

Other statutory information

Results and dividends

The profit on ordinary activities after taxation of the Group for the year ended 31 December 2008 amounted to £226,243,000 (2007: £52,594,000).

An interim dividend of 2.0p (2007: 2.0p) per share was paid on 6 November 2008. The Directors recommend a final dividend of 4.0p (2007: 4.0p) per share which, if approved at the 2009 AGM, will be paid on 21 May 2009 to shareholders whose names are on the Register of Members on 17 April 2009.

Subsequent events

In January 2009, the Group announced the successful placing and subsequent issue of a total of 66,938,141 new ordinary shares with institutions at 600p per share. This represented an increase of approximately 9.1% in Tullow's existing issued share capital. These shares were credited as fully paid and rank *pari passu* in all respects with existing ordinary shares of 10p each in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after the date of issue.

In March 2009, the Group announced that it had finalised arrangements for US\$2 billion (£1.4 billion) of new reserve-based lend debt facilities.

In March 2009, the Group announced a major new discovery at Tweneboa, which continues the 100% exploration success record in Ghana.

Share capital

The Company has an authorised share capital of 1,000,000,000 ordinary shares of 10p each with an aggregate nominal value of £100,000,000. As at 10 March 2009, the Company had an allotted and fully paid up share capital of 800,068,374 ordinary shares of 10p each with an aggregate nominal value of £80,006,837.

Substantial shareholdings

As at 10 March 2009, the Company had been notified in accordance with the requirements of section 5.1.2 of the UK Listing Authority's Disclosure and Transparency Rules of the following significant holdings (3% or more) in the Company's ordinary share capital.

Shareholder	Number of shares	% of issued capital
BlackRock Inc	79,397,756	9.92%
Prudential plc	72,123,865	9.01%
IFG International Trust Company Limited	38,960,366	4.87%
Legal & General Group Plc	31,246,116	3.91%

Shareholders' rights

The rights and obligations attaching to the shares are as follows:

- **Dividend rights** – holders of the Company's ordinary shares may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Subject to shareholder approval, payment or satisfaction of

a dividend may be made wholly or partly by distribution of specific assets.

- **Voting rights** – voting at any general meeting is by a show of hands unless a poll is duly demanded. On a show of hands every shareholder who is present in person at a general meeting (and every proxy appointed by a shareholder and present at a general meeting) has one vote regardless of the number of shares held by the shareholder (or represented by the proxy). On a poll, every shareholder who is present in person or by proxy has one vote for every share held by that shareholder (the deadline for exercising voting rights by proxy is set out in the form of proxy). A poll may be demanded by any of the following: (a) the Chairman of the meeting; (b) at least five shareholders entitled to vote and present in person or by proxy at the meeting; (c) any shareholder or shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all shareholders entitled to attend and vote at the meeting; or (d) any shareholder or shareholders present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting is entitled to cast the deciding vote in addition to any other votes he may have.
- **Return of capital** – in the event of the liquidation of the Company, after payment of all liabilities and deductions taking priority, the balance of assets available for distribution will be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them. A liquidator may with the sanction of a special resolution of the shareholders and any other sanction required by the Companies Acts, divide among the shareholders the whole or any part of the Company's assets. Alternatively, a liquidator may, upon the passing of a special resolution by the shareholders, vest the assets in whole or in part in trustees upon such trusts for the benefit of shareholders, but no shareholder is compelled to accept any assets upon which there is a liability.

Control rights under employee share schemes

The Company operates a number of employee share schemes. Under some of these arrangements, shares are held by trustees on behalf of employees. The employees are not entitled to exercise directly any voting or other control rights. The trustees will generally vote in accordance with employees' instructions and either abstain or exercise their discretion where no instructions are received. Unallocated shares are generally voted at the discretion of the trustees.

Restrictions on holding securities

There are no restrictions under the Company's Memorandum and Articles of Association or under UK law that either restrict the rights of UK resident shareholders to hold shares or limit the right of non-resident or foreign shareholders to hold or vote the Company's ordinary shares.

There are no UK foreign exchange control restrictions on the payment of dividends to US persons on the Company's ordinary shares.

Material agreements containing 'change of control' provisions

The following significant agreements will, in the event of a 'change of control' of the Company, be affected as follows:

- US\$1.785 billion senior secured revolving credit facility agreement between, among others, the Company and certain subsidiaries of the Company, BNP Paribas, Bank of Scotland plc, The Royal Bank of Scotland plc, Standard Chartered Bank, Lloyds TSB Bank plc and Calyon and the lenders specified therein pursuant to which each lender thereunder may demand repayment of all outstanding amounts owed by the Company and certain subsidiaries of the Company to it under the agreement and any connected finance document, which amount will become immediately due and payable and, in respect of each letter of credit issued under the agreement, full cash cover will be required, in the event that any person (or group of persons acting in concert) gains control of the Company; and
- US\$100 million junior secured revolving credit facility agreement between, among others, the Company and certain subsidiaries of the Company, BNP Paribas, Bank of Scotland plc, The Royal Bank of Scotland plc and Lloyds TSB Bank plc and the lenders specified therein pursuant to which each lender thereunder may demand repayment of all outstanding amounts owed by the Company and certain subsidiaries of the Company to it under the agreement and any connected finance document, which amount will become immediately due and payable, in the event that any person (or group of persons acting in concert) gains control of the Company.

For the purposes of this provision, (a) 'control' has the meaning given to it under section 416 of the Income and Corporation Taxes Act 1988 and (b) 'acting in concert' has the meaning given to it in the City Code on Takeovers and Mergers.

Directors

The biographical details of the Directors of the Company at the date of this report are given on pages 56 and 57. Matthew O'Donoghue retired from the Board on 31 March 2008. Ann Grant joined the Board as a non-executive Director on 15 May 2008. Tom Hickey resigned from the Board on 1 September 2008 upon the appointment of Ian Springett to the Board and as Chief Financial Officer on the same date.

In accordance with the Company's Articles of Association, Paul McDade retires at this year's AGM. Being eligible, he offers himself for re-election. In addition, as Pat Plunkett has now been a Director for more than nine years he now retires annually and a resolution for his re-election will be proposed at this year's AGM. Ann Grant and Ian Springett having been appointed during the year, retire at this year's AGM and offer themselves for election. Details of Directors' service contracts and letters of appointment are set out on pages 69 and 70. Details of the Directors' interests in the ordinary shares of the Company and in the Group's long-term incentive and share option schemes are set out on pages 72 to 75 in the Directors' Remuneration Report.

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by the Companies Act 2006 against claims from third parties in respect of certain liabilities arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries. The Directors are also indemnified against the cost of defending a criminal prosecution or a claim by the Company, its subsidiaries or a regulator provided that where the defence is unsuccessful the Director must repay those defence costs.

Powers of Directors

The general powers of the Company's Directors are set out in Article 100 of the Articles of Association of the Company. It provides that the business of the Company shall be managed by the Board which may exercise all the powers of the Company whether relating to the management of the business of the Company or not. This power is subject to any limitations imposed on the Company by legislation. It is also limited by the provisions of the Memorandum and Articles of Association of the Company and any directions given by special resolution of the members of the Company which are applicable on the date that any power is exercised.

Please note the following specific provisions relevant to the exercise of power by the Directors:

- **Pre-emptive rights and new issues of shares** – the holders of ordinary shares have no pre-emptive rights under the Articles of Association of the Company. However, the ability of the Directors to cause the Company to issue shares, securities convertible into shares or rights to shares, otherwise than pursuant to an employee share scheme, is restricted under the Companies Acts which provide that the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's articles of association or given by its shareholders in general meeting, but which in either event cannot last for more than five years;
- Under the Companies Acts, the Company may also not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer on a pre-emptive basis to existing shareholders, unless this requirement is waived by a special resolution of the shareholders. The Company received authority at the last Annual General Meeting to allot shares for cash on a non pre-emptive basis up to a maximum nominal amount of £3,598,331. The authority lasts until the earlier of the Annual General Meeting of the Company in 2009 or 13 August 2009;
- **Repurchase of shares** – subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Acts. Any shares which have been bought back may be held as treasury shares or must be cancelled immediately upon completion of the purchase. The Company does not currently have shareholder authority to buy back shares; and

- **Borrowing powers** – The net external borrowings of the Group outstanding at any time shall not exceed an amount equal to four times the aggregate of the Group's adjusted capital and reserves calculated in the manner prescribed in Article 101 of the Company's Articles of Association, unless sanctioned by an ordinary resolution of the Company's shareholders.

Appointment and replacement of Directors

The Company shall appoint (disregarding Alternate Directors) not less than two nor more than 15 Directors. The appointment and replacement of Directors may be made as follows:

- the members may by ordinary resolution appoint any person who is willing to act to be a Director;
- the Board may appoint any person who is willing to act to be a Director. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for election;
- each Director shall retire from office at the third Annual General Meeting after the Annual General Meeting at which he was last elected but he may be reappointed by ordinary resolution if eligible and willing;
- the Company may by special resolution remove any Director before the expiration of his period of office or may, by ordinary resolution, remove a Director where special notice has been given and the necessary statutory procedures are complied with; and
- there are a number of other grounds on which a Director's office may cease, namely voluntary resignation, where all the other Directors (being at least three in number) request his resignation, where he suffers mental incapacity, compounds with his creditors, is declared bankrupt or is prohibited by law from being a Director.

Charitable and political donations

The Group made charitable, social and community-related donations during the year totalling £980,000 (2007: £435,200). In line with Group policy, no donations were made for political purposes.

Corporate social responsibility

The Group is fully committed to high standards of environmental, health and safety management. A review, together with an outline of the Group's involvement in the community, is set out in the Corporate and Social Responsibility section on pages 50 to 53. In addition, Tullow publishes annually a separate Corporate Social Responsibility Report which is available on the Group website: www.tullowoil.com

Supplier payment policy

It is Company and Group policy to settle all debts with creditors on a timely basis and in accordance with the terms of credit agreed with each supplier. The Company had no trade creditors outstanding at 31 December 2008.

Auditors and disclosure of information to auditors

Each person who is a Director at the date of approval of this report confirms that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of s234ZA of the Companies Act 1985.

A resolution to re-appoint Deloitte LLP as the Company's auditors will be proposed at the AGM.

Annual General Meeting

Your attention is drawn to the Notice of Meeting enclosed with this Annual Report which sets out the resolutions to be proposed at the forthcoming AGM. The meeting will be held at Haberdashers' Hall, 18 West Smithfield, London EC1A 9HQ on 12 May 2009 at 12 noon.

This Directors' Report comprising pages 10 to 78 and the information referred to therein has been approved by the Board and signed on its behalf by:



Graham Martin

Company Secretary
10 March 2009

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