

Company Number

5819317

THURSDAY



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07/06/2007
COMPANIES HOUSE

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

KEMBLE WATER FINANCE LIMITED¹

(incorporating all amendments to 24 May 2007)²

PRELIMINARY

1

- (A) The regulations contained in Table A in the Schedule to the Companies (Table A to F) Regulations 1985 (as amended) ("**Table A**") apply to the Company except to the extent that they are excluded or modified by these articles
- (B) The regulations of Table A numbered 24, 38, 60, 61, 64, 73, 74, 75, 76, 77, 78, 80, 81, 90, 94, 95, 96, 97, 98, 115 and 118 do not apply. The regulations of Table A numbered 37, 46, 53, 57, 59, 62, 65, 66, 67, 68, 72, 79, 84, 88, 110, 112 and 116 are modified. The regulations of Table A numbered 88, 91 and 93 are excluded if and for so long as there is a sole director of the Company. The regulation of Table A numbered 89 is modified if and for so long as there is a sole director of the Company. The regulations of Table A numbered 40 and 54 are modified if and for so long as the Company has only one member. Subject to these exclusions and modifications, and in addition to the remaining regulations of Table A, the following are the articles of association of the Company
- (C) Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose

PRIVATE COMPANY

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

¹ Pursuant to a special resolution dated October 2006, the company name was changed to Kemble Water Finance Limited

² Pursuant to a written resolution dated 24 May 2007, articles 37-38 were replaced by new articles 37-38

SHARE CAPITAL

- 3** The authorised share capital of the Company at the date of incorporation of the Company is £100 divided into 100 ordinary shares of £1 each
- 4** (A) Subject to the provisions of the Act, the directors have general and unconditional authority to allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of any unissued shares of the Company (whether forming part of the original or any increased share capital) to such persons, at such times and on such terms and conditions as the directors may decide but no share may be issued at a discount
- (B) The directors have general and unconditional authority, pursuant to section 80 of the Act, to exercise all powers of the Company to allot relevant securities for a period expiring on the fifth anniversary of the date of incorporation of the Company unless previously renewed, varied or revoked by the Company in general meeting
- (C) The maximum amount of relevant securities which may be allotted pursuant to the authority conferred by paragraph (B) is the amount of the authorised but as yet unissued share capital of the Company at the date of incorporation of the Company
- (D) By the authority conferred by paragraph (B), the directors may before the authority expires make an offer or agreement which would or might require relevant securities of the Company to be allotted after it expires and may allot relevant securities in pursuance of that offer or agreement
- 5** The pre-emption provisions of section 890) of the Act and the provisions of sub-sections (1) to (6) inclusive of section 90 of the Act do not apply to any allotment of the Company's equity securities

TRANSFERS

- 6** The directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share to any person, whether or not it is a fully-paid share or a share on which the Company has a lien

GENERAL MEETINGS

- 7** Regulation 37 of Table A is modified by the deletion of the words "eight weeks" and the substitution for them of the words "28 days"

NOTICE OF GENERAL MEETINGS

- 8** An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or an elective resolution must be called by at least 21 clear days' notice. All other extraordinary general meetings must be called by at least 14 clear days' notice but a general meeting may be called by shorter notice if it is so agreed
- (a) in the case of an annual general meeting or a meeting called for the passing of an elective resolution, by all the members entitled to attend and vote at that meeting, and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being

- (i) a majority together holding not less than such percentage in nominal value of the shares giving that right as has been determined by elective resolution of the members in accordance with the Act, or
- (ii) if no such elective resolution is in force, a majority together holding not less than 95 per cent in nominal value of the shares giving that right

The notice must specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, must specify that the meeting is an annual general meeting

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice must be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors

PROCEEDINGS AT GENERAL MEETINGS

- 9 A poll may be demanded by the chairman or by any member present in person or by proxy and entitled to vote and regulation 46 of Table A is modified accordingly
- 10 Regulation 53 of Table A is modified by the addition at the end of the following sentence "If a resolution in writing is described as a special resolution or as an extraordinary resolution, it has effect accordingly"

VOTES OF MEMBERS

- 11 Regulation 57 of Table A is modified by the inclusion after the word "shall" of the phrase unless the directors otherwise determine,'
- 12 Regulation 59 of Table A is modified by the addition at the end of the following sentence "Deposit or delivery of a form of appointment of proxy does not preclude a member from attending and voting at the meeting or at any adjournment of it "
- 13 The appointment of a proxy must be in any usual form or in any other form which the directors may approve and must be executed by or on behalf of the appointor
- 14 Regulation 62 of Table A is modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post to", by the substitution in paragraph (a) of the words "at any time" in place of "not less than 48 hours", by the substitution in paragraph (aa) of the words "at any time" in place of "not less than 48 hours" and by the substitution in paragraph (b) of the words "at any time" in place of "not less than 24 hours"
- 15 A company which is a member may, by resolution of its directors or other governing body, whether or not expressed to be pursuant to any provision of the Act, authorise one or more persons to act as its representatives at a meeting or at a separate meeting of the holders of a class of shares (a "**representative**") Each representative is entitled to exercise on behalf of the company (in respect of that part of the company's holding of shares to which the authorisation relates) those powers that the company could exercise if it were an individual member The company is for the purposes of the articles deemed to be present in person at a meeting if a representative is present All references to attendance and voting in person shall be construed accordingly A director, the secretary or other person authorised for the purpose by the secretary may require a representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers

NUMBER OF DIRECTORS

- 16** Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) is not subject to any maximum and the minimum number is one

ALTERNATE DIRECTORS

- 17** A director may appoint any person willing to act, whether or not he is a director of the Company, to be an alternate director That person need not be approved by resolution of the directors, and regulation 65 is modified accordingly
- 18** An alternate director who is absent from the United Kingdom is entitled to receive notice of all meetings of directors and meetings of committees of directors of which his appointor is a member An alternate director may waive the requirement that notice be given to him of a meeting of directors or a committee of directors, either prospectively or retrospectively Regulation 66 of Table A is modified accordingly
- 19** Regulation 68 of Table A is modified by the addition at the end of the following sentence "Any such notice may be left at or sent by post or facsimile transmission to the office or another place designated for the purpose by the directors "

DELEGATION OF DIRECTORS' POWERS

- 20** Regulation 72 is modified by the addition at the end of the regulation of the following sentence "Where a provision of the articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision must be construed as permitting the exercise of the power, authority or discretion by the committee "

APPOINTMENT (ANT) REMOVAL OF DIRECTORS

- 21** The directors are not subject to retirement by rotation Regulations 73, 74 and 75 of Table A do not apply, and reference in regulations 67 and 84 to retirement by rotation must be disregarded
- 22** 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
- 23** A person appointed by the directors to fill a vacancy or as an additional director is not required to retire from office at the annual general meeting next following his appointment and the last two sentences of regulation 79 of Table A are deleted
- 24** No person is incapable of being appointed a director by reason of his having reached the age of 70 or another age No special notice is required in connection with the appointment or the approval of the appointment of such person No director is required to vacate his office at any time because he has reached the age of 70 or another age and section 293 of the Act does not apply to the Company
- 25** The holder or holders of more than half in nominal value of the shares giving the right to attend and vote at general meetings of the Company may remove a director from office and appoint a person to be a director, but only if the appointment does not cause the number of directors to exceed a number fixed by or in accordance with the articles as the maximum number of directors The removal or appointment is effected by notice to the Company signed by or on behalf of the holder or holders The notice may consist of several documents in similar form each signed by or on behalf of one or more holders and

shall be left at or sent by post or facsimile transmission to the office or such other place designated by the directors for the purpose. The removal or appointment takes effect immediately on deposit of the notice in accordance with the articles or on such later date (if any) specified in the notice.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 26** The office of a director is vacated if
- (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director, or
 - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally, or
 - (c) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director, or
 - (d) he resigns his office by notice to the Company, or
 - (e) he is for more than six consecutive months absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) has not during that period attended any such meetings instead of him, and the directors resolve that his office be vacated, or
 - (f) he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors, or
 - (g) he is removed from office by notice given by a member or members under article 25

REMUNERATION OF DIRECTORS

- 27** A director who, at the request of the directors, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses as the directors may decide.

PROCEEDINGS OF DIRECTORS

- 28** Regulation 88 of Table A is modified by the exclusion of the third sentence and the substitution for it of the following sentences: "Every director must receive notice of a meeting, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a meeting of directors or a committee of directors, either prospectively or retrospectively."
- 29** A director or his alternate may validly participate in a meeting of the directors or a committee of directors through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Act, all business transacted in this way by the directors or a committee of directors is for the purposes of the articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of directors although fewer than two directors or alternate directors are physically present at the same place. The meeting is

deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is

- 30** If and for so long as there is a sole director of the Company
- (a) he may exercise all the powers conferred on the directors by the articles by resolution in writing signed by him or by any other means permitted by the articles or the Act,
 - (b) for the purpose of regulation 89 of Table A the quorum for the transaction of business is one, and
 - (c) all other provisions of the articles apply with any necessary modification (unless the provision expressly provides otherwise)
- 31** Without prejudice to the obligation of any director to disclose his interest in accordance with section 317 of the Act, a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in respect of which he has, directly or indirectly, an interest or duty. The director must be counted in the quorum present at a meeting when any such resolution is under consideration and if he votes his vote must be counted

DIVIDENDS

- 32** The directors may deduct from a dividend or other amounts payable to a person in respect of a share any amounts due from him to the Company on account of a call or otherwise in relation to a share

CAPITALISATION OF PROFITS

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

NOTICES

- 34** Regulation 112 of Table A is modified by the deletion of the last sentence and the substitution for it of the following "A member whose registered address is not within the United Kingdom is entitled to have notices given to him at that address or at an address specified by him to which notices may be sent using electronic communications and in this article "address", in relation to electronic communications, includes any number or address used for the purposes of such communications "
- 35** A notice sent to a member (or another person entitled to receive notices under the articles) by post to an address within the United Kingdom is deemed to be given
- (a) 24 hours after posting, if pre-paid as first class, or
 - (b) 48 hours after posting, if pre-paid as second class,

and a notice contained in an electronic communication shall be deemed to be given at the expiration of 48 hours after the time it was sent

A notice sent to a member (or other person entitled to receive notices under the articles) by post to an address outside the United Kingdom is deemed to be given 72 hours after

posting, if pre-paid as airmail. Proof that an envelope containing the notice was properly addressed, pre-paid and posted is conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators, shall be conclusive evidence that the notice was given. A notice not sent by post or using electronic communications, but left at a member's registered address is deemed to have been given on the day it was left.

- 36** Regulation 116 of Table A is modified by the deletion of the words "within the United Kingdom"

INDEMNITY, DEFENCE COSTS AND INSURANCE

- 37** Subject to the provisions of, and so far as may be permitted by and consistent with, the Act, every director and officer of the Company may be indemnified by the Company out of its own funds against (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company other than (i) any liability to the Company or any associated company (as defined in Section 309A(6) of the Act) and (ii) any liability of the kind referred to in Sections 309B(3) or (4) of the Act, and (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office. Where a director or officer is indemnified against any liability in accordance with this paragraph, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto.

- 38** (a) Notwithstanding the paragraph above, no director or officer of the Company may be indemnified
- (i) against any liability to the Company or the shareholders which arises by reason of wilful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of their office,
 - (ii) with respect to any matter as to which such director or officer shall have been finally adjudicated not to have acted in good faith, or
 - (iii) in the event of a settlement, unless there has been a determination that such director or officer did not act in wilful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of their office.
- (b) Without prejudice to Article 37 above, the directors shall have power to purchase and maintain insurance for or for the benefit of (i) any person who is or was at any time a director or officer of any Relevant Company (as defined in Article 38(c) below), or (ii) any person who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by or attaching to him in respect of any act or omission in the actual or purported execution and/or discharge of his duties and/or in the exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme (and all costs, charges, losses, expenses and liabilities incurred by him in relation thereto).

- (c) For the purpose of the paragraph above "**Relevant Company**" shall mean the Company, any holding company of the Company or any other body, whether or not incorporated, in which the Company or such holding company or any of the predecessors of the Company or of such holding company has or had any interest whether direct or indirect or which is in any way allied to or associated with the Company, or any subsidiary undertaking of the Company or of such other body
- (d) Subject to the provisions of and so far as may be permitted by the Act, the Company (i) may provide a director or officer with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with any application under the provisions mentioned in Section 337A(2) of the Act and (ii) may do anything to enable a director or officer to avoid incurring such expenditure, but so that the terms set out in Section 337A(4) of the Act shall apply to any such provision of funds or other things done

SOLE MEMBER

39 If and for so long as the Company has only one member

- (a) in relation to a general meeting, the sole member or a proxy for that member or (if the member is a corporation) a duly authorised representative of that member is a quorum and regulation 40 of Table A is modified accordingly,
- (b) a proxy for the sole member may vote on a show of hands and regulation 54 of Table A is modified accordingly,
- (c) the sole member may agree that any general meeting, other than a meeting called for the passing of an elective resolution, be called by shorter notice than that provided for by the articles, and
- (d) all other provisions of the articles apply with any necessary modification (unless the provision expressly provides otherwise)

NAME AND ADDRESS OF SUBSCRIBER

MARK IGNATIUS
For and on behalf of
Clifford Chance Nominees Limited
10 Upper Bank Street
London E14 5JJ

DATED this 10 February 2006
WITNESS to the above signature
DENISE WEST
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London E14 5JJ