

## **Explanatory notes on principal changes to the Company's Articles of Association**

Shareholders are being asked to adopt new articles of association ("**New Articles**") in substitution for the Company's current articles of association, primarily to take account of changes in company law brought about by the Companies Act 2006 ("**Companies Act**").

The principal changes introduced in the New Articles are described below. A copy of the New Articles will be available for inspection at the Company's registered office at Ground Floor, 11 Albermarle Street, London W15 4HH, during normal business hours from 1 October 2009 to 7 October 2009 and for 15 minutes prior to the AGM at 10.00 am on 8 October 2009.

### **1. Conflicts of interest**

The Companies Act 2006 sets out directors' general duties which, subject to some amendments, codify the existing law. Under the Companies Act, 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 interest of Company. The obligation is extremely broad and could apply, for example, to a directorship of another company or if a director becomes a trustee of another organisation. Directors of public companies are allowed under the Companies Act to authorise conflicts and potential conflicts, where appropriate, provided that the articles of association contain a provision to this effect. The Companies Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors such authority.

The New Articles do also contain restrictions that will apply when directors decide whether to authorise a conflict or potential conflict. The directors will also be able to impose limits or conditions when giving authorisation if they think this is appropriate. Further, only directors having no interest in the matter being considered will be able to take the relevant decision, and in taking the decision the directors must act in a way they consider will be most likely to promote the Company's success.

### **2. Votes of members**

Under the Companies Act, proxies are entitled to vote on a show of hands, whereas under article 49.1 of the current articles proxies are only entitled to vote on a poll. The New Articles reflect the new provision of the Companies Act.

### **3. Convening and notice of general meetings**

Provisions dealing with the convening of general meetings and the length of notice required to convene general meetings at 39 of the current articles are absent from the New Articles because the relevant matters are provided for in the Companies Act.

### **4. Electronic and web communications**

Under the Electronic Communications Act 2000 and the Companies Act 1985 (Electronic Communications) Order 2000 amended, certain provisions of the Companies Act 1985 have been amended to allow companies to communicate with their shareholders by electronic means and vice versa. The New Articles contain more detailed provisions to facilitate electronic communications, including new provisions relating to website communications as permitted by the Companies Act.

The New Articles also include provision for the board to pass written resolutions and to permit directors to appoint or remove an alternate director by way of electronic communications.

### **5. Notices under Section 793**

In the event that a shareholder does not respond to a notice from the Company under Section 793 of the Companies Act (a request for details relating to the ownership of any shares), and such shareholder holds his shares in uncertificated form, the New Articles provide that the directors are entitled to convert such shares into a certificated form in order to give themselves the requisite authority to exercise their discretion to refuse to register a transfer of such shares.