

APPENDIX

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1 Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written shareholder resolutions. These provisions have therefore been removed in the New Articles.

2 Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. The New Articles reflect the fact that the concept of extraordinary general meetings has been removed by the Companies Act 2006 and all meetings (other than annual general meetings) are now to be referred to as general meetings and that general meetings to consider a special resolution can be convened on 14 days' notice, whereas previously 21 days' notice was required.

3 Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect these new provisions.

4 Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law, but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. Once amended pursuant to resolution 10, the New Articles will give the directors authority to approve such situations and will also include other provisions to allow conflicts of interest to be dealt with in a similar way to that under the Current Articles.

There are safeguards which will apply when directors are deciding whether to authorise a conflict or potential conflict. Firstly, only directors who have no interest in the matter being considered will be able to make the relevant decision, and secondly, in taking the decision the directors are obliged to act in a way which they consider, in good faith, will

be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

5 Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

6 Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers which a company has to indemnify directors and to fund expenditure incurred by a director in connection with certain actions against directors. The existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings will now in the New Articles expressly cover regulatory proceedings and apply to associated companies.

7 General

Generally the opportunity has been taken, in certain circumstances, to bring clearer language into the New Articles and in some areas to conform the language of, and define terms used in, the New Articles.