resolution passed by the Company, the holders of any class of Shares in the capital of the Company, the board or any committee of the board; and
- (c) any book, record and document relating to the business of the Company (including without limitation the accounts).

If certified in this way, a document purporting to be a copy of a resolution, or the minutes or an extract from the minutes of a meeting of the Company, the holders of any class of shares in the capital of the Company, the board or a committee of the board shall be conclusive evidence in favour of all persons dealing with the Company in reliance on it or them that the resolution was duly passed or that the minutes are, or the extract from the minutes is, a true and accurate record of proceedings at a duly constituted meeting.

## **DIVIDENDS**

### **Declaration of dividends**

- 137 Subject to the provisions of the Act, 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 board.

### **INTERIM DIVIDENDS**

- 138 Subject to the provisions of the Act, the board may pay interim dividends if it appears to the board that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the board 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 board may also pay at intervals settled by it any dividend payable at a fixed rate if it appears to the board that the profits available for distribution justify the payment. If the board acts in good faith it 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.

### **APPORTIONMENT OF DIVIDENDS**

- 139 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; but no amount paid on a share in advance of the date on which a call is payable shall be treated for the purposes of this Article as paid on the share. 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 allotted or issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

### **DIVIDENDS IN SPECIE**

- 140 A general meeting declaring a dividend may, on the recommendation of the board, by ordinary resolution direct that it shall be satisfied wholly or partly by the distribution of assets, including without limitation paid up shares or debentures of another body corporate. The board may make any arrangements it thinks fit to settle any difficulty arising in connection with the distribution, including without limitation (a) the fixing of the value for distribution of any assets, (b) the payment of cash to any member on the basis of that value in order to adjust the rights of members, and (c) the vesting of any asset in a trustee.

### **SCRIP DIVIDENDS: AUTHORISING RESOLUTION**

- 141.1 The board may, if authorised by an ordinary resolution of the Company (the *Resolution*), offer any holder of shares (excluding any member holding shares as treasury shares) the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the board) of all or any dividend specified by the Resolution. The

offer shall be on the terms and conditions and be made in the manner specified in Article 141.2 or, subject to those provisions, specified in the Resolution.

### **Scrip dividends: procedures**

141.2 The following provisions shall apply to the Resolution and any offer made pursuant to it and Article 141.1.

- (a) The Resolution may specify a particular dividend, or may specify all or any dividends declared within a specified period.
- (b) Each holder of shares shall be entitled to that number of new shares as are together as nearly as possible equal in value to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder elects to forgo (each a *new share*). For this purpose, the value of each new share shall be:
  - (i) equal to the average quotation for the Company's ordinary shares, that is, the average of the middle market quotations for those shares on the London Stock Exchange, as derived from the Daily Official List, on the day on which such shares are first quoted ex the relevant dividend and the four subsequent dealing days; or
  - (ii) calculated in any other manner specified by the Resolution,

but shall never be less than the par value of the new share.

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

- (c) On or as soon as practicable after announcing that any dividend is to be declared or recommended, the board, if it intends to offer an election in respect of that dividend, shall also announce that intention. If, after determining the basis of allotment, the board decides to proceed with the offer, it shall notify in writing the holders of shares of the terms and conditions of the right of election offered to them, specifying the procedure to be followed and place at which, and the latest time by which, elections or notices amending or terminating existing elections must be delivered in order to be effective.
- (d) The board shall not proceed with any election unless the Company has sufficient unissued shares authorised for issue and sufficient reserves or funds that may be appropriated to give effect to it after the basis of allotment is determined.
- (e) The board may exclude from any offer any holders of shares where the board believes the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.
- (f) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable in cash on shares in respect of which an election has been made (the *elected shares*) and instead such number of new shares shall be allotted to each holder of elected shares as is arrived at on the basis stated in Article 141.2(b). For that purpose the board shall appropriate out of any amount for the time being

standing to the credit of any reserve or fund (including without limitation the profit and loss account), whether or not it is available for distribution, a sum equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares for allotment and distribution to each holder of elected shares as is arrived at on the basis stated in Article 141.2 (b).

- (g) The new shares when allotted shall rank equally in all respects with the fully paid shares of the same class then in issue except that they shall not be entitled to participate in the relevant dividend.
- (h) No fraction of a share shall be allotted. The board may make such provision as it thinks fit for any fractional entitlements including without limitation payment in cash to holders in respect of their fractional entitlements, provision for the accrual, retention or accumulation of all or part of the benefit of fractional entitlements to or by the Company or to or by or on behalf of any holder or the application of any accrual, retention or accumulation to the allotment of fully paid shares to any holder.
- (i) The board may do all acts and things it considers necessary or expedient to give effect to the allotment and issue of any share pursuant to this Article or otherwise in connection with any offer made pursuant to this Article and may authorise any person, acting on behalf of the holders concerned, to enter into an agreement with the Company providing for such allotment or issue and incidental matters. Any agreement made under such authority shall be effective and binding on all concerned.
- (j) The board may, at its discretion, amend, suspend or terminate any offer pursuant to this Article.

## **PERMITTED DEDUCTIONS AND RETENTIONS**

142 The board may deduct from any dividend or other moneys payable to any member in respect of a share any moneys presently payable by him to the Company in respect of that share. Where a person is entitled by transmission to a share, the board may retain any dividend payable in respect of that share until that person (or that person's transferee) becomes the holder of that share.

## **PROCEDURE FOR PAYMENT TO HOLDERS AND OTHERS ENTITLED**

143.1 Any dividend or other moneys payable in respect of a share may be paid:

- (a) in cash; or
- (b) by cheque or warrant made payable to or to the order of the holder or person entitled to payment; or
- (c) by any direct debit, bank or other funds transfer system to the holder or person entitled to payment or, if practicable, to a person designated in writing by the holder or person entitled to payment; or
- (d) by any other method approved by the board and agreed (in such form as the Company thinks appropriate) by the holder or person entitled to payment including (without

limitation) in respect of an uncertificated share by means of the relevant system (subject to the facilities and requirements of the relevant system).

### **Joint entitlement**

143.2 If two or more persons are registered as joint holders of any share, or are entitled by transmission jointly to a share, the Company may:

- (a) pay any dividend or other moneys payable in respect of the share to any one of them and any one of them may give effectual receipt for that payment; and
- (b) for the purposes of Article 143.1, rely in relation to the share on the written direction, designation or agreement of any one of them.

### **Payment by post**

143.3 A cheque or warrant may be sent by post to:

- (a) where a share is held by a sole holder, the registered address of the holder of the share; or
- (b) if two or more persons are the holders, to the registered address of the person who is first named in the register; or
- (c) if a person is entitled by transmission to the share, as if it were a notice to be given under Article 152; or
- (d) in any case, to such person and to such address as the person entitled to payment may in writing direct.

### **Discharge to Company and risk**

143.4 Payment of a cheque or warrant by the bank on which it was drawn or the transfer of funds by the bank instructed to make the transfer or, in respect of an uncertificated share, the making of payment in accordance with the facilities and requirements of the relevant system (which, if the relevant system is CREST, shall be the creation of an assured payment obligation in respect of the dividend or other moneys payable in favour of the settlement bank of the member or other person concerned) shall be a good discharge to the Company. Every cheque or warrant sent in accordance with these Articles shall be at the risk of the holder or person entitled. The Company shall have no responsibility for any sums lost or delayed in the course of payment by any other method used by the Company in accordance with Article 143.1.

### **INTEREST NOT PAYABLE**

144 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.

### **FORFEITURE OF UNCLAIMED DIVIDENDS**

145 Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the board so resolves, be forfeited and cease to remain owing by the

Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect of it. The Company shall be entitled to cease sending dividend warrants and cheques by post or otherwise to a member if those instruments have been returned undelivered to, or left uncashed by, that member on at least two consecutive occasions, or, following one such occasion, reasonable enquiries have failed to establish the member's new address. The entitlement conferred on the Company by this Article in respect of any member shall cease if the member claims a dividend or cashes a dividend warrant or cheque.

## **CAPITALISATION OF PROFITS AND RESERVES**

### **Power to capitalise**

146 The board may with the authority of an ordinary resolution of the Company:

- (a) subject to the provisions of this Article, resolve to capitalise any undistributed profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or other fund, including without limitation the Company's share premium account and capital redemption reserve, if any;
- (b) appropriate the sum resolved to be capitalised to the members or any class of members on the record date specified in the relevant resolution who would have been entitled to it if it were distributed by way of dividend and in the same proportions;
- (c) apply that 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, debentures or other obligations of the Company of a nominal amount equal to that sum 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, and where the amount capitalised is applied in paying up in full unissued shares, the Company will also be entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of members to the distribution will be calculated accordingly;
- (d) allot the shares, debentures or other obligations 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;
- (e) where shares or debentures become, or would otherwise become, distributable under this Article in fractions, make such provision as they think fit for any fractional entitlements including without limitation authorising their sale and transfer to any person, resolving that the distribution be made as nearly as practicable in the correct proportion but not exactly so, ignoring fractions altogether or resolving that cash payments be made to any members in order to adjust the rights of all parties;
- (f) authorise any person to enter into an agreement with the Company on behalf of all the members concerned providing for either:

- (i) the allotment to the members respectively, credited as fully paid, of any shares, debentures or other obligations to which they are entitled on the capitalisation; or
  - (ii) the payment up by the Company on behalf of the members of the amounts, or any part of the amounts, remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised, and any agreement made under that authority shall be binding on all such members; and
- (g) generally do all acts and things required to give effect to the ordinary resolution.

## **RECORD DATES**

### **Record dates for dividends, etc.**

147 Notwithstanding any other provision of these Articles, the Company or the board may:

- (a) fix any date as the record date for any dividend, distribution, allotment or issue, which may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made;
- (b) for the purpose of determining which persons are entitled to attend and vote at a general meeting of the Company, or a separate general meeting of the holders of any class of shares in the capital of the Company, and how many votes such persons may cast, specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the register in order to have the right to attend or vote at the meeting; changes to the register after the time specified by virtue of this Article 147 shall be disregarded in determining the rights of any person to attend or vote at the meeting; and
- (c) for the purpose of serving notices of general meetings of the Company, or separate general meetings of the holders of any class of Shares in the capital of the Company, under the Articles, determine that persons entitled to receive such notices are those persons entered on the register at the close of business on a day determined by the Company or the board, which day may not be more than 21 days before the day that notices of the meeting are sent.

## **ACCOUNTS**

### **Rights to inspect records**

148 No member shall (as such) have any right to inspect any accounting records or other book or document of the Company except as conferred by statute or authorised by the board or by ordinary resolution of the Company or order of a court of competent jurisdiction.

## **DELIVERY OF ANNUAL ACCOUNTS**

149.1 A copy of the Company's annual accounts, together with a copy of the directors' report for that financial year and the auditors' report on those accounts shall, at least 21 clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the



provisions of the Act, be delivered in any manner permitted by the Companies Acts to every member and to every holder of the Company's debentures of whose address the Company is aware, and to every other person who is entitled to receive notice of meetings from the Company under the provisions of the Act or of these Articles or, in the case of joint holders of any share or debenture, to one of the joint holders.

### **Summary financial statements**

149.2 The requirements of Article 149.1 shall be deemed satisfied in relation to any person by sending to the person, in any manner permitted by the Companies Acts, where permitted by the Act, instead of such copies, a summary financial statement derived from the Company's annual accounts and the directors' report, which shall be in the form and containing the information prescribed by the Act and any regulations made under the Act.

## **NOTICES**

### **When notice required to be in writing**

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

### **Method of giving notice**

150.2 The Company may serve or deliver any notice, other document or information on or to a member:

- (a) personally;
- (b) by posting it in a prepaid envelope addressed to the member at his registered address;
- (c) by leaving it at that address.
- (d) to the extent permitted by the Companies Acts, by sending it as an electronic communication to the member at his electronic address; or
- (e) to the extent permitted by the Companies Acts, by placing it on a website or websites and giving to the member (or any person nominated by a member in accordance with these Articles to enjoy or exercise all or any specified rights of the member in relation to the Company and/or any person nominated by the member under the Act to enjoy information rights) a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the member by any of the means set out in Article 150.1(a), (b), (c) or (d).

In the case of joint holders of a share, all notices or other documents shall be served on or delivered to the joint holder whose name stands first in the register in respect of the joint holding. Any notice or other document so served or delivered shall be deemed for all purposes sufficient service on or delivery to all the joint holders. Any agreement or specification required from a holder of shares in relation to the method of communication with that holder of shares shall require to be agreed or specified by the joint holder whose name stands first in the register in respect of the joint holding, only.

No member shall be entitled to have notices or other documents given to him by means of electronic communication if the board deems it necessary or expedient to give him notice by some other means authorised by these Articles.

Without prejudice to the generality of the foregoing 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 or other documents may be given to him shall be entitled to have notices or other documents given to him at that address, but otherwise:

- (aa) no such member shall be entitled to receive any notice or other document from the Company; and
- (bb) without prejudice to the generality of the foregoing, any notice of a general meeting of the Company which is in fact given or purports to be given to such member shall be ignored for the purpose of determining the validity of the proceedings at such general meeting.

### **Deemed receipt of notice**

150.3 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 capital of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

### **NOTICE TO PERSONS ENTITLED BY TRANSMISSION**

151 A notice or other document may be served or delivered by the Company on or to the person or persons entitled by transmission to a share by sending or delivering it in any manner the Company may choose authorised by these Articles for the service or delivery of a notice or other document on or to a member, addressed to them by name, or by the title of representative of the deceased, or trustee of the bankrupt or by any similar description at the address, if any, in the United Kingdom or an electronic address supplied for that purpose by the person or persons claiming to be so entitled. Until such an address has been supplied, a notice or other document may be served or delivered in any manner in which it might have been served or delivered if the death or bankruptcy or other event giving rise to the transmission had not occurred.

### **TRANSFEREES ETC. BOUND BY PRIOR NOTICE**

152 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, has been duly given to a person from whom he derives his title, provided that no person who becomes entitled by transmission to a share shall be bound by any direction notice issued under Article 73.1 to a person from whom he derives his title.

### **WHEN NOTICES DEEMED SERVED**

153 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with the guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given.

A notice or other document sent by the Company to a member by post shall be deemed to be given:

- (a) if sent by first class post or special delivery post from an address in the United Kingdom to another address in the United Kingdom, or by a postal service similar to first class post or special delivery post from an address in another country to another address in that other country, on the day following that on which the envelope containing it was posted;
- (b) if sent by airmail from an address in the United Kingdom to an address outside the United Kingdom, or from an address in another country to an address outside that country (including without limitation an address in the United Kingdom), on the second day following that on which the envelope containing it was posted; and
- (c) in any other case, on the day following that on which the envelope containing it was posted.

A notice or other document sent by the Company to a member sent as an electronic communication shall be deemed to be given by the Company to the member on day following that on which the communication was sent to the member. A notice placed on the Company's website or websites is deemed given by the Company to a member on the day following that on which a notice of availability was sent to the member.

## **COMMUNICATIONS DURING DISRUPTION OF DELIVERY SERVICES**

154.1 If at any time the Company is unable effectively to convene a general meeting by notices sent through the post in the United Kingdom as a result of the suspension or curtailment of postal services or by notices sent by electronic communication as a result of a general technical failure, notice of general meeting may be sufficiently given by advertisement in the United Kingdom. Any notice given by advertisement for the purpose of this Article shall be advertised on the same date in at least one newspaper having a national circulation. Such notice shall be deemed to have been served on all persons who are entitled to have notice of meetings served on them at noon on the day when the advertisement appears. In the case of suspension or curtailment of postal services the Company shall send confirmatory copies of the notice by post if at least seven days before the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable. In the case of a general technical failure preventing electronic communication, the Company shall send confirmatory copies of the notice by electronic communication if at least seven days before the meeting the sending of electronic communications again becomes practicable.

154.2 If a member elects to receive communications electronically, the Company shall not be responsible for any failure in transmission beyond its control provided it has complied with Article 153. Without prejudice to the terms of Article 153 and 154.1 in the event that the Company receives a delivery failure notification in respect of an electronic communication, which is not subsequently rectified, it will post a hard copy of the communication to the last known postal address of the member.

## **DESTRUCTION OF DOCUMENTS**

### **Power of Company to destroy documents**

155.1 The Company shall be entitled to destroy:

- (a) all instruments of transfer of Shares which have been registered, and all other documents on the basis of which any entry is made in the register, at any time after the expiration of six years from the date of registration;
- (b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address at any time after the expiration of two years from the date of recording;
- (c) all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation;
- (d) all paid dividend warrants and cheques at any time after the expiration of one year from the date of actual payment;
- (e) all instruments of proxy which have been used for the purpose of a poll at any time after the expiration of one year from the date of use; and
- (f) all instruments of proxy which have not been used for the purpose of a poll at any time after one month from the end of the meeting to which the instrument of proxy relates and at which no poll was demanded.

### **Presumption in relation to destroyed documents**

155.2 It shall conclusively be presumed in favour of the Company that:

- (a) every entry in the register purporting to have been made on the basis of an instrument of transfer or other document destroyed in accordance with Article 155.1 was duly and properly made;
- (b) every instrument of transfer destroyed in accordance with Article 155.1 was a valid and effective instrument duly and properly registered;
- (c) every share certificate destroyed in accordance with Article 155.1 was a valid and effective certificate duly and properly cancelled; and
- (d) every other document destroyed in accordance with Article 155.1 was a valid and effective document in accordance with its recorded particulars in the books or records of the Company,

but:

- (e) the provisions of this Article apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties) to which the document might be relevant;

- (f) nothing in this Article shall be construed as imposing on the Company any liability in respect of the destruction of any document earlier than the time specified in Article 155.1 or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (g) any reference in Article 155.1 to the destruction of any document includes a reference to its disposal in any manner.

## **UNTRACED SHAREHOLDERS**

### **Power to dispose of shares of untraced shareholders**

156.1 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 transmission if:

- (a) during the period of 12 years before the date of the publication of the advertisements referred to in Article 156.1(b) (or, if published on different dates, the first date) (the *relevant period*) at least three dividends in respect of the shares in question have been declared and all dividend warrants and cheques which have been sent in the manner authorised by these Articles in respect of the shares in question have remained uncashed;
- (b) the Company shall as soon as practicable after expiry of the relevant period have inserted advertisements both in a national daily newspaper and in a newspaper circulating in the area of the last known address of such member or other person giving notice of its intention to sell the shares;
- (c) during the relevant period and the period of three months following the publication of the advertisements referred to in Article 156.1(b) (or, if published on different dates, the first date) the Company has received no indication either of the whereabouts or of the existence of such member or person; and
- (d) if the shares are listed, notice has been given to the relevant listing authority of the Company's intention to make such sale before the publication of the advertisements.

### **Transfer on sale**

156.2 To give effect to any sale pursuant to Article 156.1, the board may:

- (a) where the shares are held in certificated form, authorise any person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the buyer; or
- (b) where the shares are held in uncertificated form, do all acts and things it considers necessary or expedient to effect the transfer of the shares to, or in accordance with the directions of, the buyer.

### **Effectiveness of transfer**

156.3 An instrument of transfer executed by that person in accordance with Article 156.2(a) shall be as effective as if it had been executed by the holder of, or person entitled by transmission to,

the shares. An exercise by the Company of its powers in accordance with Article 156.2(b) shall be as effective as if exercised by the registered holder of or person entitled by transmission to the shares. The transferee shall not be bound to see to the application of the purchase money, and his title to the shares shall not be affected by any irregularity in, or invalidity of, the proceedings in reference to the sale.

### **Proceeds of sale**

156.4 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 for an amount equal to the proceeds. The Company shall enter the name of such former Member or other person in the books of the Company as a creditor for that amount. In relation to the debt, no trust is created and no interest is payable. The Company shall not be required to account for any money earned on the net proceeds of sale, which may be used in the Company's business or invested in such a way as the Board from time to time thinks fit.

## **WINDING UP**

### **Liquidator may distribute in specie**

157.1 If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Insolvency Act 1986:

- (a) 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;
- (b) vest the whole or any part of the assets in trustees for the benefit of the members; and
- (c) determine the scope and terms of those trusts,

but no member shall be compelled to accept any asset on which there is a liability.

## **DISPOSAL OF ASSETS BY LIQUIDATOR**

158 The power of sale of a liquidator shall include a power to sell wholly or partially for shares or debentures or other obligations of another body corporate, either then already constituted or about to be constituted for the purpose of carrying out the sale.

## **INDEMNITY**

### **Indemnity to directors and officers**

159 Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer of the Company or any subsidiary (except Auditors) shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted 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

or any subsidiary or any company that is a trustee of an occupational pension scheme. For the purposes of this Article the terms “director” or “officer” shall include any former director or officer of the Company (but not any former auditor of the Company).

## Glossary

### About the Glossary

This Glossary is attached to help readers understand the Company's Articles. Words are explained as they are used in the Articles – they might mean different things in other documents. This Glossary is not legally part of the Articles, and it does not affect their meaning. The definitions are intended to be a general guide – they are not precise.

**abrogate** If the *special rights* of a share are abrogated, they are cancelled or withdrawn.

**accounting reference date** The date in each year which marks the end of the company's accounting reference period and thus its financial year and by reference which the company must draw up its statutory accounts. A company may alter its accounting reference date from time to time subject to certain restrictions.

**accounting reference period** The period between the company's incorporation and its accounting reference date (which must be more than 6 months but less than 18 months) and thereafter the period between the company's accounting reference dates in each year. This determines the company's financial year.

**accrue** If interest on a dividend is accruing, it is running or mounting up, day by day.

**adjourn** Where a meeting breaks up, to be continued at a later time or day, at the same or a different place.

**allot** When new shares are allotted, they are set aside for the person they are intended for. This will normally be after the person has agreed to pay for a new share, or has become entitled to a new share for any other reason. As soon as a share is allotted, that person has the right to have his name put on the register of shareholders. When he has been registered, the share has also been issued.

**annual general meeting or AGM** A meeting of the members of a company which must be held every year.

**asset** Anything which is of any value to its owner.

**attorney** An attorney is a person who has been appointed to act for another person. The person is appointed by a formal document, called a "*power of attorney*".

**authorised share capital** The total number and nominal value of shares which a company is authorised to issue by its memorandum of association and by any subsequent resolution increasing its size thus being the aggregate of the company's issued share capital and of any remaining shares which are unissued.

**beneficiary** If a person does not hold property of any kind directly but that property is held in the name of another person as *trustee* for that first person's benefit, that first person is considered to be a "beneficiary" in respect of that property.



**board of directors** The body which has the prime responsibility for the management of the Company, being the directors of the company acting collectively in accordance with its articles.

**brokerage** Commission which is paid to a broker by a company *issuing* shares where the broker's clients have applied for shares.

**call** A call to pay money which is due on shares which has not yet been paid. This happens if the Company *issues* shares which are partly paid, where money remains to be paid to the Company for the shares. The money which has not been paid can be “called” for. If all the money to be paid on a share has been paid, the share is called a “*fully paid share*”.

**capitalise** To convert some or all of the *reserves* of a company into capital (such as shares).

**capital redemption reserve** A *reserve* which a company may have to set up to maintain the level of its capital base when shares are *redeemed* or bought back.

**certificated form** A shareholder holds a share or other security in certificated form if it is not able to be held in *uncertificated form* or, if it is able to be held in *uncertificated form* but that shareholder has requested that a certificate be issued for that share or other security (see also *uncertificated form*).

**class rights** Special rights conferred by a company’s articles on the holders of certain shares which usually have a special designation. Such rights may include priority to a dividend, enhanced voting strength or a power of veto and can only be cancelled or varied in accordance with a special procedure. The courts have also applied this term to include any special rights which the articles confer on a shareholder which are inextricably linked with the shareholder’s holding of shares but are not attached to any shares in particular.

**company secretary** An officer which every company must appoint who has various duties concerning the administration of the company and the filing of the information with the Registrar of Companies.

**consolidate** When shares are consolidated, they are combined with other shares – for example, three £1 shares might be consolidated into one new £3 share.

**corporate representative** If a corporation owns shares, it can appoint a corporate representative to attend a shareholders’ meeting to speak and vote for it.

**debenture** A typical debenture is a long-term borrowing by a company. The loan usually has to be repaid at a fixed date in the future and carries a fixed rate of interest.

**declare** When a dividend is declared, it becomes due to be paid.

**dividends** A payment to the shareholders from the distributable profits of the company and which is usually paid in proportion to the shareholders’ shareholdings.

**entitled to a share by law** In some situations, a person will be entitled to have shares which are registered in somebody else’s name registered in his own name or to require the shares to be transferred to another person. When a shareholder dies, or the sole survivor of joint shareholders dies, his *personal representatives* have this right. If a shareholder is made bankrupt, his *trustee* in bankruptcy has the right.

**executed** A document is executed when it is signed or sealed or made valid in some other way.

**exercise** When a power is exercised, it is used.

**forfeit and forfeiture** When a share is forfeited it is taken away from the shareholder and goes back to the company. This process is called “forfeiture”. This can happen if a **call** on a **partly paid share** is not paid on time.

**fully paid shares** When all of the money or other property which is due to the company for a share has been paid or received, a share is called a “fully paid share”.

**general meeting** Any meeting of the members of a company other than the annual general meeting.

**good title** If a person has good title to a share, he owns it outright.

**holding company** A company which controls another company (for example, by owing a majority of its shares) is called the “holding company” of that other company. The other company is the **subsidiary** of the holding company.

**incorporation** The point at which a company comes into existence as a separate legal person and its certificate of incorporation is issued.

**indemnity and indemnify** If a person gives another person an indemnity, he promises to make good any losses or damage which the other might suffer. The person who gives the indemnity is said to “**indemnify**” the other person.

**in issue** See **issue**.

**instruments** Formal legal documents.

**issue** When a share has been issued, everything has been done by a company to make the shareholder the owner of the share. In particular, the shareholder’s name has been put on the register. Existing shares which have been issued are called “**in issue**”.

**issued share capital** That portion of a company’s authorised share capital which has been issued to its shareholders and the nominal value of this share capital.

**liabilities** Debts and other obligations.

**lien** Where the Company has a lien over shares, it may be able to take the dividends, and any other payments relating to the shares which it has a lien over, or it may be able to sell the shares, to repay the debt and so on.

**memorandum of association** The document which, together with these articles of association, comprises the constitution of the company. The memorandum will contain the company’s objects clause and its main details.

**nominal amount** or **nominal value** The amount of the share shown in a company’s account. The nominal value of the Company’s Ordinary Shares is 50 pence. This amount is shown on the share certificate for a share. When a company **issues** new shares this can be for a price which is at a

**premium** to the nominal value. When shares are bought and sold on the *stock* market this can be for more, or less, than the nominal value. The nominal value is sometimes also called the “par value”.

**objects clause** The clause in a company’s memorandum of association which sets out the intended objectives of the company and the ancillary powers which it may require in pursuing them and which usually tends to be comprehensive and exhaustive.

**officer** The term offices includes a director, secretary, any employee who reports directly to a director or any other person who the directors decide should be an officer.

**operator** A person approved by the Treasury under the Regulations as operator of a *relevant system*.

**operator-instruction** A properly authenticated instruction sent by or on behalf of an operator and sent or received by means of a *relevant system*.

**option** In relation to shares, an option is a right to buy shares or to sell shares on specified terms and subject to specified conditions, these rights being termed respectively a call option and a put option.

**ordinary resolution** A decision reached by a simple majority of votes – that is by more than 50 per cent. of the votes cast.

**ordinary share** A share in a company which does not have any special or inferior rights attached to it.

**paid up share capital** The nominal value of that portion of a company’s issued share capital which has been paid up by the shareholders.

**par value** The face or nominal value of a share as opposed to its market value.

**partly paid shares** If any money remains to be paid on a share, it is said to be partly paid. The unpaid money can be “called” for.

**personal representatives** A person who is entitled to deal with the property (the “estate”) of a person who has died. If the person who has died left a valid will, the will appoints “**executors**” who are personal representatives. If the person died without a will, the Courts will appoint one or more “administrators” (or in Scotland, an “executor dative”) to be the personal representatives.

**poll** On a vote taken on a poll, the number of votes which a shareholder has will depend on the number of shares which he owns. An ordinary shareholder has one vote for each share he owns. A poll vote is different to a vote taken on a *show of hands*, where each person who is entitled to vote has just one vote, however many shares he owns.

**power of attorney** A formal document which legally appoints one or more persons to act on behalf of another person.

**pre-emption rights** The right of some shareholders which is given by the Companies Acts to be offered a proportion of certain classes of newly issued shares and other securities before they are offered to anyone else. This offer must be made on terms which are at least as favourable as the terms offered to anyone else.

**preference shares** Shares which have a right to dividends in priority to the other shareholders and may have a prior right to a repayment of capital as well. There is no standard formula for such shares

and in the terms of the preferential dividend and any other special rights or any inferior rights (for example as regards voting) must be set out in the company's articles of association.

**premium** If a company *issues* a new share for more than its **nominal value**, the amount above the **nominal value** is the premium.

**proxy** A proxy is a person who is appointed by a shareholder to attend a meeting and vote for that shareholder. A proxy is appointed by using a **proxy form**. A proxy does not have to be a shareholder.

**proxy form** A form which a shareholder uses to appoint a proxy to attend a meeting and vote for him. The proxy forms are sent out by the Company and must be returned to the Company or such other person indicated on the proxy form before the meeting to which they relate.

**quorum** The minimum number of shareholders or directors who must be present before a meeting can start. When this number is reached, the meeting is said to be "quorate".

**rank** When either capital or income is distributed to shareholders, it is paid out according to the rank of the shares. For example, a share which ranks ahead of (or above) another share in sharing in a company's income is entitled to have its dividends paid first, before any dividends are paid on shares which rank below (or after) it. If there is not enough income to pay dividends on all shares, the available income must be used first to pay dividends on shares which rank first, and then to shares which rank below. The same applies for repayments of capital. Capital must be paid first to shares which rank first in sharing in the company's capital, and then to shares which rank below. A company's preference shares (if it has any) generally rank ahead of its ordinary shares.

**recognised investment exchange** An "investment exchange" which has been officially recognised by the UK authorities. An investment exchange is a place where investments, such as shares, are traded. The London Stock Exchange is a recognised investment exchange.

**redeem, redemption and redeemable** When a share is redeemed, it goes back to the **company** in return for a sum of money which was fixed (or calculated from a formula fixed) before the share was **issued**. This process is called "**redemption**". A share which can be redeemed is called a "**redeemable**" share.

**reduction of capital** The procedure whereby a company may reduce the amount of its issued share capital either by making a repayment to shareholders and reducing the nominal share value of their shares accordingly or by cancelling the whole or part of the nominal value of some or all of the company's shares.

**relevant system** This is a term used in the legislation for a computer system which allows shares without share certificates to be transferred without using transfer forms. The CREST system for paperless share dealing is a "relevant system".

**requisition** A formal process which shareholders can use to call a meeting of shareholders. Generally speaking the shareholders who want to call a meeting must hold at least 10 per cent. of the issued shares.

**reserves** A fund which has been set aside in the accounts of a company – profits which are not paid out to shareholders as dividends, or used up in some other way, are held in a reserved by the company.

**resolution** A formal decision made by the board of directors, the members or any class of the members of a company and complying with the relevant requirements for the particular decision.

**retire by rotation** At every Annual General Meeting a proportion of the Directors retires in turn. This give the shareholders the chance to confirm or renew their appointments by voting on whether to re-elect them.

**revoke** To withdraw or cancel.

**share capital** The authorised and/or issued share capital of a company.

**share premium account** If a new share is **issued** by a company for more than its **nominal value**, the amount above the **nominal value** is the **premium** and the total of these **premiums** is held in a **reserve** (which cannot be used to pay dividends) called the share premium account.

**short notice** Extraordinary general meetings can be held and resolutions be put to such meetings at shorter notice than would otherwise be required provided that the requisite minimum of the members agree to such short notice. Special notice cannot be reduced in this way.

**show of hands** A vote where each person who is entitled to vote has just one vote, however many shares he holds.

**special resolution** A decision reached by a majority of at least 75 per cent. of votes cast.

**special rights** These are the rights of a particular class of shares as distinct from rights which apply to all shares generally. Typical examples of special rights are: where the shares **rank**; their rights to sharing in income and **assets**; and voting rights.

**statutory declaration** A formal way of declaring something in writing. Particular works and formalities must be used – these are laid down by the Statutory Declarations Act of 1835.

**subject to** Means that something else has priority, or prevails, or must be taken into account. When a statement is subject to something this means that the statement must be read in the light of that other thing, which will prevail if there is any conflict.

**subscribe for shares** To agree to take new shares in a company (usually for a cash payment).

**subscribers** The people who first buy the shares.

**subsidiary** A company which is controlled by another company (for example, because the other company owns a majority of its shares) is called a subsidiary of that company.

**subsidiary undertaking** This is a term used by the Companies Acts. It has a wider meaning than **subsidiary**. Generally speaking, it is a company which is controlled by another company because the other company:

- has a majority of the votes in the company, either alone or acting with others;
- is a shareholder who can appoint or remove a majority of the directors;

- can **exercise** dominant influence over the company because of anything in the company's memorandum or articles or because of a certain kind of contract.

**trustees** People who hold property of any kind for the benefit of one or more other people under a kind of arrangement which the law treats as a "trust".

**uncertificated form** A share or other security is held in uncertificated form if no certificate has been issued for it. A share or other security held in uncertificated form is eligible for settlement in CREST or any other **relevant system**.

**underwriting** A person who agrees to buy new shares if they are not bought by other people underwrites the share offer.

**wind up** The formal process to put an end to a company. When a company is wound up, its **assets** are distributed. The **assets** go first to creditors who have supplied property and services and then to shareholders. Shares which **rank** above other shares in sharing in the company's **assets** will receive any funds which are left over before any shares which **rank** after (or below) them.

**written resolution** A resolution passed by the members of a company by signing a written form of the resolution rather than by voting at a duly convened meeting.