

BWCE AGM 2016

BACKGROUND TO THE PROPOSED RULE CHANGES

Class A Shares are the standard member shares and are defined in our rules as being only withdrawable at the discretion of the BWCE board. There is a maximum holding, set by legislation, of £100,000 per individual.

Class B Shares carry the same voting rights as class A shares and are transferable, but not withdrawable. They have not been widely used by BWCE in public share offers to date, as transferable shares carry more stringent regulatory requirements when used as the primary share class within a share offer.

The proposed rule changes will allow BWCE to create sub classes of Class A Shares that can carry different terms and conditions.

To date BWCE's renewable energy projects have been developed on the basis that they can deliver a target 7% annual interest payment to members, depending on project performance. This is reliant on BWCE as a whole generating enough cash to make this payment. This has been possible primarily because of the Feed in Tariff - the subsidy we are paid on every kilowatt of renewable electricity we generate.

However, with the reduction in and eventual removal of the Feed in Tariff, the financial viability of future projects will change significantly.

The change in rules as proposed, will give BWCE the option to raise funds in the future with lower target interest rates, without affecting the returns offered to existing members.

The rules that are changing, highlighted in red, include rules 22-27 that define share capital and rules 30-33 covering share withdrawal. All the changes simply involve the addition of references to sub classes of Class A Shares. The proposed new rules can be found on BWCE's website on the 2016 AGM page.

We have been advised by Coops UK in the drafting of the changes to our rules. They have ensured that the rules are in line with good practice and all legislative requirements. Subject to approval of the changes by BWCE members, Coops UK will submit the revised rules to the FCA for registration on our behalf.