

COMPANIES ACT 2006

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

ROLLS-ROYCE HOLDINGS plc

DRAFT FOR APPROVAL AT 2013 AGM – MARKED UP COPY

(adopted by special resolution passed on XXXX)

PRELIMINARY

1. The regulations in the relevant model articles shall not apply to the Company.

Definitions

2. In these Articles, except where the subject or context otherwise requires:

Act means the Companies Act 2006 including any modification or re-enactment of it for the time being in force;

Articles means these articles of association as altered from time to time by special resolution;

auditors means the auditors of the Company;

the board means the directors or any of them acting as the board of directors of the Company;

certificated share means a share in the capital of the Company that is not an uncertificated share and references in these Articles to a share being held in certificated form shall be construed accordingly;

clear days in relation to the sending of a notice means the period excluding the day on which a notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

corporation includes corporation sole;

director means a director of the Company;

dividend means dividend or bonus;

entitled by transmission means, in relation to a share in the capital of the Company, entitled as a consequence of the death or bankruptcy of the holder or otherwise by operation of law;

Group means the Company, its subsidiaries and any other person, firm, body, partnership or association (together a **firm**) over which the Company and its subsidiaries for the time being have control by virtue of the ownership of shares or other proprietary interests;

holder in relation to a share in the capital of the Company means the member whose name is entered in the register as the holder of that share;

member means a member of the Company;

month means calendar month;

office means the registered office of the Company;

Official List means the Official List of the UK Listing Authority;

paid means paid or credited as paid;

recognised person means a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, each of which terms has the meaning given to it by section 778 of the Act;

register means either or both of the issuer register of members and the Operator register of members of the Company;

Regulations means the Uncertificated Securities Regulations 2001 including any modification or re-enactment of them for the time being in force;

seal means the common seal of the Company and includes any official seal kept by the Company by virtue of section 49 or 50 of the Act;

secretary means the secretary of the Company and includes a joint, assistant, deputy or temporary secretary and any other person appointed to perform the duties of the secretary;

Special Share means the one special rights non-voting share of £1 in the capital of the Company;

Special Shareholder means the registered holder for the time being of the Special Share;

Transfer Office means the place where the register is situate for the time being;

uncertificated share means (subject to Regulation 42(11)(a) of the Regulations) a share in the capital of the Company title to which is recorded on the Operator register of members of the Company and which may, by virtue of the Regulations, be transferred by means of a relevant system and references in these Articles to a share being held in uncertificated form shall be construed accordingly;

United Kingdom means (except for the purposes of Article 54) Great Britain and Northern Ireland; and

year means a calendar year.

Construction

3. Where, in relation to a share, these Articles refer to a **relevant system**, the reference is to the relevant system in which that share is a participating security at the relevant time.

References to a document or information being **sent, supplied or given** to or by a person mean such document or information, or a copy of such document or information, being sent, supplied, given, delivered, issued or made available to or by, or served on or by, or deposited with or by that person by any method authorised by these Articles, and **sending, supplying** and **giving** shall be construed accordingly.

References to **writing** mean the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether in electronic form or otherwise, and **written** shall be construed accordingly.

Words denoting the singular number include the plural number and vice versa; words denoting the masculine gender include the feminine gender; and words denoting persons include corporations.

Words or expressions contained in these Articles which are not defined in Article 2 but are defined in the Act have the same meaning as in the Act (but excluding any modification of the Act not in force at the date these Articles took effect) unless inconsistent with the subject or context.

Words or expressions contained in these Articles which are not defined in Article 2 but are defined in the Regulations have the same meaning as in the Regulations (but excluding any modification of the Regulations not in force at the date of adoption of these Articles) unless inconsistent with the subject or context.

Subject to the preceding two paragraphs, references to any provision of any enactment or of any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) include any modification or re-enactment of that provision for the time being in force.

Headings and marginal notes are inserted for convenience only and do not affect the construction of these Articles.

In these Articles, (a) powers of delegation shall not be restrictively construed but the widest interpretation shall be given to them; (b) the word **board** in the context of the exercise of any power contained in these Articles includes any committee consisting of one or more directors, any director, any other officer of the Company and any local or divisional board, manager or agent of the Company to which or, as the case may be, to whom the power in question has been delegated; (c) no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and (d) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under these Articles or under another delegation of the power.

SHARE CAPITAL AND LIMITED LIABILITY

Limited liability

4. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

Shares with special rights	5.	Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the board shall determine.
Uncertificated shares	6.	Subject to the provisions of the Regulations, the board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.
Not separate class of shares	7.	Shares in the capital of the Company that fall within a certain class shall not form a separate class of shares from other shares in that class because any share in that class: (a) is held in uncertificated form; or (b) is permitted in accordance with the Regulations to become a participating security.
Exercise of Company's entitlements in respect of uncertificated share	8.	Where any class of shares is a participating security and the Company is entitled under any provision of the Companies Acts, the Regulations or these Articles to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of, or otherwise enforce a lien over, a share held in uncertificated form, the Company shall be entitled, subject to the provisions of the Companies Acts, the Regulations, these Articles and the facilities and requirements of the relevant system: (a) to require the holder of that uncertificated share by notice to change that share into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company; (b) to require the holder of that uncertificated share by notice to give any instructions necessary to transfer title to that share by means of the relevant system within the period specified in the notice; (c) to require the holder of that uncertificated share by notice to appoint any person to take any step, including without limitation the giving of any instructions by means of the relevant system, necessary to transfer that share within the period specified in the notice; (d) to require the Operator to convert that uncertificated share into certificated form in accordance with Regulation 32(2)(c) of the Regulations; and (e) to take any action that the board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of that share, or otherwise to enforce a lien in respect of that share.
Section 551 authority	9.	The board has general and unconditional authority for each prescribed period to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company: (a) up to an aggregate nominal amount equal to the first section 551 amount; and (b) comprising equity securities up to an aggregate nominal amount of the second section 551 amount (including within such limit any shares issued or rights granted under Article 9(a) above) in connection with an offer by way of a rights issue:

- (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) to the holders of other equity securities if this is required by the rights of those securities or, if the board considers it necessary, as permitted by the rights of those securities,

and so that the board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

**Section 561
disapplication**

10. The board is generally empowered for each prescribed period to allot equity securities for cash pursuant to the authority conferred by Article 9 as if section 561 of the Act did not apply to any such allotment, provided that its power shall be limited to:

- (a) the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under Article 9(b), by way of a rights issue only):
 - (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to the holders of other equity securities if this is required by the rights of those securities or, if the board considers it necessary, as permitted by the rights of those securities,

and so that the board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (b) in the case of the authority granted under Article 9(a), the allotment of equity securities for cash otherwise than pursuant to Article 10(a) up to the section 561 amount.

This Article applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if the words “pursuant to the authority conferred by Article 9” were omitted in this Article.

**Allotment after
expiry**

11. The Company may make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after an authority given pursuant to Article 9 or a power given pursuant to Article 10 has expired. The board may allot shares, or grant rights to subscribe for or convert any security into shares, in pursuance of that offer or agreement as if the authority or power pursuant to which that offer or agreement was made had not expired.

Definitions

12. In this Article and Articles 9, 10 and 11:

prescribed period means any period for which the authority conferred by Article 9 is given by ordinary or special resolution stating the first section 551 amount and the second section 551 amount and/or the power conferred by Article 10 is given by special resolution stating the section 561 amount;

first section 551 amount means, for any prescribed period, the amount stated as such in the relevant ordinary or special resolution;

second section 551 amount means, for any prescribed period, the amount stated as such in the relevant ordinary or special resolution; and

section 561 amount means, for any prescribed period, the amount stated in the relevant special resolution.

**Residual
allotment
powers**

13. Subject to the provisions of the Companies Acts relating to authority, pre-emption rights or otherwise and of any resolution of the Company in general meeting passed pursuant to those provisions, and, in the case of redeemable shares, the provisions of Article 14:
- (a) all shares for the time being in the capital of the Company shall be at the disposal of the board; and
 - (b) the board may reclassify, allot (with or without conferring a right of renunciation), grant options over, or otherwise dispose of them to such persons on such terms and conditions and at such times as it thinks fit.

**Redeemable
shares**

14. Subject to the provisions of the Companies Acts, and without prejudice to any rights attached to any existing shares or class of shares, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder. The board may determine the terms, conditions and manner of redemption of shares provided that it does so before the shares are allotted.

C Shares

15. Notwithstanding Article 14, the Company may form non-cumulative redeemable preference shares of 0.1 pence each (**C Shares**) with the rights and restrictions set out below:

(a) **Income**

- (i) Out of the profits available for distribution, the holders of the C Shares shall be entitled, in priority to any payment of a dividend to the holders of ordinary shares, to be paid a non-cumulative preferential dividend (**C preferential dividend**) per C Share at such rate on the nominal value thereof (exclusive of any associated tax credit relating thereto or withholding tax deductible therefrom) as calculated in accordance with Articles 15(a)(ii) and 15(a)(iii) below, such dividend to be paid half-yearly in arrears in respect of Calculation Periods (as defined below) on January 2 and July 1 in each year or, if any such date is not a business day, on the next day which is a business day (without any interest or payment in respect of such delay) (each a **Payment Date**). No C preferential dividend shall accrue on any C Shares between the date of issue of such C Shares and (aa) where an offer has been made by the Company (or if more than one offer, the first such offer) to redeem such C Shares, the earliest date on which a redemption payment is due and payable by the Company in accordance with the terms of such offer; or (bb) where no such offer has been made to redeem the C Shares, the earlier of 30 business days from the date of such issue and the date determined by the board in its discretion.
- (ii) Each of the periods commencing on January 1 and ending on June 30 and commencing on July 1 and ending on December 31 (as applicable) is called a **Calculation Period**. The rate per annum of the C preferential dividend for

each Calculation Period shall be 75 per cent. of the London inter bank offered rate for six month deposits in pounds sterling (**LIBOR**) which appears on the display designated as page 3750 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying LIBOR of leading banks for pounds sterling deposits) at or about 11.00 a.m. (London time) on the first business day immediately preceding the relevant first day of the Calculation Period.

- (iii) If LIBOR is replaced by the corresponding rates of more than one bank, then sub-paragraph (a)(ii) above shall be applied to the rates (being at least two), rounded upward, if necessary, to the nearest 1/16 per cent., which so appear, as determined by the Reference Agent. If for any other reason such offered rates do not so appear, or if the relevant page is unavailable, the Company, or the Reference Agent, will request each of the banks whose offered rates would have been used for the purposes of the relevant page, as determined by the Reference Agent, through its principal London office to provide the Company (or such agent) with its offered quotation to leading banks for pounds sterling deposits for the Calculation Period concerned in London at or about 11.00 a.m. (London time) on the first business day of such Calculation Period. The rate for such Calculation Period shall be the arithmetic mean (rounded upward, if necessary, to the nearest 1/16 per cent.) of such quotations (or such of them, being at least two, as are so provided), as determined by the Reference Agent.
- (iv) Payments of C preferential dividends shall be made to holders of C Shares on the register of C Shareholders on a date selected by the board being not less than 15 days nor more than 120 days (or, in default of selection by the board, the date falling 120 days) prior to the relevant Payment Date, provided that the Company shall be entitled to cease sending dividend warrants and cheques by post or otherwise to a member for whom the Company does not have a current address (as defined in s423(3) of the Act). The aggregate dividend due to each holder of C Shares will be rounded down to the nearest whole penny.
- (v) The holders of the C Shares shall not be entitled to any further right of participation in the profits of the Company in respect of their holdings of such shares.
- (vi) All C preferential dividends which are unclaimed for a period of 12 years from the date when the dividend became due for payment shall be forfeited and shall revert to the Company.

(b) **Capital**

- (i) On a return of capital on a winding-up, the surplus assets of the Company remaining after payment of its liabilities and repayment of the capital paid up on the Special Share shall be applied:
 - (A) first, in paying to each holder of the C Shares, in respect of each C Share held by such holder, the sum in pence equal to the nominal value of the C Share plus the outstanding C preferential dividend which has accrued but not been paid until the date of such return of capital.

If on a return of capital on a winding-up, the amounts available for payment are insufficient to cover in full the amounts payable on the C Shares, the holders of such shares will share pro rata in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.

The aggregate entitlement of each holder of the C Shares under this Article 15(b)(i)(A) in respect of all the C Shares held by him shall be rounded down to the nearest whole penny; and

- (B) after paying such sums as may be due to holders of any other class of shares in the capital of the Company, any remaining surplus shall be distributed pro-rata amongst the holders of the ordinary shares (according to the amounts paid up on their respective holdings of such shares),

provided that the Company shall be entitled not to send a warrant or cheque for the relevant amount by post or otherwise to a member for whom the Company does not have a current address (as defined in s423(3) of the Act).

- (ii) The holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company in respect of their holdings in such shares.

(c) **Voting and general meetings**

The holders of the C Shares shall not be entitled in respect of their holdings of such shares to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting except any general meeting at which a resolution to wind up the Company is to be considered in which case the holders of the C Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on such resolution. Where the holders of C Shares are entitled to vote at a general meeting of the Company upon any such resolution being proposed at such general meeting, on a show of hands every holder of C Shares who (being an individual) is present in person or (being a corporation) is present by representative will have one vote and on a poll every holder of C Shares who (being an individual) is present in person or (being a corporation) is present by representative or (being either an individual or a corporation) is present by proxy will have one vote for every 200 C Shares held by such holder. Where a holder of C Shares has appointed a proxy, on a show of hands every proxy present who has been duly appointed by one or more holders of C Shares entitled to vote on the resolution has one vote, provided that a proxy will have one vote for and one vote against the resolution if (aa) the proxy has been duly appointed by more than one holder of C Shares entitled to vote on the resolution and (bb) the proxy has been instructed by one or more of those holders to vote for the resolution and by one or more of those holders to vote against it.

(d) **Redemption**

- (i) The Company shall have the right as often as the board believes appropriate and subject to the following provisions of this Article 15(d) to offer to redeem (at their nominal value of 0.1 pence and together with any accrued and unpaid C preferential dividends thereon) any or all of the C Shares allotted or in issue, subject to the terms and conditions as they may specify,

by delivering an announcement to the Regulatory News Service of the London Stock Exchange and/or, if the board so determines in respect of the occasion concerned, by notice to the holders of C Shares. Any such notice shall specify the period during which holders of C Shares may elect to redeem their C Shares (being not less than 20 business days) (**Redemption Period**), the place at which and/or the manner in which the certificates for such C Shares are to be presented for redemption and/or the manner in which C Shares held in uncertificated form may be redeemed and any other terms and conditions in relation to such redemption. Such terms and conditions may also include conditions on the number of C Shares that may be redeemed in relation to any particular issue of C Shares. The Company shall on the first business day immediately following the end of the Redemption Period, or on such other day within 35 business days following that day as the Company may specify prior to issuing the C Shares (a **Redemption Date**), redeem any C Shares in respect of which acceptances have been received by the Company during the Redemption Period from holders of C Shares as set out in sub-paragraph (d)(vii) below and in accordance with the terms and conditions of such offer to redeem (provided that if the board so determines in any case, at its discretion, the Company may also redeem any C Shares in respect of which acceptances are received at any time after the Redemption Period). Notwithstanding the above, if the board so determines, holders of C Shares may also be given the opportunity revocably to instruct and authorise the Company and/or its registrars from time to time to accept on their behalf, or to treat them as having accepted, any redemption offer made by the Company, in respect of C Shares allotted to them from time to time.

(ii) If at any time:

- (A) the aggregate number of C Shares in issue is less than 10 per cent. of the aggregate number of C Shares issued on and prior to that time; or
- (B) the board determines that it would be in the Company's interests to do so in the following circumstances:
 - (I) a proposed capital restructuring of the Company by way of a creation and/or issue of new or existing securities in the Company (other than C Shares); or
 - (II) a new holding company (as defined in the Companies Act 2006) being inserted above the Company; or
 - (III) the acquisition of the Company by another company; or
 - (IV) a Demerger from the Group,

the Company may elect, at its own discretion (and whether or not with the consent of the holders of C Shares), to redeem all of the C Shares then in issue at their nominal value of 0.1 pence each together with any accrued but unpaid C preferential dividend on such shares as at the day of redemption, on not less than 20 days' prior written notice to the holders of C Shares, specifying a date for redemption which shall be a Payment Date, the place at which and/or the manner in which the certificates for such C Shares are to be presented for redemption and the manner in which C Shares held in uncertificated form can be redeemed. For the purposes of this

Article 15(d)(ii), a **Demerger** is a transaction whereby activities carried on by the Company or any other company in the Group are divided so as to be carried on by two or more companies not belonging to the same group undertaking or by two or more independent group undertakings.

- (iii) Upon or prior to any date on which C Shares are to be redeemed by the Company, the Company may choose to impose a condition to the terms of any redemption offer, requiring each holder of a C Share which is due to be redeemed to deliver the relevant share certificate(s) in respect of his C Shares to the Company or its registrars. In such circumstances, if any holder of C Shares which are due to be redeemed fails or refuses to deliver the certificate(s) for his shares, the Company may retain the amount due on redemption until the delivery to the Company or its registrars (if applicable) of either the certificate(s) or an indemnity in respect thereof which is satisfactory to the Company (a **Lost Share Certificate Indemnity**), whereupon it shall within five business days pay the amount due on redemption to such holder.
- (iv) With effect from the date on which a C Share is to be redeemed, the C preferential dividend shall cease to accrue on the C Shares due to be redeemed except on any such C Shares in respect of which, upon due presentation of the certificate(s) relating thereto or a Lost Share Certificate Indemnity, the Company shall fail to pay the moneys due on such redemption, in which case (subject to the terms and conditions of any redemption offer) the C preferential dividend on such shares shall continue to accrue and be payable in accordance with Article 15(a) from and including the date of presentation of the relevant share certificate(s) or a Lost Share Certificate Indemnity until the date when the said amount due on redemption is paid by the Company to the holder of such share.
- (v) The receipt by the registered holder for the time being of any C Shares or, in the case of joint registered holders, the receipt by any of them of the moneys payable on redemption thereof shall constitute an absolute discharge by the Company in respect thereof.
- (vi) If the date on which a C Share is to be redeemed is not a business day, then payment of the amount due on redemption otherwise payable on such date will be made on the next succeeding business day and without any interest or payment in respect of such delay.
- (vii) The holder of C Shares' right to redeem shall be exercisable in any manner prescribed by the Company including by completing a redemption form relating to the C Shares to be redeemed provided by the Company, or issuing an instruction or system message to Euroclear UK & Ireland Limited (or its successor-in-title) (**Euroclear**) if the C Shares are held in uncertificated form, or in such other form as may from time to time be prescribed by the board in lieu thereof, including by electronic means (**Redemption Notice**), and by lodging the Redemption Notice with the registrars for the time being of the Company or Euroclear (as applicable) at any time during the Redemption Period together with such other evidence (if any) as the board may reasonably require to prove the title and claim of the person exercising such right to redeem. A Redemption Notice once lodged may not be withdrawn without the written consent of the Company. Without prejudice to the generality of the foregoing, the form of instruction and/or notification

referred to above may be such as to divest the holder of the C Shares concerned of the power to transfer such C Shares to another person.

The Company shall have the right to allow any election made by a holder of C Shares as to the redemption of such C Shares as being applicable not only to that particular issue of C Shares but also to all future issues of C Shares to such holder, until such holder gives express instructions to the contrary in the manner prescribed by the Company.

- (viii) The board may on any occasion decide not to make the right to make an election to redeem C Shares available to shareholders or any category of shareholders in any territory where:

- (A) the offer of such a right would or might be unlawful; or
- (B) the board considers that compliance with local laws or regulations would be unduly onerous.

In these cases the provisions of this Article shall be subject to such decisions.

- (ix) On redemption the preferential dividend shall cease to accrue with effect from the Payment Date last preceding the applicable Redemption Date.
- (x) All redemption amounts which are unclaimed for a period of 12 years from the date when the redemption became due for payment shall be forfeited and shall revert to the Company.

(e) **Class rights**

The Company will be entitled from time to time to effect a reduction of its capital (other than the capital paid up on the C Shares and subject to the provisions of the Companies Acts) and to create, allot and issue further shares, whether ranking *pari passu* with, in priority to or deferred to the C Shares, and such reduction of capital or creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the C Shares and whether or not the same confer on the holders voting rights more favourable than those conferred by the C Shares) shall be deemed not to involve a variation of the rights attaching to the C Shares for any purpose.

(f) **Transfers**

The C Shares will be transferable by instrument of transfer in usual or common form.

(g) **General**

- (i) The board shall have the power to do anything which it thinks fit to put this Article into effect.
- (ii) The board may, in its discretion, amend, suspend or terminate any offer which is in operation.
- (iii) In this Article 15, the expression **business day** means a day on which pound sterling deposits may be dealt in the London inter bank market and commercial banks are open in London; **Reference Agent** means N M Rothschild & Sons Limited or such other agent as the Company may appoint

from time to time; and **non-cumulative** in relation to the C preferential dividend means that the dividend payable on each Payment Date is payable out of the profits of the Company available for distribution in respect of the accounting reference period in which the Payment Date falls (including any reserves representing profits made in previous accounting periods) without any right in the case of deficiency to pay C preferential dividends out of profits made in subsequent periods. For the purposes of this Article 15, if the euro replaces sterling as the lawful currency of the United Kingdom, references in this Article 15 to pound sterling shall thereafter have effect as references to the euro.

- (iv) Nothing in this Article shall require the Company to send a notice or a warrant or cheque by post or otherwise to a member for whom the Company does not have a current address (as defined in s423(3) of the Companies Act 2006).

Commissions 16. The Company may exercise all powers of paying commissions or brokerage conferred or permitted by the Companies Acts. Subject to the provisions of the Companies Acts, any such commission or brokerage may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.

Trusts not recognised 17. Except as required by law or pursuant to the provisions of Article 54, the Company shall recognise no person as holding any share on any trust and (except as otherwise provided by these Articles or by law) the Company shall not be bound by or recognise any interest in any share (or in any fractional part of a share) except the holder's absolute right to the entirety of the share (or fractional part of the share).

THE SPECIAL SHARE

18. The Special Share may only be issued to, held by and transferred to the Secretary of State for Business, Innovation and Skills (or the Secretary of State for any ministry that succeeds the Department for Business, Innovation and Skills), a Minister of the Crown or any person acting on behalf of the Crown.

(a) Notwithstanding any provision in the Articles to the contrary, each of the following matters shall be deemed to be a variation of the rights attaching to the Special Share and shall accordingly only be effective with the consent in writing of the Special Shareholder, in each case in accordance with the procedure set out in paragraph (i) below:

- (i) the amendment, or removal, or alteration of the effect of all or any of the following Articles or, where specified, parts of the following Articles:
 - (A) this Article 18;
 - (B) the words in the first set of brackets in Article 19 and the words in brackets in Article 20;
 - (C) Article 54;
 - (D) Articles 85 (b), (c) and (d);
 - (E) Article 111;

- (F) the fourth sentence of Article 125 so far as it imposes requirements on the number of British citizens (as defined in Article 111) on a committee established pursuant to that Article;
 - (G) Article 122;
 - (H) Article 153;
 - (I) the words in the first set of brackets in Article 157;
 - (J) Article 157;
 - (K) Article 217; and
- (ii) a proposal for the voluntary winding up or dissolution of the Company.
- (b) The Company shall notify the Special Shareholder of any proposed amendment to, removal of or alteration to Article 2 (the **Definition Amendment**). No later than 20 business days from the date of such notice (the **Definition Amendment Notice Period**), the Special Shareholder shall notify the Company as to whether or not, in its opinion (acting reasonably and in good faith), the Definition Amendment constitutes a detrimental variation to the rights of the Special Shareholder. Where the Special Shareholder notifies the Company that the Definition Amendment constitutes a detrimental variation to the rights of the Special Shareholder, such Definition Amendment shall only be effective with the consent in writing of the Special Shareholder. The Company shall be entitled to proceed with the Definition Amendment without the consent or approval of the Special Shareholder where either: (i) the Special Shareholder notifies the Company that the Definition Amendment does not constitute a detrimental variation to the rights of the Special Shareholder; or (ii) the Special Shareholder fails to notify the Company as to whether or not the Definition Amendment constitutes a detrimental variation to the rights of the Special Shareholder within the Definition Amendment Notice Period.
- (c) Notwithstanding any provision of these Articles to the contrary, the board shall not exercise its powers to make any disposal, or propose any resolution to the Company in general meeting to approve any disposal, and the board shall exercise its powers in relation to any member of the Group to ensure (to the extent that, by the exercise of such powers, they can so ensure) that no member of the Group shall make any disposal which, alone or when aggregated with any other disposal or disposals forming part of, or connected with, the same or a connected transaction, constitutes a disposal of the whole or a material part of either (a) the assets of the Nuclear Business or (b) the assets of the Group as a whole, without, in any such case, the prior consent in writing of the Special Shareholder, provided that nothing in this Article shall restrict the power of the board to make, or suffer or permit any member of the Group to make, or to propose any disposal of any part of the assets of the Group to any member of the Group.
- (d) For the purposes of this Article:
- (i) **assets of the Group** means shares or other ownership interests in any member of the Group held by the Company or any other member of the Group and the assets for the time being held by any member of the Group including the assets of the Nuclear Business;

- (ii) **the Nuclear Business** means the business of the Group in designing, developing, manufacturing and selling nuclear propulsion units or nuclear cores for use in nuclear propulsion units (being in each case for use, or capable of use, in the propulsion of submarine vessels) or procurement for or support services in connection with such nuclear propulsion units or nuclear cores; and **the assets of the Nuclear Business** means those assets wholly or substantially employed by the Group in the Nuclear Business and shall include the shares or other ownership interests held by any member of the Group in any subsidiary which for the time being carries on the Nuclear Business;
- (iii) a part of the assets of the Nuclear Business or of the Group as a whole (as the case may be) shall be **material** if (and only if):
 - (A) its net asset value as attributable to the Company (calculated by reference to the then latest published audited consolidated accounts of the Group), or the aggregate value of the total consideration to be received on its disposal, is not less than 25 per cent. of the net asset value attributable to the Company of the Nuclear Business or of the Group as a whole (as the case may be) prior to such disposal as shown by reference to such accounts; or
 - (B) its average profits as attributable to the Company are not less than 25 per cent. of the average profits attributable to the Company of the Nuclear Business or of the Group as a whole (as the case may be) prior to such disposal and for the purposes of this Article the expression **average profits** shall mean the average of the profits before taxation, excluding interest payable and similar charges and extraordinary items, for the last three financial periods for which audited consolidated accounts of the Group have been published, calculated by reference to such accounts,

provided that, where the effect of its disposal is that the Company ceases to control by virtue of the ownership of shares or other proprietary interests any corporation or firm which is engaged in the Nuclear Business, the net asset value or average profits (as the case may be) attributable to the Company in respect of the part disposed of shall be deemed to be the net asset value or average profits (as the case may be) of the relevant corporation or firm as attributable to the whole of the Company's interest therein prior to such disposal (irrespective of whether or not any part of that interest is retained); and

- (iv) the net asset value of the Nuclear Business or of the Group as a whole, the net asset value attributable to the Company of any part of the assets of the Nuclear Business or of the Group as a whole, the average profits attributable to any assets of the Nuclear Business or of the Group and the value of any consideration shall, in each case, be conclusively determined (at the request of the Special Shareholder) by the auditors and be subject to such adjustment as the auditors consider appropriate.
- (e) The expression **disposal** for the purposes of this Article shall be deemed to include any reduction in the Group's percentage interest in any corporation or firm (being a corporation or firm which is controlled by the Company by virtue of the ownership of shares or other proprietary interests) where such reduction results from the issue of

shares or other proprietary interests therein to any person other than a member of the Group or from any other arrangement or transaction not otherwise covered by the preceding provisions of this Article 18, provided that:

- (i) no such disposal shall in any event be treated as material unless the Company thereby ceases to control the corporation or firm concerned, and the Company shall be deemed to cease to control the corporation or firm concerned if, by reason of the issue of shares or other proprietary interests therein and the making of other arrangements in connection therewith, the corporation or firm concerned becomes a subsidiary undertaking (as that expression is defined in section 1162 of the Act) of some person other than a member of the Group; and
- (ii) in applying the provisions of sub-paragraph (d)(iii) of this Article to determine whether any disposal of the nature referred to in this paragraph (e) is material, the net asset value or average profits (as the case may be) attributable to the Company in respect of the part disposed of shall be deemed to be:
 - (A) in any case where the corporation or firm concerned is engaged in the Nuclear Business, the net asset value or average profits (as the case may be) of the relevant corporation or firm as attributable to the whole of the Company's interest therein prior to such disposal (irrespective of whether or not any part of that interest is retained); and
 - (B) in any other case, the difference between the net asset value or average profits (as the case may be) of the relevant corporation or firm as attributable to the Company's interest therein prior to such disposal and those so attributable after such disposal.
- (f) The Special Shareholder shall be entitled to receive notice of and to attend and speak at any general meeting or any meeting of any class of shareholders of the Company but the Special Share shall carry no right to vote nor any other rights at any such meeting.
- (g) In a distribution of capital in a winding up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to any repayment of capital to any other member. The Special Share shall confer no other right to participate in the capital or profits of the Company.
- (h) The Special Shareholder may, subject to the provisions of the Act, require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (i) The Articles (or, where specified, parts of Articles) listed in Article 18(a)(i) (other than this Article 18(i)) shall have effect subject to anything to the contrary in any regulations made by the board and approved by the Special Shareholder. Without limitation, such regulations may provide that, with effect from a particular time or on the occurrence of a particular event or subject to any other condition(s), any of the relevant Articles or parts of the Articles shall not apply or shall apply as if they were modified in such manner as the regulations may specify, provided that:

- (i) such regulations may not have the effect of reducing the proportion of the votes which are ordinarily eligible to be cast on a poll at general meetings of the Company or the votes which are attributable to all Shares in which any Foreign Person may have an interest below 15 per cent. This paragraph (i) shall be construed as if it were part of Article 54; and
- (ii) the board may from time to time abrogate, vary or otherwise modify any regulations made pursuant to this Article 18(i) in such manner as they consider appropriate and as the Special Shareholder may approve.

VARIATION OF RIGHTS

**Method of
varying rights**

19. Subject to the provisions of the Companies Acts, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may (other than rights attaching to the Special Share which may only be removed, amended or altered with the consent in writing of the Special Shareholder or unless otherwise provided by the terms of allotment of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either:
- (a) with the written consent of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), which consent shall be in hard copy form or in electronic form sent to such address (if any) for the time being specified by or on behalf of the Company for that purpose, or in default of such specification to the office, and may consist of several documents, each executed or authenticated in such manner as the board may approve by or on behalf of one or more holders, or a combination of both; or
 - (b) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class,
- but not otherwise.

The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

**When rights
deemed to be
varied**

20. For the purposes of Article 19, if at any time the capital of the Company is divided into different classes of shares, unless otherwise expressly provided by the rights attached to any share or class of shares (other than the Special Share), those rights shall be deemed to be varied by:
- (a) the reduction of the capital paid up on that share or class of shares otherwise than by a purchase or redemption by the Company of its own shares; and
 - (b) the allotment of another share ranking in priority for payment of a dividend or in respect of capital or which confers on its holder voting rights more favourable than those conferred by that share or class of shares,
- but shall not be deemed to be varied by:
- (c) the creation or issue of another share ranking equally with, or subsequent to, that share or class of shares or by the purchase or redemption by the Company of its own shares; or

- (d) the Company permitting, in accordance with the Regulations, the holding of and transfer of title to shares of that or any other class in uncertificated form by means of a relevant system.

SHARE CERTIFICATES

**Members' rights
to certificates**

21. Every member, on becoming the holder of any certificated share (except a recognised person in respect of whom the Company is not required by law to complete and have ready for delivery a certificate) shall be entitled, without payment, to one certificate for all the certificated shares of each class held by him (and, on transferring a part of his holding of certificated shares of any class, to a certificate for the balance of his holding of certificated shares). He may elect to receive one or more additional certificates for any of his certificated shares if he pays a reasonable sum determined from time to time by the board for every certificate after the first. Every certificate shall:

- (a) be executed under the seal or otherwise in accordance with Article 169 or in such other manner as the board may approve; and
- (b) specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up on the shares.

The Company shall not be bound to issue more than one certificate for certificated shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them. Shares of different classes may not be included in the same certificate.

**Replacement
certificates**

22. If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of any exceptional out-of-pocket expenses reasonably incurred by the Company in investigating evidence and preparing the requisite form of indemnity as the board may determine but otherwise free of charge, and (in the case of defacement or wearing out) on delivery up of the old certificate.

LIEN

**Company to
have lien on
shares**

23. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to the Company (whether presently or not) in respect of that share. The board may at any time (generally or in a particular case) waive any lien or declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a share shall extend to any amount (including without limitation dividends) payable in respect of it.

**Enforcement of
lien by sale**

24. The Company may sell, in such manner as the board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share, or to the person entitled to it by transmission, demanding payment and stating that if the notice is not complied with the share may be sold.

**Giving effect to
sale**

25. To give effect to that sale the board may, if the share is a certificated share, authorise any person to execute an instrument of transfer in respect of the share sold to, or in accordance with the directions of, the buyer. If the share is an uncertificated share, the board may exercise any of the Company's powers under Article 8 to effect the sale of the share to, or in accordance with the directions of, the buyer. The buyer shall not be bound to see to the application of the purchase money and his title to the share shall not be affected by any irregularity in or invalidity of the proceedings in relation to the sale.

Application of proceeds	26. The net proceeds of the sale, after payment of the costs, shall be applied in or towards payment or satisfaction of so much of the sum in respect of which the lien exists as is presently payable. Any residue shall (if the share sold is a certificated share, on surrender to the Company for cancellation of the certificate in respect of the share sold and, whether the share sold is a certificated or uncertificated share, subject to a like lien for any moneys not presently payable as existed on the share before the sale) be paid to the person entitled to the share at the date of the sale.
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CALLS ON SHARES

Power to make calls	27. Subject to the terms of allotment, the board may from time to time make calls on the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium). Each member shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company the amount called on his shares as required by the notice. A call may be required to be paid by instalments. A call may be revoked in whole or part and the time fixed for payment of a call may be postponed in whole or part as the board may determine. A person on whom a call is made shall remain liable for calls made on him even if the shares in respect of which the call was made are subsequently transferred.
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Time when call made	28. A call shall be deemed to have been made at the time when the resolution of the board authorising the call was passed.
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Liability of joint holders	29. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of it.
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Interest payable	30. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid. Interest shall be paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, the rate determined by the board, not exceeding 15 per cent. per annum, or, if higher, the appropriate rate (as defined in the Act), but the board may in respect of any individual member waive payment of such interest wholly or in part.
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Deemed calls	31. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and notified and payable on the date so fixed or in accordance with the terms of the allotment. If it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
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Differentiation on calls	32. Subject to the terms of allotment, the board may make arrangements on the issue of shares for a difference between the allottees or holders in the amounts and times of payment of calls on their shares.
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Payment of calls in advance	33. The board may, if it thinks fit, receive from any member all or any part of the moneys uncalled and unpaid on any share held by him. Such payment in advance of calls shall extinguish the liability on the share in respect of which it is made to the extent of the payment. The Company may pay on all or any of the moneys so advanced (until they would but for such advance become presently payable) interest at such rate agreed between the board and the member not exceeding (unless the Company by ordinary resolution otherwise directs) 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Act).
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FORFEITURE AND SURRENDER

Notice requiring payment of call	34. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
Forfeiture for non-compliance	35. If that notice is not complied with, any share in respect of which it was sent may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the board. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited share which have not been paid before the forfeiture. When a share has been forfeited, notice of the forfeiture shall be sent to the person who was the holder of the share before the forfeiture. Where the forfeited share is held in certificated form, an entry shall be made promptly in the register opposite the entry of the share showing that notice has been sent, that the share has been forfeited and the date of forfeiture. No forfeiture shall be invalidated by the omission or neglect to send that notice or to make those entries.
Sale of forfeited shares	36. Subject to the provisions of the Companies Acts, a forfeited share shall be deemed to belong to the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the board determines, either to the person who was the holder before the forfeiture or to any other person. At any time before sale, re-allotment or other disposal, the forfeiture may be cancelled on such terms as the board thinks fit. Where for the purposes of its disposal a forfeited share held in certificated form is to be transferred to any person, the board may authorise any person to execute an instrument of transfer of the share to that person. Where for the purposes of its disposal a forfeited share held in uncertificated form is to be transferred to any person, the board may exercise any of the Company's powers under Article 8. The Company may receive the consideration given for the share on its disposal and may register the transferee as holder of the share.
Liability following forfeiture	37. A person shall cease to be a member in respect of any share which has been forfeited and shall, if the share is a certificated share, surrender the certificate for any forfeited share to the Company for cancellation. The person shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of that share with interest on that amount at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the rate determined by the board, not exceeding 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Act), from the date of forfeiture until payment. The board may waive payment wholly or in part or enforce payment without any allowance for the value of the share at the time of forfeiture or for any consideration received on its disposal.
Surrender	38. The board may accept the surrender of any share which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.
Extinction of rights	39. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the person whose share is forfeited and the Company, except only those rights and liabilities expressly saved by these Articles, or as are given or imposed in the case of past members by the Companies Acts.

Evidence of forfeiture or surrender	40. A statutory declaration by a director or the secretary that a share has been duly forfeited or surrendered on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The declaration shall (subject if necessary to the execution of an instrument of transfer or transfer by means of the relevant system, as the case may be) constitute good title to the share. The person to whom the share is disposed of shall not be bound to see to the application of the purchase money, if any, and his title to the share shall not be affected by any irregularity in, or invalidity of, the proceedings in reference to the forfeiture, surrender, sale, re-allotment or disposal of the share.
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TRANSFER OF SHARES

Form and execution of transfer of certificated share	41. Without prejudice to any power of the Company to register as shareholder a person to whom the right to any share has been transmitted by operation of law, the instrument of transfer of a certificated share may be in any usual form or in any other form which the board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.
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Transfers of partly paid certificated shares	42. The board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis.
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Invalid transfers of certificated shares	43. The board may also refuse to register the transfer of a certificated share unless the instrument of transfer: (a) is lodged, duly stamped (if stampable), at the office or at another place appointed by the board accompanied by the certificate for the share to which it relates and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer; (b) is in respect of only one class of shares; and (c) is in favour of not more than four transferees.
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Transfers by recognised persons	44. In the case of a transfer of a certificated share by a recognised person, the lodging of a share certificate will only be necessary if and to the extent that a certificate has been issued in respect of the share in question.
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Notice of refusal to register	45. If the board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged at the Transfer Office.
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No fee payable on registration	46. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.
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Retention of transfers	47. The Company shall be entitled to retain an instrument of transfer which is registered, but an instrument of transfer which the board refuses to register shall be returned to the person lodging it when notice of the refusal is sent.
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TRANSMISSION OF SHARES

Transmission	48. If a member dies, the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall
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be the only persons recognised by the Company as having any title to his interest. Nothing in these Articles shall release the estate of a deceased member (whether a sole or joint holder) from any liability in respect of any share held by him.

Elections permitted

49. A person becoming entitled by transmission to a share may, on production of any evidence as to his entitlement properly required by the board, elect either to become the holder of the share or to have another person nominated by him registered as the transferee. If he elects to become the holder he shall send notice to the Company to that effect. If he elects to have another person registered and the share is a certificated share, he shall execute an instrument of transfer of the share to that person. If he elects to have himself or another person registered and the share is an uncertificated share, he shall take any action the board may require (including without limitation the execution of any document and the giving of any instruction by means of a relevant system) to enable himself or that person to be registered as the holder of the share. All the provisions of these Articles relating to the transfer of shares apply to that notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member or other event giving rise to the transmission had not occurred.

Elections required

50. The board may at any time send a notice requiring any such person to elect either to be registered himself or to transfer the share. If the notice is not complied with within 60 days, the board may after the expiry of that period withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Rights of persons entitled by transmission

51. A person becoming entitled by transmission to a share shall, on production of any evidence as to his entitlement properly required by the board and subject to the requirements of Article 49, have the same rights in relation to the share as he would have had if he were the holder of the share, subject to Article 179. That person may give a discharge for all dividends and other moneys payable in respect of the share, but he shall not, before being registered as the holder of the share, be entitled in respect of it to receive notice of, or to attend or vote at, any meeting of the Company or to receive notice of, or to attend or vote at, any separate meeting of the holders of any class of shares in the capital of the Company.

ALTERATION OF SHARE CAPITAL

New shares subject to these Articles

52. All shares created by increase of the Company's share capital, by consolidation, division or sub-division of its share capital or the conversion of stock into paid-up shares shall be subject to all the provisions of these Articles, including without limitation provisions relating to payment of calls, lien, forfeiture, transfer and transmission.

Fractions arising

53. Whenever any fractions arise as a result of a consolidation or sub-division of shares, the board may on behalf of the members deal with the fractions as it thinks fit. In particular, without limitation, the board may sell shares representing fractions to which any members would otherwise become entitled to any person (including, subject to the provisions of the Companies Acts, the Company) and distribute the net proceeds of sale in due proportion among those members. Where the shares to be sold are held in certificated form the board may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the buyer. Where the shares to be sold are held in uncertificated form, the board may do all acts and things it considers necessary or expedient to effect the transfer of the shares to, or in accordance with the directions of, the buyer. The buyer shall not be bound to see to the application of the purchase moneys and his title to the shares shall not be affected by any irregularity in, or invalidity of, the proceedings in relation to the sale.

UNITED KINGDOM CONTROL

54.

Purpose of this Article

- (a) It is a cardinal principle that the Company should be and remain under United Kingdom control. The purpose of this Article is to support this principle by imposing a limit on the percentage of the issued share capital of the Company in which a Foreign Person may be interested.

Definitions

In this Article:

Clearing House means a recognised clearing house or a nominee of such a clearing house or of a recognised investment exchange (in each case as defined in the Financial Services and Markets Act 2000) or a pooled nominee service provided by an Operator;

Corporation under Foreign Control means any corporation (other than a Foreign Corporation):

- (i) of which one third or more of the directors (or persons occupying the position of directors by whatever name called) are Foreign Individuals or Foreign Corporations or are accustomed to act in accordance with the suggestions, instructions or directions of Foreign Individuals or Foreign Corporations; and
- (ii) of which shares carrying more than 30 per cent. of the votes which are ordinarily eligible to be cast on a poll at general meetings of the corporation are for the time being held by Foreign Individuals or Foreign Corporations;

Depository means a person who issues depository receipts or other securities which evidence the deposit of Shares or the right to receive or to call for the delivery of Shares or a custodian or nominee appointed by or with the approval of any such person in connection with any such securities or any clearing agent for such securities;

DTRs means the Financial Services Authority's Disclosure and Transparency Rules including any statutory modification or re-enactment thereof for the time being in force and ***DTR*** means any single rule of the DTRs;

ESOP means any arrangement approved by the board for the benefit of employees or officers (or former employees or officers) of the Company, the Company's subsidiaries or any associated undertakings or of their wives, husbands, civil partners, widows, widowers or children or step-children under the age of 18;

Foreign Corporation means:

- (i) any corporation other than a corporation which is incorporated under the laws of any part of, and which has its principal place of business and central management and control in, the United Kingdom;
- (ii) a government or government department or government agency or body other than of the United Kingdom or any part thereof; and

- (iii) any municipal, local, statutory or other authority or any undertaking or body established in any country other than the United Kingdom;

Foreign-held Share means any Share in which a Foreign Person is interested;

Foreign Individual means any individual who is not a British citizen, a British Dependent Territories citizen or a British Overseas citizen by virtue of the British Nationality Act 1981;

Foreign Person means a Foreign Individual, a Foreign Corporation or a Corporation under Foreign Control;

ITEPA means the Income Tax (Earnings and Pensions) Act 2003;

Individual Foreign Shareholding Limit means 15 per cent. of the aggregate of the votes attaching:

- (i) to share capital of all classes (taken as a whole) of Shares and capable of being cast on a poll; and
- (ii) to all other Shares in respect of which the board has made a determination under paragraph (h) of this Article;

Interest, in relation to any Share means any interest which would be taken into account in deciding whether a notification to the Company would be required under DTR 5, and **interested** shall be construed accordingly;

Relevant Foreign Person means any Foreign Person (whether or not identified) who has, or who appears to the board to have, at any time an interest in an aggregate number of Foreign-held Shares which is equal to or more than the Individual Foreign Shareholding Limit;

Required Disposal means a disposal or disposals of Shares (or interests in Shares) as will cause a Relevant Foreign Person to cease to be a Relevant Foreign Person not being a disposal to another Relevant Foreign Person, or a disposal which constitutes any other Foreign Person a Relevant Foreign Person;

Scheme Effective Date means the date on which an office copy of the order of the High Court of Justice of England and Wales sanctioning the scheme of arrangement under Part 26 of the Act between Rolls-Royce Group plc and its shareholders is delivered to the Registrar of Companies for registration and the minute confirming the reduction of capital relating to such scheme of arrangement is registered by the Registrar of Companies;

Share means any share in the capital of the Company other than the Special Share whether certificated or uncertificated; and

United Kingdom means Great Britain, Northern Ireland, the Channel Isles and the Isle of Man.

Investigation by the board of Notifying Shareholders

- (b) Where a person has notified the Company of an Interest of three per cent. or more in the share capital of the Company (a **Notifying Shareholder**), the board shall in any case where it may consider it appropriate require that any such Notifying Shareholder declares whether he is a Foreign Person or not for the purposes of this Article 54.

The board shall in any such case where it may consider it appropriate require such Notifying Shareholder to provide evidence or give information as to the matters referred to in the declaration as the board thinks fit including such information as the board may require of the authority of any person giving the declaration on behalf of such Notifying Shareholder. Notwithstanding anything in this paragraph (b) or any declaration given by any Notifying Shareholder, the board may determine in its absolute discretion that a Notifying Shareholder is a Foreign Person.

Individual Foreign Shareholding Limit

- (c) If at any time and to the knowledge of the board the aggregate number of Foreign-held Shares in which any Foreign Person is interested is equal to or more than the Individual Foreign Shareholding Limit, the board shall serve a notice on the holder or holders (other than persons referred to in paragraph (k) of this Article) of the Shares in which the Foreign Person is interested in the form required by paragraph (d) of this Article.

Required Disposals

- (d) A notice served pursuant to paragraph (c) of this Article shall be in writing, shall specify the Share or Shares to which it relates, shall set out the restrictions referred to in paragraph (g) of this Article and call for a Required Disposal to be made within 21 days of the service of the notice on the holder or such longer period as the board considers reasonable. The board may extend the period in which such notice is required to be complied with and may withdraw any such notice (whether before or after the expiration of the period referred to) if it appears to it that no share is a Share.
- (e) If within 21 days after the giving of any notice in accordance with paragraph (d) of this Article (or such extended time as in all the circumstances the board shall consider reasonable) such notice is not complied with to the satisfaction of or withdrawn by the board, the board shall, so far as it is able, make a Required Disposal (or procure that a Required Disposal is made) and shall give written notice of the disposal to those persons on whom the notice was served. Any person who has an interest in the shares duly disposed of shall be deemed irrevocably and unconditionally to have authorised the board to make such Required Disposal. The manner, timing and terms of any such Required Disposal made or sought to be made by the board (including but not limited to the price or prices at which the same is made and the extent to which assurance is obtained that no transferee is or would become a Relevant Foreign Person) shall be such as the board determines, based on advice from bankers, brokers, or other persons the board considers appropriate consulted by it for the purpose, to be reasonably practicable having regard to all the circumstances, including but not limited to the number of shares to be disposed of and the requirement that the disposal be made without delay; and the board shall not be liable to any person for any of the consequences of reliance on such advice.
- (f) For the purpose of effecting any Required Disposal, the board may, in respect of a Share in certificated form, authorise in writing any officer or employee of the Company to execute any necessary transfer on behalf of any holder and may enter the name of the transferee in the register in respect of the transferred shares notwithstanding the absence of any share certificate and may issue a new certificate to the transferee and an instrument of transfer executed by such person shall be as effective as if it had been executed by the holder of the transferred shares and, in respect of a Share in uncertificated form, make arrangements for its transfer to the purchaser in accordance with the Regulations. The title of the transferee shall not be

affected by any irregularity or invalidity in the proceedings relating to the implementation of a Required Disposal. The net proceeds of the disposal shall be received by the Company whose receipt shall be a good discharge for the purchase money, and shall be paid (without any interest being payable in respect of it and after deduction of any expenses incurred by the board in the sale) to the former holder (or, in the case of joint holders, the first of them named in the register), in respect of a Share in a certificated form, upon surrender by him or on his behalf of any certificate in respect of the Shares sold and formerly held by him and, in respect of a Share in an uncertificated form, as soon as reasonably practicable after receipt of the net proceeds of the sale of the Share.

Restrictions following service of a notice pursuant to paragraph (c) of this Article

- (g) Following the giving of a notice served pursuant to paragraph (c) of this Article:
- (i) save for the purpose of a Required Disposal under paragraphs (d) or (e) of this Article and subject to the Regulations, no transfer of any Share may be made or registered until either such notice is withdrawn or a Required Disposal has been made to the satisfaction of the board and registered; and
 - (ii) a holder of a Share shall not in respect of such share be entitled, until such time as such notice has been withdrawn or the notice has been complied with to the satisfaction of the board, to attend or vote at any general meeting of the Company or meeting of the holders of Shares or any class thereof or to exercise any other right conferred by membership in relation to any such meeting and the rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll which would have attached to such share had it not been a Share shall vest in the chairman of any such meeting. The manner in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The chairman of any such meeting as aforesaid shall be informed by the board of any share becoming or being deemed to be a Share.

Shares with limited voting rights

- (h) For as long as any Foreign-held Share which carries a right to vote on a poll at general meetings of the Company only in specified circumstances does not carry a present right to vote at any general meeting of the Company, the board shall, in relation to such Share, not be bound to comply with the provisions of paragraph (c) of this Article, but the board may, at its discretion and at any time, determine that all provisions of this Article shall apply to any such Foreign-held Share.
- (i) If at any time such a Foreign-held Share as is referred to in paragraph (h) of this Article carries a present right to vote at general meetings of the Company, such Share shall, if the board has not previously determined that all the provisions of this Article shall apply to it, thereupon be treated as a Foreign-held Share for all the purposes of this Article.

Resolutions and determinations of the board to be conclusive

- (j) Any resolution, determination, decision or exercise of any discretion or power by the board or any director or by the chairman of any meeting under or pursuant to the provisions of this Article (including without prejudice to the generality of the foregoing as to whether or not a Share is a Foreign-held Share or as to the manner,

timing and terms of any Required Disposal) shall be final and conclusive and any disposal or transfer made, or other things done, by or on behalf of, or on the authority of, the board or any director pursuant to the foregoing provisions of this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The board shall not be required to give any reasons for any resolution, determination, decision or exercise of any discretion or power under or pursuant to this Article.

Service of notices required by this Article

- (k) The board shall not be obliged to serve any notice required under this Article to be served upon any person if it does not know either his identity or his address. The absence of service of such a notice in such circumstances as aforesaid and any accidental error in or failure to give any notice to any person upon whom notice is required to be served under this Article shall not prevent the implementation of or invalidate any procedure under this Article.
- (l) The provisions of Articles 192 to 206 shall apply to the service upon a member of any notice required by this Article to be served. Any notice required by this Article to be served upon a person who is not a member, or to a person who is a member, or, in the case of joint holders, who is the person first named in the register, but whose registered address is not within the United Kingdom and who has not given to the Company an address within the United Kingdom at which notice may be given to him, shall be deemed validly served if it is sent through the post in a pre-paid cover addressed to that person at the address (or, if more than one, at one of the addresses), if any, at which the board believes him to be resident or carrying on business. Service shall in such a case be deemed to be effected at the expiration of 24 hours (or, where second class mail is employed, 72 hours) after the time when the cover containing the same is posted and in proving such service it shall be sufficient to prove that such cover was properly addressed, stamped and posted.

Further provisions relating to the board

- (m) Without prejudice to the generality of the foregoing, the board shall (save in the circumstances set out in paragraph (b) of this Article or unless any director has reason to believe otherwise), be entitled to assume that every share other than any share identified as a Foreign-held Share is not a Foreign-held Share and accordingly, save in such circumstances as aforesaid, the board shall, so long as it acts reasonably and in good faith, be under no liability to the Company or any other person for failing to treat any share as a Foreign-held Share in accordance with the provisions of this Article and neither shall the board or any member of it be liable to the Company or any other person if, having acted reasonably and in good faith, it or he determines erroneously that any share is a Foreign-held Share and, on the basis of such determination, perform or exercise (or purport to perform or exercise) its or his duties, powers, rights or discretions under this Article in relation to such share.
- (n) The board shall, so long as it acts reasonably and in good faith, be under no liability to the Company or any other person for failing to treat any share as a Share or any person as a Relevant Foreign Person in accordance with the provisions of this Article and neither shall any of the directors be liable to the Company or any other person if, having acted reasonably and in good faith, they determine erroneously that any share is a Share or any person is a Relevant Foreign Person or, on the basis of such determination or any other determination or resolution of the board, they perform or

exercise (or purport to perform or exercise) their duties, powers, rights or discretions under this Article in relation to such share.

Inconsistency with other Articles

- (o) This Article shall apply notwithstanding any provision in any of the Articles which is inconsistent with or contrary to it.

GENERAL MEETINGS

Annual general meetings 55. The board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Acts.

Class meetings 56. All provisions of these Articles relating to general meetings of the Company shall, mutatis mutandis, apply to every separate general meeting of the holders of any class of shares in the capital of the Company, except that:

- (a) the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or, at any adjourned meeting of such holders, one holder present in person or by proxy, whatever the amount of his holding, who shall be deemed to constitute a meeting;
- (b) any holder of shares of the class present in person or by proxy may demand a poll; and
- (c) each holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him.

For the purposes of this Article, where a person is present by proxy or proxies, he is treated only as holding the shares in respect of which those proxies are authorised to exercise voting rights.

Convening general meetings 57. The board may call general meetings whenever and at such times and places as it shall determine. On the requisition of members pursuant to the provisions of the Companies Acts, the board shall promptly convene a general meeting in accordance with the requirements of the Companies Acts. If there are insufficient directors in the United Kingdom to call a general meeting any director of the Company may call a general meeting, but where no director is willing or able to do so, any two members of the Company may summon a meeting for the purpose of appointing one or more directors.

NOTICE OF GENERAL MEETINGS

Period of notice 58. An annual general meeting shall be called by at least 21 clear days' notice. Subject to the provisions of the Companies Acts, all other general meetings may be called by at least 14 clear days' notice.

Recipients of notice 59. Subject to the provisions of the Companies Acts, to the provisions of these Articles and to any restrictions imposed on any shares, the notice shall be sent to every member and every director. The auditors are entitled to receive all notices of, and other communications relating to, any general meeting which any member is entitled to receive.

Contents of notice: general	60. Subject to the provisions of the Companies Acts, the notice shall specify the time, date and place of the meeting (including without limitation any satellite meeting place arranged for the purposes of Article 63, which shall be identified as such in the notice) and the general nature of the business to be dealt with.
Contents of notice: additional requirements	61. In the case of an annual general meeting, the notice shall specify the meeting as such. In the case of a meeting to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution.
Article 65 arrangements	62. The notice shall include details of any arrangements made for the purpose of Article 65 (making clear that participation in those arrangements will not amount to attendance at the meeting to which the notice relates).
General meetings at more than one place	63. The board may resolve to enable persons entitled to attend a general meeting to do so by simultaneous attendance and participation at a satellite meeting place anywhere in the world. The members present in person or by proxy at satellite meeting places shall be counted in the quorum for, and entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman of the general meeting is satisfied that adequate facilities are available throughout the general meeting to ensure that members attending at all the meeting places are able to: (a) participate in the business for which the meeting has been convened; (b) hear and see all persons who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place; and (c) be heard and seen by all other persons so present in the same way. The chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place.
Interruption or adjournment where facilities inadequate	64. If it appears to the chairman of the general meeting that the facilities at the principal meeting place or any satellite meeting place have become inadequate for the purposes referred to in Article 63, then the chairman may, without the consent of the meeting, interrupt or adjourn the general meeting. All business conducted at that general meeting up to the time of that adjournment shall be valid. The provisions of Article 76 shall apply to that adjournment.
Other arrangements for viewing and hearing proceedings	65. The board may make arrangements for persons entitled to attend a general meeting or an adjourned general meeting to be able to view and hear the proceedings of the general meeting or adjourned general meeting and to speak at the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) by attending at a venue anywhere in the world not being a satellite meeting place. Those attending at any such venue shall not be regarded as present at the general meeting or adjourned general meeting and shall not be entitled to vote at the meeting at or from that venue. The inability for any reason of any member present in person or by proxy at such a venue to view or hear all or any of the proceedings of the meeting or to speak at the meeting shall not in any way affect the validity of the proceedings of the meeting.
Controlling level of attendance	66. The board may from time to time make any arrangements for controlling the level of attendance at any venue for which arrangements have been made pursuant to Article 65 (including without limitation the issue of tickets or the imposition of some other means of selection) which it in its absolute discretion considers appropriate, and may from time to time

change those arrangements. If a member, pursuant to those arrangements, is not entitled to attend in person or by proxy at a particular venue, he shall be entitled to attend in person or by proxy at any other venue for which arrangements have been made pursuant to Article 65. The entitlement of any member to be present at such venue in person or by proxy shall be subject to any such arrangement then in force and stated by the notice of meeting or adjourned meeting to apply to the meeting.

Change in place and/or time of meeting

67. If, after the sending of notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the board decides that it is impracticable or unreasonable, for a reason beyond its control, to hold the meeting at the declared place (or any of the declared places, in the case of a meeting to which Article 63 applies) and/or time, it may change the place (or any of the places, in the case of a meeting to which Article 63 applies) and/or postpone the time at which the meeting is to be held. If such a decision is made, the board may then change the place (or any of the places, in the case of a meeting to which Article 63 applies) and/or postpone the time again if it decides that it is reasonable to do so. In either case:

- (a) no new notice of the meeting need be sent, but the board shall, if practicable, advertise the date, time and place of the meeting in at least two newspapers having a national circulation and shall make arrangements for notices of the change of place and/or postponement to appear at the original place and/or at the original time; and
- (b) a proxy appointment in relation to the meeting may, if by means of a document in hard copy form, be delivered to the office or to such other place within the United Kingdom as may be specified by or on behalf of the Company in accordance with Article 103(a) or, if in electronic form, be received at the address (if any) specified by or on behalf of the Company in accordance with Article 103(b), at any time not less than 48 hours before the postponed time appointed for holding the meeting provided that the board may specify, in any case, that in calculating the period of 48 hours, no account shall be taken of any part of a day that is not a working day.

Meaning of participate

68. For the purposes of Articles 63, 64, 65, 66 and 67, the right of a member to participate in the business of any general meeting shall, save where otherwise expressly provided, include without limitation the right to speak, vote on a show of hands, vote on a poll, be represented by a proxy and have access to all documents which are required by the Companies Acts or these Articles to be made available at the meeting.

Accidental omission to send notice etc.

69. The accidental omission to send a notice of a meeting or resolution, or to send any notification where required by the Companies Acts or these Articles in relation to the publication of a notice of meeting on a website, or to send a form of proxy where required by the Companies Acts or these Articles, to any person entitled to receive it, or the non-receipt for any reason of any such notice, resolution or notification or form of proxy by that person, whether or not the Company is aware of such omission or non-receipt, shall not invalidate the proceedings at that meeting.

Security

70. The board and, at any general meeting, the chairman may make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The board and, at any general meeting, the chairman are entitled to refuse entry to a person who refuses to comply with these arrangements, requirements or restrictions.

PROCEEDINGS AT GENERAL MEETINGS

Quorum 71. No business shall be dealt with at any general meeting unless a quorum is present, but the absence of a quorum shall not preclude the choice or appointment of a chairman, which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Articles, two qualifying persons present at a meeting and entitled to vote on the business to be dealt with are a quorum, unless:

- (a) each is a qualifying person only because he is authorised under the Companies Acts to act as a representative of a corporation in relation to the meeting, and they are representatives of the same corporation; or
- (b) each is a qualifying person only because he is appointed as proxy of a member in relation to the meeting, and they are proxies of the same member.

For the purposes of this Article a “qualifying person” means (i) an individual who is a member of the Company, (ii) a person authorised under the Companies Acts to act as a representative of the corporation in relation to the meeting, or (iii) a person appointed as proxy of a member in relation to the meeting.

If quorum not present 72. If such a quorum is not present within five minutes (or such longer time not exceeding 30 minutes as the chairman of the meeting may decide to wait) from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved, and in any other case shall stand adjourned to such time and place as the chairman of the meeting may, subject to the provisions of the Companies Acts, determine. The adjourned meeting shall be dissolved if a quorum is not present within 15 minutes after the time appointed for holding the meeting.

Chairman 73. The chairman, if any, of the board or, in his absence, any deputy chairman of the Company or, in his absence, some other director nominated by the board, shall preside as chairman of the meeting. If neither the chairman, deputy chairman nor such other director (if any) is present within five minutes after the time appointed for holding the meeting or is not willing to act as chairman, the directors present shall elect one of their number to be chairman. If there is only one director present and willing to act, he shall be chairman. If no director is willing to act as chairman, or if no director is present within five minutes after the time appointed for holding the meeting, the members present in person or by proxy and entitled to vote shall choose a member or a proxy of a member or a person authorised to act as a representative of a corporation in relation to the meeting to be chairman.

Directors entitled to speak 74. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Company.

Adjournment: chairman's powers 75. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place. No business shall be dealt with at an adjourned meeting other than business which might properly have been dealt with at the meeting had the adjournment not taken place. In addition (and without prejudice to the chairman's power to adjourn a meeting conferred by Article 64), the chairman may adjourn the meeting to another time and place without such consent if it appears to him that:

- (a) it is likely to be impracticable to hold or continue that meeting because of the number of members wishing to attend who are not present; or

- (b) the unruly conduct of persons attending the meeting prevents or is likely to prevent the orderly continuation of the business of the meeting; or
- (c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

**Adjournment:
procedures**

76. Any such adjournment may, subject to the provisions of the Companies Acts, be for such time and to such other place (or, in the case of a meeting held at a principal meeting place and a satellite meeting place, such other places) as the chairman may, in his absolute discretion determine, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting. Any such member may nevertheless appoint a proxy for the adjourned meeting either in accordance with Article 103 or by means of a document in hard copy form which, if delivered at the meeting which is adjourned to the chairman or the secretary or any director, shall be valid even though it is given at less notice than would otherwise be required by Article 103(a). When a meeting is adjourned for 30 days or more or for an indefinite period, notice shall be sent at least seven clear days before the date of the adjourned meeting specifying the time and place (or places, in the case of a meeting to which Article 63 applies) of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to send any notice of an adjournment or of the business to be dealt with at an adjourned meeting.

**Amendments to
resolutions**

77. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. With the consent of the chairman, an amendment may be withdrawn by its proposer before it is voted on. No amendment to a resolution duly proposed as a special resolution may be considered or voted on (other than a mere clerical amendment to correct a patent error). No amendment to a resolution duly proposed as an ordinary resolution may be considered or voted on (other than a mere clerical amendment to correct a patent error) unless either:

- (a) at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which the ordinary resolution is to be considered (which, if the board so specifies, shall be calculated taking no account of any part of a day that is not a working day), notice of the terms of the amendment and the intention to move it has been delivered in hard copy form to the office or to such other place as may be specified by or on behalf of the Company for that purpose, or received in electronic form at such address (if any) for the time being specified by or on behalf of the Company for that purpose, or
- (b) the chairman in his absolute discretion decides that the amendment may be considered and voted on.

**Methods of
voting**

78. A resolution put to the vote of a general meeting shall be decided on a show of hands unless before, or on the declaration of the result of, a vote on the show of hands, or on the withdrawal of any other demand for a poll, a poll is duly demanded. Subject to the provisions of the Companies Acts, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) (except on the election of the chairman of the meeting or on a question of adjournment) at least five members present in person or by proxy having the right to vote on the resolution; or

- (c) any member or members present in person or by proxy representing not less than 10% of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to any shares held as treasury shares); or
- (d) any member or members present in person or by proxy holding shares conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right (excluding any shares conferring a right to vote on the resolution which are held as treasury shares).

The appointment of a proxy to vote on a matter at a meeting authorises the proxy to demand, or join in demanding, a poll on that matter. In applying the provisions of this Article, a demand by a proxy counts (i) for the purposes of paragraph (b) of this Article, as a demand by the member, (ii) for the purposes of paragraph (c) of this Article, as a demand by a member representing the voting rights that the proxy is authorised to exercise, and (iii) for the purposes of paragraph (d) of this Article, as a demand by a member holding the shares to which those rights are attached.

Declaration of result 79. Unless a poll is duly demanded (and the demand is not withdrawn before the poll is taken) a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Withdrawal of demand for poll 80. The demand for a poll may be withdrawn before the poll is taken, but only with the consent of the chairman. A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If the demand for a poll is withdrawn, the chairman or any other member entitled may demand a poll.

Conduct of poll 81. Subject to Article 82, a poll shall be taken as the chairman directs and he may, and shall if required by the meeting, appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

When poll to be taken 82. A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either at the meeting or at such time and place as the chairman directs not being more than 30 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

Notice of poll 83. No notice need be sent of a poll not taken at the meeting at which it is demanded if the time and place at which it is to be taken are announced at the meeting. In any other case notice shall be sent at least seven clear days before the taking of the poll specifying the time and place at which the poll is to be taken.

Effectiveness of special resolutions 84. Where for any purpose an ordinary resolution of the Company is required, a special resolution shall also be effective.

VOTES OF MEMBERS

Right to vote on
a show of hands

85. (a) Subject to any rights or restrictions attached to any shares, on a vote on a resolution on a show of hands:

- (i) every member who is present in person shall have one vote;
- (ii) subject to sub-paragraph (iii) of this Article, every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote;
- (iii) a proxy has one vote for and one vote against the resolution if:
 - (A) the proxy has been duly appointed by more than one member entitled to vote on the resolution, and
 - (B) the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of those members to vote against it.

(b) The voting rights of a member who is a recognised person shall be subject to the following further provisions, that is to say:

- (i) such member shall not be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the capital of the Company, either in person or by proxy, in respect of any share held by him unless not later than 48 hours before the time appointed for the holding of the relevant poll (together the **Relevant Time**) he shall have delivered to the Company a declaration or declarations in accordance with paragraph (c) of this Article;
- (ii) if such member has delivered one or more such declarations he shall be entitled to exercise, either in person (including by a duly authorised representative) or by proxy, such number of votes as would, in the absence of this paragraph (b), attach to that number of shares of the relevant class as is equal to the least of:
 - (A) the number of shares of the relevant class of which he is the holder at the Relevant Time; and
 - (B) the number of shares of the relevant class in respect of which a declaration or declarations have been delivered as aforesaid; and
 - (C) if any such declaration is to the effect that, if such member were not a recognised person, Shares would be Foreign-held Shares (a **Foreign Voting Declaration**) and if the aggregate of the number of votes which could otherwise be cast on a poll in respect of shares the subject of Foreign Voting Declarations when added to the number of votes to be counted towards the Individual Foreign Shareholding Limit under Article 54 would cause the Individual Foreign Shareholding Limit to be exceeded, the number of the relevant class of shares in respect of which declarations have been delivered as aforesaid less such number of shares in respect of which Foreign

Voting Declarations have been given as would, when so added, represent the excess over the Individual Foreign Shareholding Limit;

and if, notwithstanding the foregoing provisions of this paragraph (b), any votes are exercised which should not have been exercised they shall not be counted.

- (c) Declarations for the purposes of this Article shall be in such form as the board may from time to time prescribe, shall be signed by or on behalf of the person purporting to require the recognised person to appoint a proxy or a duly authorised representative or to exercise the relevant voting rights, including by an attorney or duly authorised officer or agent, be accompanied by such evidence as the board may require of the authority of any signatory on behalf of such person and by a copy of the document purporting to require the recognised person to appoint a proxy or a duly authorised representative or to exercise the voting rights and shall state that, if the member were not a recognised person, either (i) the Shares concerned would not be Foreign-held Shares or (ii) that such Shares would be Foreign-held Shares.
- (d) For the purposes of this Article, words and expressions defined in Article 54 shall bear the same meaning herein save that no share shall be regarded as if it were a Foreign-held Share unless the person purporting to require the recognised person to exercise the voting rights, or to appoint a proxy or a representative, is himself a Foreign Individual, Foreign Corporation or Corporation under Foreign Control.

Right to vote on a poll 86. Subject to any rights or restrictions attached to any shares, on a vote on a resolution on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

Votes of joint holders 87. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names of the holders stand in the register.

Member under incapacity 88. A member in respect of whom an order has been made by a court or official having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised for that purpose appointed by that court or official. That receiver, curator bonis or other person may, on a show of hands or on a poll, vote by proxy. The right to vote shall be exercisable only if evidence satisfactory to the board of the authority of the person claiming to exercise the right to vote has been delivered to the office, or another place specified in accordance with these Articles for the delivery of proxy appointments, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised provided that the Company may specify, in any case, that in calculating the period of 48 hours, no account shall be taken of any part of a day that is not a working day.

Calls in arrears 89. No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares in the capital of the Company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.

Section 793 of the Act: restrictions if in default 90. If at any time the board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Act (a **section 793 notice**) and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with

such a notice, has made a statement which is false or inadequate in a material particular, then the board may, in its absolute discretion at any time thereafter by notice (a **direction notice**) to such member direct that:

- (a) in respect of the shares in relation to which the default occurred (the **default shares**, which expression includes any shares issued after the date of the section 793 notice in respect of those shares) the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll; and
- (b) where the default shares represent at least $\frac{1}{4}$ of one per cent. in nominal value of the issued shares of their class (excluding any shares of that class held as treasury shares), the direction notice may additionally direct that in respect of the default shares:
 - (i) no payment shall be made by way of dividend and no share shall be allotted pursuant to Article 177;
 - (ii) no transfer of any default share shall be registered unless:
 - (A) the member is not himself in default as regards supplying the information requested and the transfer when presented for registration is accompanied by a certificate by the member in such form as the board may in its absolute discretion require to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer; or
 - (B) the transfer is an approved transfer; or
 - (C) registration of the transfer is required by the Regulations.

Copy of notice
to interested
persons

91. The Company shall send the direction notice to each other person appearing to be interested in the default shares, but the failure or omission by the Company to do so shall not invalidate such notice.

When
restrictions
cease to have
effect

92. Any direction notice shall cease to have effect not more than seven days after the earlier of receipt by the Company of:

- (a) a notice of an approved transfer, but only in relation to the shares transferred; or
- (b) all the information required by the relevant section 793 notice, in a form satisfactory to the board.

Board may
cancel
restrictions
Conversion of
uncertificated
shares

93. The board may at any time send a notice cancelling a direction notice.

94. The Company may exercise any of its powers under Article 8 in respect of any default share that is held in uncertificated form.

Supplementary
provisions

95. For the purposes of this Article and Articles 90, 91, 92, 93 and 94:

- (a) a person shall be treated as appearing to be interested in any shares if the member holding such shares has sent to the Company a notification under section 793 of the Act which either (i) names such person as being so interested or (ii) fails to establish

the identities of all those interested in the shares, and (after taking into account the said notification and any other relevant section 793 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;

- (b) the prescribed period is 14 days from the date of service of the section 793 notice; and
- (c) a transfer of shares is an approved transfer if:
 - (i) it is a transfer of shares pursuant to an acceptance of a takeover offer (within the meaning of section 974 of the Act); or
 - (ii) the board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares the subject of the transfer to a party unconnected with the member and with any other person appearing to be interested in the shares; or
 - (iii) the transfer results from a sale made through a recognised investment exchange as defined in the Financial Services and Markets Act 2000 or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded.

Section 794 of the Act 96. Nothing contained in Article 90, 91, 92, 93, 94 or 95 limits the power of the Company under section 794 of the Act.

Errors in voting 97. If any votes are counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same meeting, or at any adjournment of the meeting, and, in the opinion of the chairman, it is of sufficient magnitude to vitiate the result of the voting.

Objection to voting 98. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting or poll at which the vote objected to is tendered. Every vote not disallowed at such meeting shall be valid and every vote not counted which ought to have been counted shall be disregarded. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

Voting: additional provisions 99. On a poll, a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

PROXIES AND CORPORATE REPRESENTATIVES

Appointment of proxy: form 100. The appointment of a proxy shall be made in writing and shall be in any usual form or in any other form which the board may approve. Subject thereto, the appointment of a proxy may be:

- (a) in hard copy form; or
- (b) in electronic form, to the electronic address provided by the Company for this purpose.

Execution of proxy 101. The appointment of a proxy, whether made in hard copy form or in electronic form, shall be executed in such manner as may be approved by or on behalf of the Company from time to time. Subject thereto, the appointment of a proxy shall be executed by the appointor

or any person duly authorised by the appointor or, if the appointor is a corporation, executed by a duly authorised person or under its common seal or in any other manner authorised by its constitution.

Proxies: other provisions

102. The board may, if it thinks fit, but subject to the provisions of the Companies Acts, at the Company's expense send hard copy forms of proxy for use at the meeting and issue invitations in electronic form to appoint a proxy in relation to the meeting in such form as may be approved by the board. The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion, provided that each such proxy is appointed to exercise the rights attached to a different share or shares held by that member.

Delivery/receipt of proxy appointment

103. Without prejudice to Article 67(b) or to the second sentence of Article 76, the appointment of a proxy shall:

(a) if in hard copy form, be delivered by hand or by post to the office or such other place within the United Kingdom as may be specified by or on behalf of the Company for that purpose:

- (i) in the notice convening the meeting; or
- (ii) in any form of proxy sent by or on behalf of the Company in relation to the meeting,

not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or any postponed time appointed for holding the meeting pursuant to Article 67) at which the person named in the appointment proposes to vote; or

(b) if in electronic form, be received at any address to which the appointment of a proxy may be sent by electronic means pursuant to a provision of the Companies Acts or to any other address specified by or on behalf of the Company for the purpose of receiving the appointment of a proxy in electronic form:

- (i) in the notice convening the meeting; or
- (ii) in any form of proxy sent by or on behalf of the Company in relation to the meeting; or
- (iii) in any invitation to appoint a proxy issued by the Company in relation to the meeting; or
- (iv) on a website that is maintained by or on behalf of the Company and identifies the Company,

not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or any postponed time appointed for holding the meeting pursuant to Article 67) at which the person named in the appointment proposes to vote; or

(c) in either case, where a poll is taken more than 48 hours after it is demanded, be delivered or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

- (d) if in hard copy form, where a poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director.

In calculating the periods mentioned in this Article, the board may specify, in any case, that no account shall be taken of any part of a day that is not a working day.

Authentication of proxy appointment not made by holder

104. Subject to the provisions of the Companies Acts, where the appointment of a proxy is expressed to have been or purports to have been made, sent or supplied by a person on behalf of the holder of a share:

- (a) the Company may treat the appointment as sufficient evidence of the authority of that person to make, send or supply the appointment on behalf of that holder; and
- (b) that holder shall, if requested by or on behalf of the Company at any time, send or procure the sending of reasonable evidence of the authority under which the appointment has been made, sent or supplied (which may include a copy of such authority certified notarially or in some other way approved by the board), to such address and by such time as may be specified in the request and, if the request is not complied with in any respect, the appointment may be treated as invalid.

Validity of proxy appointment

105. A proxy appointment which is not delivered or received in accordance with Article 103 shall be invalid. When two or more valid proxy appointments are delivered or received in respect of the same share for use at the same meeting, the one that was last delivered or received shall be treated as replacing or revoking the others as regards that share, provided that if the Company determines that it has insufficient evidence to decide whether or not a proxy appointment is in respect of the same share, it shall be entitled to determine which proxy appointment (if any) is to be treated as valid. Subject to the Companies Acts, the Company may determine at its discretion when a proxy appointment shall be treated as delivered or received for the purposes of these Articles.

Rights of proxy

106. A proxy appointment shall be deemed to entitle the proxy to exercise all or any of the appointing member's rights to attend and to speak and vote at a meeting of the Company in respect of the shares to which the proxy appointment relates. The proxy appointment shall, unless it provides to the contrary, be valid for any adjournment of the meeting as well as for the meeting to which it relates.

107. The Company shall not be required to check that a proxy or corporate representative votes in accordance with any instructions given by the member by whom he is appointed. Any failure to vote as instructed shall not invalidate the proceedings on the resolution.

Corporate representatives

108. Any corporation which is a member of the Company (in this Article the **grantor**) may, by resolution of its board or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any separate meeting of the holders of any class of shares. The Solicitor for the Affairs of Her Majesty's Treasury may, so long as he is a member of the Company, authorise in writing under his hand such person as he thinks fit to act as his representative at any meeting of the Company or any class of members of the Company. A director, the secretary or other person authorised for the purpose by the secretary may require all or any of such persons to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers. Such person is entitled to exercise (on behalf of the grantor) the same powers as the grantor could exercise if it were an individual member of the Company. Where a grantor authorises more than one person:

- (a) on a vote on a resolution on a show of hands at a meeting of the Company, each authorised person has the same voting rights as the grantor would be entitled to; and
- (b) where paragraph (a) of this Article does not apply and more than one authorised person purport to exercise a power in respect of the same shares:
 - (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
 - (ii) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.

Revocation of authority

109. The termination of the authority of a person to act as a proxy or duly authorised representative of a corporation does not affect:

- (a) whether he counts in deciding whether there is a quorum at a meeting;
- (b) the validity of anything he does as chairman of a meeting;
- (c) the validity of a poll demanded by him at a meeting; or
- (d) the validity of a vote given by that person,

unless notice of the termination was either delivered or received in the manner described in the following sentence at least 24 hours before the start of the relevant meeting or adjourned meeting or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll. Such notice of termination shall be either by means of a document in hard copy form delivered to the office or to such other place within the United Kingdom as may be specified by or on behalf of the Company in accordance with Article 103(a) or in electronic form received at the address specified by or on behalf of the Company in accordance with Article 103(b), regardless of whether any relevant proxy appointment was effected in hard copy form or in electronic form.

NUMBER OF DIRECTORS

Limits on number of directors

110. Unless otherwise determined by ordinary resolution, the number of directors shall be not less than two nor more than twenty in number.

NATIONALITY OF DIRECTORS (PREVIOUS CLAUSES)

Nationality of directors

111. (a)-

(i) ~~For the purposes of this Article:~~

(A) ~~British citizen means a British citizen within the meaning of the British Nationality Act 1981 as in effect at the date of adoption of this Article;~~

(B) ~~EU citizen means a national of a European Union member state according to the laws of that state, other than a British citizen;~~

(C) ~~US citizen means a citizen of the United States of America according to the law of that country; and~~

- ~~(D) — **chief executive** means chief executive, managing director or joint managing director of the Company (by whatsoever name called and whether or not he is a director).~~
- ~~(ii) — No person may be appointed to the office of chief executive or chairman unless he is a British citizen, a US citizen or an EU citizen.~~
- ~~(iii) — Where the chief executive is a British citizen, no person may be appointed to the office of chairman unless he is a British citizen, an EU citizen or a US citizen; and~~
- ~~(iv) — Where the chief executive is an EU citizen or a US citizen, no person may be appointed to the office of chairman unless he is a British citizen.~~
- ~~(b) — For any period during which the chief executive is not a British citizen:~~
- ~~(i) — the board shall establish a United Kingdom security committee to consider matters relating to the United Kingdom which require security clearance, which committee shall comprise all directors of the Company, except those directors who are not British citizens and British citizens who do not have the necessary security clearances to consider such matters; and~~
- ~~(ii) — the most senior official in the Group responsible for Nuclear Business shall be a British citizen.~~
- ~~(c) — No person may be appointed to the office of director of the Company if, immediately following such appointment, the number of the directors of the Company who are not British citizens would exceed one half of the total number of the directors of the Company for the time being.~~
- ~~(d) —~~
- ~~(i) — If any chairman (having fulfilled the requirements of Article 111(a)(ii) or (a)(iii) on appointment) ceases to be a British citizen or an EU citizen or a US citizen (as the case may be) or any chief executive (having fulfilled the requirements of Article 111(a)(ii) on appointment) ceases to be a British citizen, or a US citizen or an EU citizen, or where, having held more than one such citizenship, ceases to hold any, his office as chairman or chief executive (as the case may be), but not (save as hereinafter provided) his office as director, shall thereupon be vacated.~~
- ~~(ii) — If the chairman and the chief executive fulfil the requirements of Article 111(a)(ii) but, as a result of a change to the citizenship of either the chairman or the chief executive, neither of them is a British citizen, the office as chairman or chief executive (as the case may be) of the officer whose citizenship has changed, but not (unless otherwise required pursuant to the Articles) his office as director, shall thereupon be vacated (save that the board may elect that the office of the other officer shall be so vacated).~~
- ~~(iii) — If a director ceases to be a British citizen and, if at that time or immediately thereafter the number of the directors of the Company who are not British citizens exceeds one half of the total number of the directors of the Company for the time being, the office of director of the person concerned shall thereupon be vacated save that where, prior to the person concerned ceasing~~

~~to be a British citizen, the board resolves that some other person who is not a British citizen shall vacate office as director, the office of that other person (and not the person concerned) shall be vacated at such time.~~

- ~~(iv) If for any reason, and after the application of the provisions of sub-paragraph (c)(ii) (where applicable), the number of directors who are not British citizens exceeds one half of the total number of the directors of the Company for the time being, the board shall procure that within three months of the board becoming aware of that fact the number of directors who are not British citizens shall be one half or less of the total number of the directors of the Company for the time being.~~

~~(e) —————~~

- ~~(i) No person may be appointed a director of the Company unless he shall have notified the board previously as to whether or not he is a British citizen.~~
- ~~(ii) A director shall notify the board, forthwith upon his ceasing to be a British citizen, of that fact.~~
- ~~(iii) The board shall maintain a register of the names of all directors of the Company who have notified the board that they are not British citizens and have not given a subsequent notice under sub-paragraph (iv) below.~~
- ~~(iv) If any director whose name is entered in the register to be maintained pursuant to this paragraph (d) becomes a British citizen and so notifies the board, his name shall be removed from that register.~~

NATIONALITY OF DIRECTORS (AMENDMENT FOR APPROVAL AT AGM)

NATIONALITY OF DIRECTORS

111.(a) For the purposes of this Article:

(A) **British citizen** means a British citizen within the meaning of the British Nationality Act 1981 as in effect at the date of adoption of this Article;

(B) **EU citizen** means a national of a European Union member state according to the laws of that state, other than a British citizen;

(C) **US citizen** means a citizen of the United States of America according to the law of that country;

(D) **chairman** means the person appointed to the office of chairman in accordance with these articles; and

(E) **chief executive** means chief executive, managing director or joint managing director of the Company (by whatsoever name called and whether or not he is a director).

(b)

(i) No person may be appointed to or hold the office of chief executive or chairman unless he is a British citizen, a US citizen or an EU citizen.

(ii) Where the chairman is an EU citizen or a US citizen, no person may be appointed to or hold the office of chief executive unless he is a British citizen.

(iii) Where the chief executive is an EU citizen or a US citizen, no person may be appointed to or hold the office of chairman unless he is a British citizen.

(iv) If the chairman or chief executive ceases to be a British citizen or an EU citizen or a US citizen (and is not also a British citizen or an EU citizen or a US citizen), his office as chairman or chief executive (as the case may be), but not (save as hereinafter provided) his office as director, shall thereupon be vacated.

(v) If, as a result of a change to the citizenship of either the chairman or the chief executive, neither of them is a British citizen, the office as chairman or chief executive (as the case may be) of the officer whose citizenship has changed, but not (unless otherwise required pursuant to the Articles) his office as director, shall thereupon be vacated (save that the board (excluding the chairman and chief executive) may elect that the office of the other officer, and not that of the person whose citizenship has changed, shall be vacated).

(vi) If the office of chairman or chief executive is vacated for any reason, the board shall notify the Special Shareholder and shall procure the appointment of a replacement in accordance with the requirements of this Article 111(b).

(c) For any period during which the chief executive is not a British citizen:

(i) the board shall establish a United Kingdom security committee to consider matters relating to the United Kingdom which require security clearance, which committee shall comprise all directors of the Company, except those directors who are not British citizens and British citizens who do not have the necessary security clearances to consider such matters; and

(ii) the most senior official in the Group responsible for Nuclear Business shall be a British citizen.

(d)

(i) No person may be appointed to the office of director of the Company unless he shall have notified the board previously as to whether or not he is a British citizen.

(ii) No person other than a British citizen may be appointed to the office of director of the Company if, immediately following such appointment, the number of the directors of the Company who are not British citizens would exceed one half of the total number of the directors of the Company for the time being.

(iii) A director shall notify the board, forthwith upon his ceasing to be a British citizen, of that fact.

(iv) The board shall maintain a register of the names of all directors of the Company who have notified the board that they are not British citizens and have not given a subsequent notice under sub paragraph (v) below.

(v) If any director whose name is entered in the register to be maintained pursuant to this paragraph (d) becomes a British citizen and so notifies the board, his name shall be removed from that register.

(vi) If a director ceases to be a British citizen and, if at that time or immediately thereafter the number of the directors of the Company who are not British citizens exceeds one half of the total number of the directors of the Company for the time being, the office of director of the person concerned shall thereupon be vacated save that where, prior to the person concerned ceasing to be a British citizen, the board (excluding the person concerned) resolves that some other person who is not a British citizen shall vacate office as director, the office of that other person (and not the person concerned) shall be vacated at such time.

(vii) If the number of directors who are not British citizens (after the application of the provisions of sub paragraph (vi) above, where applicable) exceeds one half of the total number of the directors of the Company for the time being, the board shall notify the Special Shareholder and shall procure that the number of directors who are not British citizens shall be one half or less of the total number of the directors of the Company for the time being.

APPOINTMENT AND RETIREMENT OF DIRECTORS

Number of
directors to
retire

112. At every annual general meeting all the directors at the date of the notice convening the annual general meeting shall retire from office.

When director
deemed to be re-
appointed

113. If the Company does not fill the vacancy at the meeting at which a director retires, the retiring director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the director is put to the meeting and lost.

Eligibility for
election

114. No person other than a retiring director shall be appointed a director at any general meeting unless:

- (a) he is recommended by the board; or
- (b) not less than seven nor more than 42 days before the date appointed for the meeting, notice by a member qualified to vote at the meeting (not being the person to be proposed) has been received by the Company of the intention to propose that person for appointment stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors, together with notice by that person of his willingness to be appointed.

Provisions if
insufficient
directors
appointed

115. If:
(a) any resolution or resolutions for the appointment or re-appointment of the persons eligible for appointment or re-appointment as directors are put to the annual general meeting and lost; and

- (b) at the end of that meeting the number of directors is fewer than any minimum number of directors required under Article 110,

all retiring directors who stood for re-appointment at that meeting (the **Retiring Directors**) shall be deemed to have been re-appointed as directors and shall remain in office, but the Retiring Directors may only:

- (c) act for the purpose of filling vacancies and convening general meetings of the Company; and
- (d) perform such duties as are appropriate to maintain the Company as a going concern and to comply with the Company's legal and regulatory obligations,

but not for any other purpose.

Provisions for meeting convened under Article 115

116. The Retiring Directors shall convene a general meeting as soon as reasonably practicable following the annual general meeting referred to Article 115, and they shall retire from office at that meeting. If at the end of any meeting convened under this Article the number of directors is fewer than any minimum number of directors required under Article 110, the provisions of Article 115 and Article 116 shall also apply to that meeting.

Separate resolutions on appointment

117. Except as otherwise authorised by the Companies Acts, a motion for the appointment of two or more persons as directors by a single resolution shall not be made unless a resolution that it should be so made has first been agreed to by the meeting without any vote being given against it.

Additional powers of the Company

118. Subject as aforesaid, 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. The appointment of a person to fill a vacancy or as an additional director shall take effect from the end of the meeting.

Appointment by board

119. The board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director and in either case whether or not for a fixed term, provided that the appointment does not cause the number of directors to exceed the number, if any, fixed by or in accordance with these Articles as the maximum number of directors.

Position of retiring directors

120. A director who retires at an annual general meeting may, if willing to act, be re-appointed. If he is not re-appointed, he shall, unless Article 115 applies, retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

No share qualification

121. A director shall not be required to hold any shares in the capital of the Company by way of qualification.

NO ALTERNATE DIRECTORS

No Power to appoint alternates

122. None of the directors shall be able to appoint any other director or any other person to be an alternate director to act in his place.

POWERS OF THE BOARD

Business to be managed by board

123. Subject to the provisions of the Companies Acts and these Articles and to any directions given by special resolution, the business of the Company shall be managed by the board which may pay all expenses incurred in forming and registering the Company and may exercise all the powers of the Company, including without limitation the power to dispose of

all or any part of the undertaking of the Company. No alteration of the Articles and no such direction shall invalidate any prior act of the board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the board by these Articles. A meeting of the board at which a quorum is present may exercise all powers exercisable by the board.

**Exercise by
Company of
voting rights**

124. The board may exercise the voting power conferred by the shares in any body corporate held or owned by the Company in such manner in all respects as it thinks fit (including without limitation the exercise of that power in favour of any resolution appointing its members or any of them directors of such body corporate, or voting or providing for the payment of remuneration to the directors of such body corporate).

DELEGATION OF POWERS OF THE BOARD

**Committees of
the board**

125. The board may delegate any of its powers to any committee consisting of one or more directors. The board may also delegate to any director holding any executive office such of its powers as the board considers desirable to be exercised by him. Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent of the Company all or any of the powers delegated and may be made subject to such conditions as the board may specify, and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of directors so far as they are capable of applying, but so that the number of directors on such committee from time to time who are not British citizens (as defined in Article 111) shall not exceed one half of the total number of the members of such committee.

Subject to any conditions imposed by the board, the proceedings of a committee with two or more members shall be governed by these Articles regulating the proceedings of directors so far as they are capable of applying.

**Local boards
etc.**

126. The board may establish local or divisional boards or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of the local or divisional boards, or any managers or agents, and may fix their remuneration. The board may delegate to any local or divisional board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the board, with power to sub-delegate, and may authorise the members of any local or divisional board, or any of them, to fill any vacancies and to act notwithstanding vacancies. Any appointment or delegation made pursuant to this Article may be made on such terms and subject to such conditions as the board may decide. The board may remove any person so appointed and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

Agents

127. The board may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes, with such powers, authorities and discretions (not exceeding those vested in the board) and on such conditions as the board determines, including without limitation authority for the agent to delegate all or any of his powers, authorities and discretions, and may revoke or vary such delegation.

**offices including
title "director"**

128. The board may appoint any person to any office or employment having a designation or title including the word "director" or attach to any existing office or employment with the Company such a designation or title and may terminate any such appointment or the use of any such designation or title. The inclusion of the word "director" in the designation or title

of any such office or employment shall not imply that the holder is a director of the Company, and the holder shall not thereby be empowered in any respect to act as, or be deemed to be, a director of the Company for any of the purposes of these Articles.

BORROWING POWERS

Power to borrow

129. Subject as hereinafter provided and to the provisions of the Act, the board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Borrowing limit

130. Notwithstanding Article 129 above, the board shall restrict the borrowings of the Company and exercise all voting rights and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far as regards subsidiary undertakings as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all money borrowed by the Group (which expression in this Article means the Company and its subsidiary undertakings for the time being) and for the time being owing to persons other than the Company and its wholly owned subsidiary undertakings shall not, without the sanction of the Company in general meeting, exceed an amount ~~of three of three~~ thousand million pounds.

131. For the purposes of the foregoing limit the following provisions shall apply:

- (a) there shall be deemed, subject as hereinafter provided, to have been borrowed and to be outstanding as borrowed moneys of the relevant member of the Group (but only to the extent that the same would not otherwise fall to be taken into account):
 - (i) the principal amount of all debentures of any member of the Group which are not for the time being beneficially owned within the Group;
 - (ii) the outstanding amount of acceptances (not being acceptances of trade bills in respect of the purchase or sale of goods in the ordinary course of trading) by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Group;
 - (iii) the nominal amount of any issued and paid up share capital (other than equity share capital) of any subsidiary undertaking of the Company not for the time being beneficially owned by any member of the Group;
 - (iv) the nominal amount of any other issued and paid up share capital and the principal amount of any other debentures or other borrowed moneys (not being shares or debentures which, or borrowed moneys the indebtedness in respect of which, are for the time being beneficially owned within the Group) the redemption or repayment whereof is an obligation of or is guaranteed or wholly or (to the extent the same is partly secured) partly secured by any member of the Group provided that any amount which falls to be treated as borrowed money under this sub-paragraph (iv) and which has been incurred in connection with the sale of any product of any member of the Group or of any other entity in which any member of the Group has an interest shall be reduced by a sum equal to the aggregate of (A) the estimated realisable value of any security available to any member of the Group or other such entity (otherwise than from any other member of the Group) in respect of such amount and (B) the amount of any insurance cover available to any such

member or other such entity in respect of such amount. For this purpose the board may act in reliance on a bona fide estimate of the estimated realisable value of any such security or the amount of any such insurance cover but if a certificate by the auditors as to such value or such amount is requested such certificate shall be conclusive evidence of the same;

- (v) any fixed or minimum premium payable on final redemption or repayment of any debentures, share capital or other borrowed moneys falling to be taken into account;
 - (vi) any fixed amount in respect of any Finance Lease (as hereinafter defined) payable by the Company or any of its subsidiary undertakings which would be shown at the material time as an obligation in a balance sheet prepared in accordance with the accounting principles used in the preparation of the latest available audited consolidated balance sheet of the Company; for this purpose **Finance Lease** means a contract between a lessor and a member of the Group as lessee or sub-lessee where substantially all the risks and rewards of the ownership of the asset leased or sub-leased are to be borne by the lessee or sub-lessee;
- (b) moneys borrowed by any member of the Group for the purposes of repaying or redeeming (with or without premium) in whole or in part any other borrowed moneys falling to be taken into account and intended to be applied for such purpose within six months after the borrowing thereof shall not during such period, except to the extent so applied, themselves fall to be taken into account;
 - (c) any amounts borrowed by any member of the Group from bankers or others for the purpose of financing any contract up to an amount not exceeding those moneys receivable under such contract which are guaranteed or insured by the Export Credits Guarantee Department or other institution or body carrying on a similar business shall be deemed not to be borrowed moneys;
 - (d) moneys borrowed (which shall be deemed to include share capital to which Article 130(a)(iii) applies) by a partly owned subsidiary undertaking and not owing to another member of the Group shall be taken into account subject to the exclusion of a proportion thereof equal to the minority proportion of the borrower and moneys borrowed (including such share capital as aforesaid) by a member of the Group from and owing to a partly owned subsidiary undertaking shall be taken into account to the extent of a proportion thereof equal to the minority proportion of the lender; for these purposes **minority proportion** shall mean the proportion of the issued equity share capital of the partly owned subsidiary undertaking which is not attributable to the Company or any subsidiary undertaking of the Company;
 - (e) moneys borrowed by any member of the Group at the time it becomes a subsidiary undertaking of the Company and for a period of six months thereafter and moneys borrowed remaining secured on any asset acquired by a member of the Group at the time of such acquisition and for a period of six months thereafter shall be deemed not to be borrowed moneys;
 - (f) there shall be credited against the amount of any moneys borrowed any amounts beneficially owned by the Company or any of its subsidiary undertakings which are deposited with any bank or other person (whether on current account or otherwise) not being the Company or one of its subsidiary undertakings and which are repayable to the Company or any of its subsidiary undertakings on demand or within three

months of any demand, subject, in the case of money deposited by a partly owned subsidiary undertaking, to the exclusion of a proportion thereof equal to the minority proportion (as defined in paragraph (d) above);

- (g) for the avoidance of doubt it is hereby expressly provided that for the purposes of the foregoing limit the following sums shall be deemed not to be borrowed moneys of the Group:
- (i) sums advanced or paid to any member of the Group (or their agent or nominee) by customers of any member of the Group as prepayments or progress payments or payments on account or by way of deposit or security in respect of products or services or any guarantees or indemnities given by any member of the Group in relation thereto;
 - (ii) sums which otherwise would fall to be treated as borrowed moneys of any member of the Group which were treated with the concurrence of the auditors and in accordance with any current International Financial Reporting Standard or other accountancy principle or practice generally accepted for the time being in the United Kingdom in the latest audited balance sheet of the relevant member of the Group on which such consolidation was based as otherwise than borrowed moneys of that member of the Group;
- (h) when the aggregate amount of moneys borrowed at any material time is being ascertained:
- (i) any such moneys borrowed by any member of the Group denominated or repayable in a currency other than sterling shall be translated for the purposes of calculating the sterling equivalent:
 - (A) with the exception of Excepted Foreign Currency Borrowings (as hereinafter defined), at the rate of exchange prevailing at the material time in London provided that all of such moneys borrowed shall be translated (if thereby such sterling aggregate amount would be less) at the option of the Company at the rate of exchange prevailing in London at the date of the latest available audited consolidated balance sheet of the Company; for the purposes of this sub-paragraph the rate of exchange shall be taken as the middle market rate as at the close of business in London on the relevant day (or, if such day is not a business day) as supplied by such person or calculated on such basis as the auditors may determine or approve;
 - (B) in the case of any Excepted Foreign Currency Borrowings, at the rate of exchange which would be applicable to such moneys borrowed on their repayment to the extent that such rate of exchange is fixed under any Exchange Cover Scheme (as hereinafter defined) in connection with such moneys borrowed provided that where it is not possible to determine the rate of exchange applicable at the time of repayment of any such moneys borrowed they shall be translated into sterling under the terms of the applicable Exchange Cover Scheme on such basis as may be agreed with, or determined by the auditors, or, if this is agreed by the auditors not to be practicable, in accordance with the provisions of (A) above;
 - (ii) For the purposes of this paragraph 131(h):

- (A) **Excepted Foreign Currency Borrowings** means moneys borrowed denominated or repayable in a currency other than sterling which have the benefit of an Exchange Cover Scheme and **Exchange Cover Scheme** means any exchange cover scheme, forward currency contract, currency option, back to back loan, swap or other arrangement taken out or entered into to reduce the risks associated with fluctuations in exchange rates;
- (B) where under the terms of any borrowing the amount of money which would be required to discharge the principal amount of moneys borrowed in full if it fell to be repaid (whether at the option of the company borrowing the same or by reason of default) at such material time is less than the amount which would otherwise be taken into account in respect of such moneys borrowed for the purposes of this Article, the amount of such moneys borrowed to be taken into account shall be such less amount.

132. If as a result of any change in legislation relating to or affecting taxation matters any fixed amount payable by the Company or any of its subsidiary undertakings in respect of any Finance Lease (as hereinbefore defined) shall increase and if in consequence the limit hereinbefore contained is exceeded, an amount of borrowed moneys equal to the excess may be disregarded until the expiration of six months after the date on which the board became aware that such a situation has arisen.

Persons dealing with the Company

133. No person dealing with the Company shall be concerned to see or enquire whether the restriction imposed by Article 130 is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had at the time when the debt was incurred or security given express notice that the said limit had been or would thereby be exceeded.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

Disqualification as a director

134. A person ceases to be a director as soon as:
- (a) that person ceases to be a director by virtue of any provision of the Act or is prohibited from being a director by law;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
 - (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
 - (f) notification is received by the Company from the director that the director is resigning or retiring from office, and such resignation or retirement has taken effect in accordance with its terms, or his office as a director is vacated pursuant to Article 119;

- (g) [that person has been absent for more than six consecutive months without permission of the board from meetings of the board held during that period and the board resolves that his office be vacated;] or
- (h) that person receives notice signed by not less than three quarters of the other directors stating that that person should cease to be a director.

**Power of
Company to
remove director**

135. The Company may, without prejudice to the provisions of the Companies Acts, by ordinary resolution remove any director from office (notwithstanding any provision of these Articles or of any agreement between the Company and such director, but without prejudice to any claim he may have for damages for breach of any such agreement). No special notice need be given of any resolution to remove a director in accordance with this Article and no director proposed to be removed in accordance with this Article has any special right to protest against his removal. The Company may, by ordinary resolution, appoint another person in place of a director removed from office in accordance with this Article.

DIRECTORS' REMUNERATION

- 136. (a) The ordinary remuneration of the directors for their services shall not exceed such maximum as the Company may from time to time by ordinary resolution determine. Such remuneration shall (unless any such resolution otherwise provides) be divisible among the directors as they may agree or, failing agreement, equally (except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office).
- (b) Any director who holds any executive office (including for this purpose the office of chairman or deputy chairman whether or not such office is held in an executive capacity), serves on any committee of the directors or otherwise performs special services which in the opinion of the directors are outside the scope of the ordinary duties of a director may (without prejudice to the provisions of Article 113) be paid such extra remuneration by way of salary, commission or otherwise as the board may determine.

DIRECTORS' EXPENSES

**Directors may
be paid expenses**

137. The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of the board or committees of the board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

EXECUTIVE DIRECTORS

**Appointment to
executive office**

138. Subject to the provisions of the Companies Acts, the board may appoint one or more of its body to be the holder of any executive office (except that of auditor) in the Company and may enter into an agreement or arrangement with any such director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made on such terms, including without limitation terms as to remuneration, as the board determines. The board may revoke or vary any such appointment but without prejudice to any rights or claims which the person whose appointment is revoked or varied may have against the Company because of the revocation or variation.

Termination of appointment to executive office

139. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any rights or claims which he may have against the Company by reason of such cessation. A director appointed to an executive office shall not cease to be a director merely because his appointment to such executive office terminates.

Emoluments to be determined by the board

140. The emoluments of any director holding executive office for his services as such shall be determined by the board, and may be of any description, including without limitation admission to, or continuance of, membership of any scheme (including any share acquisition scheme) or fund instituted or established or financed or contributed to by the Company for the provision of pensions, life assurance or other benefits for employees or their dependants, or the payment of a pension or other benefits to him or his dependants on or after retirement or death, apart from membership of any such scheme or fund.

DIRECTORS' INTERESTS

Authorisation under s175 of the Act

141. For the purposes of section 175 of the Act, the board may authorise any matter proposed to it in accordance with these Articles which would, if not so authorised, involve a breach of duty by a director under that section, including, without limitation, any matter which relates to a situation in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation will be effective only if:

- (a) any requirement as to quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and
- (b) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

The board may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes but such authorisation is otherwise given to the fullest extent permitted. The board may vary or terminate any such authorisation at any time.

For the purposes of the Articles, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.

Director may contract with the Company and hold other offices etc

142. Provided that he has disclosed to the board the nature and extent of his interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Act apply, in which case no such disclosure is required) a director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director; and
- (c) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate:
 - (i) in which the Company is (directly or indirectly) interested as shareholder or otherwise; or

- (ii) with which he has such a relationship at the request or direction of the Company.

Remuneration, benefits etc.

143. A director shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate:

- (a) the acceptance, entry into or existence of which has been approved by the board pursuant to Article 141 (subject, in any such case, to any limits or conditions to which such approval was subject); or
- (b) which he is permitted to hold or enter into by virtue of paragraph (a), (b) or (c) of Article 142,

nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

Notification of interests

144. Any disclosure required by Article 142 may be made at a meeting of the board, by notice in writing or by general notice or otherwise in accordance with section 177 of the Act.

Duty of confidentiality to another person

145. A director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person. However, to the extent that his relationship with that other person gives rise to a conflict of interest or possible conflict of interest, this Article applies only if the existence of that relationship has been approved by the board pursuant to Article 141. In particular, the director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 of the Act because he fails:

- (a) to disclose any such information to the board or to any director or other officer or employee of the Company; and/or
- (b) to use or apply any such information in performing his duties as a director of the Company.

Consequences of authorisation

146. Where the existence of a director's relationship with another person has been approved by the board pursuant to Article 141 and his relationship with that person gives rise to a conflict of interest or possible conflict of interest, the director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 of the Act because he:

- (a) absents himself from meetings of the board at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; and/or
- (b) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or for such documents and information to be received and read by a professional adviser,

for so long as he reasonably believes such conflict of interest or possible conflict of interest subsists.

- Without prejudice to equitable principles or rule of law**
147. The provisions of Articles 145 and 146 are without prejudice to any equitable principle or rule of law which may excuse the director from:
- (a) disclosing information, in circumstances where disclosure would otherwise be required under these Articles; or
 - (b) attending meetings or discussions or receiving documents and information as referred to in Article 146, in circumstances where such attendance or receiving such documents and information would otherwise be required under these Articles.

GRATUITIES, PENSIONS AND INSURANCE

- Gratuities and pensions**
148. The board may (by establishment of, or maintenance of, schemes or otherwise) provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his family (including a spouse, a civil partner, a former spouse and a former civil partner) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

- Insurance**
149. Without prejudice to the provisions of Article 216, the board may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any person who is or was:
- (a) a director, officer or employee of the Company, or any body which is or was the holding company or subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had any interest (whether direct or indirect) or with which the Company or such holding company or subsidiary undertaking is or was in any way allied or associated; or
 - (b) a trustee of any pension fund in which employees of the Company or any other body referred to in paragraph (a) of this Article are or have been interested,

including without limitation insurance against any liability incurred by such person in respect of any act or omission in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to his duties, powers or offices in relation to the relevant body or fund.

- Directors not liable to account**
150. No director or former director shall be accountable to the Company or the members for any benefit provided pursuant to these Articles. The receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

- Section 247 of the Act**
151. The board may make provision for the benefit of any persons employed or formerly employed by the Company or any of its subsidiaries other than a director or former director or shadow director in connection with the cessation or the transfer of the whole or part of the undertaking of the Company or any subsidiary. Any such provision shall be made by a resolution of the board in accordance with section 247 of the Act.

PROCEEDINGS OF THE BOARD

- Convening meetings**
152. Subject to the provisions of these Articles, the board may regulate its proceedings as it thinks fit. A director may, and the secretary at the request of a director shall, call a meeting of the board by giving notice of the meeting to each director. Notice of a board meeting shall

be deemed to be given to a director if it is given to him personally or by word of mouth or sent in hard copy form to him at his last known address or such other address (if any) as may for the time being be specified by him or on his behalf to the Company for that purpose, or sent in electronic form to such address (if any) for the time being specified by him or on his behalf to the Company for that purpose. A director absent or intending to be absent from the United Kingdom may request the board that notices of board meetings shall during his absence be sent in hard copy form or in electronic form to such address (if any) for the time being specified by him or on his behalf to the Company for that purpose, but such notices need not be sent any earlier than notices sent to directors not so absent and, if no such request is made to the board, it shall not be necessary to send notice of a board meeting to any director who is for the time being absent from the United Kingdom. No account is to be taken of directors absent from the United Kingdom when considering the adequacy of the period of notice of the meeting. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. Any director may waive notice of a meeting and any such waiver may be retrospective. Any notice pursuant to this Article need not be in writing if the board so determines and any such determination may be retrospective.

Quorum 153. The quorum for the transaction of the business of the board may be fixed by the board and unless so fixed at any other number shall be two provided that such quorum shall not be satisfied in relation to any business transacted during any part of the relevant proceedings at a time when the number of directors who are not British Citizens (as defined in Article 111) exceeds one half of the total number of the directors then present. Any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the board meeting if no director objects.

Powers of directors if number falls below minimum 154. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but if the number of directors is less than the number fixed as the quorum the continuing directors or director may, unless Article 115 applies, act only for the purpose of filling vacancies or of calling a general meeting.

Chairman and deputy chairman 155. The board may appoint one of their number to be the chairman, and one of their number to be the deputy chairman, of the board and may at any time remove either of them from such office. Unless he is unwilling to do so, the director appointed as chairman, or in his stead the director appointed as deputy chairman, shall preside at every meeting of the board at which he is present. If there is no director holding either of those offices, or if neither the chairman nor the deputy chairman is willing to preside or neither of them is present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

Validity of acts of the board 156. All acts done by a meeting of the board, or of a committee of the board, or by a person acting as a director, shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or any member of the committee or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director.

Resolutions in writing 157. A resolution in writing agreed to by all the directors entitled to vote at a meeting of the board or of a committee of the board (provided that not less than one half of the directors signing the same are British Citizens (as defined in Article 111) and that not being less than the number of directors required to form a quorum of the board) shall be as valid and effectual as if it had been passed at a meeting of the board or (as the case may be) a committee of the board duly convened and held. For this purpose:

- (a) a director signifies his agreement to a proposed written resolution when the Company receives from him a document indicating his agreement to the resolution authenticated in the manner permitted by the Companies Acts for a document in the relevant form; and
- (b) the director may send the document in hard copy form or in electronic form to such address (if any) for the time being specified by the Company for that purpose.

Meetings by
telephone etc.

158. Without prejudice to the first sentence of Article 152, a person entitled to be present at a meeting of the board or of a committee of the board shall be deemed to be present for all purposes if he is able (directly or by electronic communication) to speak to and be heard by all those present or deemed to be present simultaneously. A director so deemed to be present shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where it is convened to be held or (if no director is present in that place) where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is. The word **meeting** in these Articles shall be construed accordingly.

Directors' power to vote on contracts in which they are interested

159. Except as otherwise provided by these Articles, a director shall not vote at a meeting of the board or a committee of the board on any resolution of the board concerning a matter in which he has an interest (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his interest arises only because the resolution concerns one or more of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Act) representing one per cent. or more of either any class of the equity share capital (excluding any shares of that class held as treasury shares) of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be likely to give rise to a conflict with the interests of the Company in all circumstances);
- (e) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any

privilege or benefit not generally accorded to the employees to whom the arrangement relates; and

- (f) a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any directors of the Company or for persons who include directors of the Company.

For the purposes of this Article, an interest of a person who is, for any purpose of the Act (excluding any statutory modification of the Act not in force when this Article is adopted), connected with a director shall be treated as an interest of the director.

160. The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of these Articles prohibiting a director from voting at a meeting of the board or of a committee of the board.

161. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

162. The Company may by ordinary resolution ratify any transaction not duly authorised by reason of a contravention of any provision of these Articles prohibiting a director from voting at a meeting of the board or a committee of the directors.

Division of proposals

163. Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each director separately. In such cases each of the directors concerned shall be entitled to vote in respect of each resolution except that concerning his own appointment.

Decision of chairman final and conclusive

164. If a question arises at a meeting of the board or of a committee of the board as to the entitlement of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive except in a case where the nature or extent of the interests of the director concerned have not been fairly disclosed. If any such question arises in respect of the chairman of the meeting, it shall be decided by resolution of the board (on which the chairman shall not vote) and such resolution will be final and conclusive except in a case where the nature and extent of the interests of the chairman have not been fairly disclosed.

SECRETARY

Appointment and removal of secretary

165. Subject to the provisions of the Act, the secretary shall be appointed by the board for such term, at such remuneration and on such conditions as it may think fit. Any secretary so appointed may be removed by the board, but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

MINUTES

Minutes required to be kept

166. The board shall cause minutes to be recorded for the purpose of:

- (a) all appointments of officers made by the board; and

- (b) all proceedings at meetings of the Company, the holders of any class of shares in the capital of the Company, the board and committees of the board, including the names of the directors present at each such meeting.

Conclusiveness of minutes

167. Any such minutes, if purporting to be authenticated by the chairman of the meeting to which they relate or of the next meeting, shall be sufficient evidence of the proceedings at the meeting without any further proof of the facts stated in them.

THE SEAL

Authority required for execution of deed

168. The seal shall only be used by the authority of a resolution of the board. The board may determine who shall sign any document executed under the seal. If they do not, it shall be signed by at least one director and the secretary or by at least two directors. Any document may be executed under the seal by impressing the seal by mechanical means or by printing the seal or a facsimile of it on the document or by applying the seal or a facsimile of it by any other means to the document. A document executed, with the authority of a resolution of the board, in any manner permitted by section 44(2) of the Act and expressed (in whatever form of words) to be executed by the Company has the same effect as if executed under the seal.

Certificates for shares and debentures

169. The board may by resolution determine either generally or in any particular case that any certificate for shares or debentures or representing any other form of security may have any signature affixed to it by some mechanical or electronic means, or printed on it or, in the case of a certificate executed under the seal, need not bear any signature.

REGISTERS

Overseas and local registers

170. Subject to the provisions of the Companies Acts and the Regulations, the Company may keep an overseas or local or other register in any place, and the board may make, amend and revoke any regulations it thinks fit about the keeping of that register.

Authentication and certification of copies and extracts

171. Any director or the secretary or any other person appointed by the board for the purpose shall have power to authenticate and certify as true copies of and extracts from:

- (a) any document comprising or affecting the constitution of the Company, whether in hard copy form or electronic form;
- (b) any resolution passed by the Company, the holders of any class of shares in the capital of the Company, the board or any committee of the board, whether in hard copy form or electronic form; and
- (c) any book, record and document relating to the business of the Company, whether in hard copy form or electronic form (including without limitation the accounts).

If certified in this way, a document purporting to be a copy of a resolution, or the minutes or an extract from the minutes of a meeting of the Company, the holders of any class of shares in the capital of the Company, the board or a committee of the board, whether in hard copy form or electronic form, shall be conclusive evidence in favour of all persons dealing with the Company in reliance on it or them that the resolution was duly passed or that the minutes are, or the extract from the minutes is, a true and accurate record of proceedings at a duly constituted meeting.

DIVIDENDS

Declaration of dividends	172. Without prejudice to Article 15(d) and subject to the provisions of the Companies Acts, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the board.
Interim dividends	173. Subject to the provisions of the Companies Acts, the board may pay interim dividends if it appears to the board that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the board may: (a) pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividends as well as on shares which confer preferential rights with regard to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear; and (b) pay at intervals settled by it any dividend payable at a fixed rate if it appears to the board that the profits available for distribution justify the payment. If the board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
Declaration and payment in different currencies	174. Dividends may be declared and paid in any currency or currencies that the board shall determine. The board may also determine the exchange rate and the relevant date for determining the value of the dividend in any currency.
Apportionment of dividends	175. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid; but no amount paid on a share in advance of the date on which a call is payable shall be treated for the purpose of this Article as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is allotted or issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
Dividends in specie	176. A general meeting declaring a dividend may, on the recommendation of the board, by ordinary resolution direct that it shall be satisfied wholly or partly by the distribution of assets, including without limitation paid up shares or debentures of another body corporate. The board may make any arrangements it thinks fit to settle any difficulty arising in connection with the distribution, including without limitation (a) the fixing of the value for distribution of any assets, (b) the payment of cash to any member on the basis of that value in order to adjust the rights of members, and (c) the vesting of any asset in a trustee.
Scrip dividends: authorising resolution	177. The board may, if authorised by an ordinary resolution of the Company (the Resolution), offer any holder of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the board) of all or any dividend specified by the Resolution. The offer shall be on the terms and conditions and be made in the manner specified in Article 178 or, subject to those provisions, specified in the Resolution.

178. The following provisions shall apply to the Resolution and any offer made pursuant to it and Article 177.

- (a) The Resolution may specify a particular dividend, or may specify all or any dividends declared within a specified period.
- (b) Each holder of shares shall be entitled to that number of new shares as are together as nearly as possible equal in value to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder elects to forgo (each a **new share**). For this purpose, the value of each new share shall be:
 - (i) equal to the **average quotation** for the Company's ordinary shares, that is, the average of the middle market quotations for those shares on the London Stock Exchange plc, as derived from the Daily Official List, on the day on which such shares are first quoted *ex* the relevant dividend and the four subsequent dealing days; or
 - (ii) calculated in any other manner specified by the Resolution,

but shall never be less than the par value of the new share.

A certificate or report by the auditors as to the value of a new share in respect of any dividend shall be conclusive evidence of that value.

- (c) On or as soon as practicable after announcing that any dividend is to be declared or recommended, the board, if it intends to offer an election in respect of that dividend, shall also announce that intention. If, after determining the basis of allotment, the board decides to proceed with the offer, it shall notify the holders of shares of the terms and conditions of the right of election offered to them, specifying the procedure to be followed and place at which, and the latest time by which, elections or notices amending or terminating existing elections must be delivered in order to be effective.
- (d) The board shall not proceed with any election unless the board has sufficient authority to allot shares and sufficient reserves or funds that may be appropriated to give effect to it after the basis of allotment is determined.
- (e) The board may exclude from any offer any holders of shares where the board believes the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.
- (f) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable in cash on shares in respect of which an election has been made (the **elected shares**) and instead such number of new shares shall be allotted to each holder of elected shares as is arrived at on the basis stated in paragraph (b) of this Article. For that purpose the board shall appropriate out of any amount for the time being standing to the credit of any reserve or fund (including without limitation the profit and loss account), whether or not it is available for distribution, a sum equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares for allotment and distribution to each holder of elected shares as is arrived at on the basis stated in paragraph (b) of this Article.

- (g) The new shares when allotted shall rank equally in all respects with the fully paid shares of the same class then in issue except that they shall not be entitled to participate in the relevant dividend.
- (h) No fraction of a share shall be allotted. The board may make such provision as it thinks fit for any fractional entitlements including without limitation payment in cash to holders in respect of their fractional entitlements, provision for the accrual, retention or accumulation of all or part of the benefit of fractional entitlements to or by the Company or to or by or on behalf of any holder or the application of any accrual, retention or accumulation to the allotment of fully paid shares to any holder.
- (i) The board may do all acts and things it considers necessary or expedient to give effect to the allotment and issue of any share pursuant to this Article or otherwise in connection with any offer made pursuant to this Article and may authorise any person, acting on behalf of the holders concerned, to enter into an agreement with the Company providing for such allotment or issue and incidental matters. Any agreement made under such authority shall be effective and binding on all concerned.
- (j) The board may, at its discretion, amend, suspend or terminate any offer pursuant to this Article.
- (k) If an elected share is held in uncertificated form, any new shares allotted to the holder of that elected share pursuant to this Article 178 shall be allotted in uncertificated form by means of the facilities and requirements of the relevant system and, if an elected share is held in certificated form, any new shares so allotted shall be allotted in certificated form.

Permitted deductions and retentions

179. The board may deduct from any dividend or other moneys payable to any member in respect of a share any moneys presently payable by him to the Company in respect of that share. Where a person is entitled by transmission to a share, the board may retain any dividend payable in respect of that share until that person (or that person's transferee) becomes the holder of that share.

Procedure for payment to holders and others entitled

180. Any dividend or other moneys payable in cash (whether in sterling or foreign currency) relating to a share can be paid by such method as the directors, in their absolute discretion, may decide. Different methods of payment may apply to different holders or groups of holders (such as overseas holders). Without limiting any other method of payment which the Company may adopt, the directors may decide that payment can be made wholly or partly:

- (a) by inter-bank transfer, electronic form, electronic means or by such other means approved by the directors directly to an account (of a type approved by the directors) nominated in writing by the holder or the joint holders; or
- (b) by cheque or warrant or any other similar financial instrument made payable to the holder who is entitled to it and sent direct to his registered address, or in the case of joint holders, to the holder who is first named in the Register and sent direct to his registered address, or to someone else named in an instruction in writing from the holder (or from all joint holders).

If the directors decide that payments will be made by electronic transfer to an account (of a type approved by the board) nominated by a holder or joint holders, but no such account is nominated by the holder or joint holders or an electronic transfer into a nominated account is rejected or refunded, the Company may credit the amount payable to an account of the

Company to be held until the holder nominates a valid account. An amount credited to an account under this Article 180 is to be treated as having been paid to the holder at the time it is credited to that account. The Company will not be a trustee of the money and no interest will accrue on the money.

Joint entitlement

181. If two or more persons are registered as joint holders of any share, or are entitled by transmission jointly to a share (in each case, including an elected share), the Company may:

- (a) pay any dividend or other moneys payable in respect of the share, or allot any new shares in respect of the elected share, to any one of them and any one of them may give effectual receipt for that payment; and
- (b) for the purpose of paragraph (a) above, rely in relation to the share on the written direction, designation or agreement of, or notice to the Company by, any one of them.

Payment by post

182. A cheque or warrant, or a share certificate in respect of a new share allotted to the holder of an elected share, may be sent by post:

- (a) where a share is held by a sole holder, to the registered address of the holder of the share; or
- (b) if two or more persons are the holders, to the registered address of the person who is first named in the register; or
- (c) if a person is entitled by transmission to the share, as if it were a notice to be sent under Article 199; or
- (d) in any case, to such person and to such address as the person entitled to payment may direct by notice to the Company.

Discharge to Company and risk

183. Payment of a cheque or warrant by the bank on which it was drawn or the transfer of funds by the bank instructed to make the transfer or, in respect of an uncertificated share, the making of payment in accordance with the facilities and requirements of the relevant system (which, if the relevant system is CREST, may include the sending by the Company or by any person on its behalf of an instruction to the Operator of the relevant system to credit the cash memorandum account of the holder or joint holders or, if permitted by the Company, of such person as the holder or joint holders may in writing direct) shall be a good discharge to the Company. Every cheque or warrant sent or transfer of funds made by the relevant bank or system in accordance with these Articles shall be at the risk of the holder or person entitled. The Company shall have no responsibility for any sums lost or delayed in the course of payment by any method used by the Company in accordance with Article 181.

Interest not payable

184. No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

Forfeiture of unclaimed dividends

185. Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect of it. The Company shall be entitled to cease sending dividend warrants and cheques by post or otherwise to a member if those instruments have been returned undelivered, or left uncashed by that member, on at least two consecutive occasions, or, if the Company does not have a current address (as defined in s423(3) of the Act) for such member. The entitlement

conferred on the Company by this Article in respect of any member shall cease if the member claims a dividend or cashes a dividend warrant or cheque.

186. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the holder of that share (or the person becoming entitled to the share in consequence of the death, bankruptcy or mental disorder of the holder or by operation of law or any other event) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

CAPITALISATION OF PROFITS AND RESERVES

**Power to
capitalise**

187. The board may with the authority of an ordinary resolution of the Company:
- (a) subject to the provisions of this Article, resolve to capitalise any undistributed profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or other fund, including without limitation the Company's share premium account and capital redemption reserve, if any;
 - (b) appropriate the sum resolved to be capitalised to the members or any class of members on the record date specified in the relevant resolution who would have been entitled to it if it were distributed by way of dividend and in the same proportions;
 - (c) apply that sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full shares, debentures or other obligations of the Company of a nominal amount equal to that sum but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up shares to be allotted to members credited as fully paid;
 - (d) allot the shares, debentures or other obligations credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other;
 - (e) where shares or debentures become, or would otherwise become, distributable under this Article in fractions, make such provision as they think fit for any fractional entitlements including without limitation authorising their sale and transfer to any person, resolving that the distribution be made as nearly as practicable in the correct proportion but not exactly so, ignoring fractions altogether or resolving that cash payments be made to any members in order to adjust the rights of all parties;
 - (f) authorise any person to enter into an agreement with the Company on behalf of all the members concerned providing for either:
 - (i) the allotment to the members respectively, credited as fully paid, of any shares, debentures or other obligations to which they are entitled on the capitalisation; or
 - (ii) the payment up by the Company on behalf of the members of the amounts, or any part of the amounts, remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised,

and any agreement made under that authority shall be binding on all such members;

- (g) generally do all acts and things required to give effect to the ordinary resolution; and
- (h) for the purposes of this Article, unless the relevant resolution provides otherwise, if the Company holds treasury shares of the relevant class at the record date specified in the relevant resolution, it shall be treated as if it were entitled to receive the dividends in respect of those treasury shares which would have been payable if those treasury shares had been held by a person other than the Company.

RECORD DATES

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| Record dates for dividends etc. | 188. Notwithstanding any other provision of these Articles, the Company or the board may: <ul style="list-style-type: none">(a) fix any date as the record date for any dividend, distribution, allotment or issue, which may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made;(b) for the purpose of determining which persons are entitled to attend and vote at a general meeting of the Company, or a separate general meeting of the holders of any class of shares in the capital of the Company, and how many votes such persons may cast, specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting (which shall, if the board so specifies, be calculated taking no account of any part of a day that is not a working day), by which a person must be entered on the register in order to have the right to attend or vote at the meeting; changes to the register after the time specified by virtue of this Article shall be disregarded in determining the rights of any person to attend or vote at the meeting; and(c) for the purpose of sending notices of general meetings of the Company, or separate general meetings of the holders of any class of shares in the capital of the Company, under these Articles, determine that persons entitled to receive such notices are those persons entered on the register at the close of business on a day determined by the Company or the board, which day may not be more than 21 days before the day that notices of the meeting are sent. |
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ACCOUNTS

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| Rights to inspect records | 189. No member shall (as such) have any right to inspect any accounting records or other book or document of the Company except as conferred by statute or authorised by the board or by ordinary resolution of the Company or order of a court of competent jurisdiction. |
| Sending of annual accounts | 190. Subject to the Companies Acts, a copy of the Company's annual accounts and reports for that financial year shall, at least 21 clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the provisions of the Companies Acts, be sent to every member and to every holder of the Company's debentures, and to every person who is entitled to receive notice of meetings from the Company under the provisions of the Companies Acts or of these Articles or, in the case of joint holders of any share or debenture, to one of the joint holders. A copy need not be sent to a person for whom the Company does not have a current address. |

Summary financial statements	191. Subject to the Companies Acts, the requirements of Article 190 shall be deemed satisfied in relation to any person by sending to the person, instead of such copies, a summary financial statement derived from the Company's annual accounts and the directors' report, which shall be in the form and containing the information prescribed by the Companies Acts and any regulations made under the Companies Acts.
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COMMUNICATIONS

When notice required to be in writing	192. Any notice to be sent to or by any person pursuant to these Articles (other than a notice calling a meeting of the board) shall be in writing.
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Methods of Company sending notice	193. Subject to Article 192 and unless otherwise provided by these Articles, the Company shall send or supply a document or information that is required or authorised to be sent or supplied to a member or any other person by the Company by a provision of the Companies Acts or pursuant to these Articles or to any other rules or regulations to which the Company may be subject in such form and by such means as it may in its absolute discretion determine provided that the provisions of the Act which apply to sending or supplying a document or information required or authorised to be sent or supplied by the Companies Acts shall, the necessary changes having been made, also apply to sending or supplying any document or information required or authorised to be sent by these Articles or any other rules or regulations to which the Company may be subject.
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Methods of member etc. sending document or information	194. Subject to Article 192 and unless otherwise provided by these Articles, a member or a person entitled by transmission to a share shall send a document or information pursuant to these Articles to the Company in such form and by such means as it may in its absolute discretion determine provided that:
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- (a) the determined form and means are permitted by the Companies Acts for the purpose of sending or supplying a document or information of that type to a company pursuant to a provision of the Companies Acts; and
- (b) unless the board otherwise permits, any applicable condition or limitation specified in the Companies Acts, including without limitation as to the address to which the document or information may be sent, is satisfied.

Unless otherwise provided by these Articles or required by the board, such document or information shall be authenticated in the manner specified by the Companies Acts for authentication of a document or information sent in the relevant form.

Notice to joint holders	195. In the case of joint holders of a share any document or information shall be sent to the joint holder whose name stands first in the register in respect of the joint holding and any document or information so sent shall be deemed for all purposes sent to all the joint holders.
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registered address outside EEA	196. A member whose registered address is not within an EEA State and who sends to the Company an address within an EEA State at which a document or information may be sent to him shall be entitled to have the document or information sent to him at that address (provided that, in the case of a document or information sent by electronic means, including without limitation any notification required by the Companies Acts that the document or information is available on a website, the Company so agrees, which agreement the Company shall be entitled to withhold in its absolute discretion including, without limitation, in circumstances in which the Company considers that the sending of the document or information to such address using electronic means would or might infringe the laws of any other jurisdiction) but otherwise:
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- (a) no such member shall be entitled to receive any document or information from the Company; and
- (b) without prejudice to the generality of the foregoing, any notice of a general meeting of the Company which is in fact sent or purports to be sent to such member shall be ignored for the purpose of determining the validity of the proceedings at such general meeting.

Deemed receipt of notice

197. A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the capital of the Company shall be deemed to have been sent notice of the meeting and, where requisite, of the purposes for which it was called.

Terms and conditions for electronic communications

198. The board may from time to time issue, endorse or adopt terms and conditions relating to the use of electronic means for the sending of notices, other documents and proxy appointments by the Company to members or persons entitled by transmission and by members or persons entitled by transmission to the Company.

Notice to persons entitled by transmission

199. A document or information may be sent or supplied by the Company to the person or persons entitled by transmission to a share by sending it in any manner the Company may choose authorised by these Articles for the sending of a document or information to a member, addressed to them by name, or by the title of representative of the deceased, or trustee of the bankrupt or by any similar description at the address (if any) in the United Kingdom as may be supplied for that purpose by or on behalf of the person or persons claiming to be so entitled. Until such an address has been supplied, a document or information may be sent in any manner in which it might have been sent if the death or bankruptcy or other event giving rise to the transmission had not occurred.

Transferees etc. bound by prior notice

200. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register, has been sent to a person from whom he derives his title, provided that no person who becomes entitled by transmission to a share shall be bound by any direction notice sent under Article 90 to a person from whom he derives his title.

Proof of sending/when notices etc. deemed sent by post

201. Proof that a document or information was properly addressed, prepaid and posted shall be conclusive evidence that the document or information was sent or supplied. A document or information sent by the Company to a member by post shall be deemed to have been received:

- (a) if sent by first class post or special delivery post from an address in the United Kingdom to another address in the United Kingdom, or by a postal service similar to first class post or special delivery post from an address in another country to another address in that other country, on the day following that on which the document or information was posted;
- (b) if sent by airmail from an address in the United Kingdom to an address outside the United Kingdom, or from an address in another country to an address outside that country (including without limitation an address in the United Kingdom), on the third day following that on which the document or information was posted;
- (c) in any other case, on the second day following that on which the document or information was posted.

When notices etc. deemed sent by hand

202. A document or information sent by the Company to a member by hand shall be deemed to have been received by the member when it is handed to the member or left at his registered address or an address notified to the Company in accordance with Article 196.

Proof of sending/when notices etc. deemed sent by electronic means

203. Proof that a document or information sent or supplied by electronic means was properly addressed shall be conclusive evidence that the document or information was sent or supplied. A document or information sent or supplied by the Company to a member in electronic form shall be deemed to have been received by the member on the day following that on which the document or information was sent to the member. Such a document or information shall be deemed received by the member on that day notwithstanding that the Company becomes aware that the member has failed to receive the relevant document or information for any reason and notwithstanding that the Company subsequently sends a hard copy of such document or information by post to the member.

When notices etc. deemed sent by website

204. A document or information sent or supplied by the Company to a member by means of a website shall be deemed to have been received by the member:

- (a) when the document or information was first made available on the website; or
- (b) if later, when the member is deemed by Article 201, 202 or 203 to have received notice of the fact that the document or information was available on the website. Such a document or information shall be deemed received by the member on that day notwithstanding that the Company becomes aware that the member has failed to receive the relevant document or information for any reason and notwithstanding that the Company subsequently sends a hard copy of such document or information by post to the member.

No entitlement to receive notice etc if Company has no current address

205. A member shall not be entitled to receive any document or information that is required or authorised to be sent or supplied to him by the Company by a provision of the Companies Acts or pursuant to these Articles or to any other rules or regulations to which the Company may be subject if the Company does not have a current address (as defined in s423(3) of the Act) for such member.

Without prejudice to the generality of the foregoing, any notice of a general meeting of the Company which is in fact sent or purports to be sent to such member shall be ignored for the purpose of determining the validity of the proceedings at such general meeting.

Subject to Article 196, a member to whom this Article applies shall become entitled to receive such documents or information when he has given the Company an address to which they may be sent or supplied.

Notice during disruption of services

206. Subject to the Companies Acts, if at any time the Company is unable effectively to convene a general meeting by notices sent through the post in the United Kingdom as a result of the suspension or curtailment of postal services, notice of general meeting may be sufficiently given by advertisement in the United Kingdom. Any notice given by advertisement for the purpose of this Article shall be advertised in at least one newspaper having a national circulation. If advertised in more than one newspaper, the advertisements shall appear on the same date. Such notice shall be deemed to have been sent to all persons who are entitled to have notice of meetings sent to them on the day when the advertisement appears. In any such case, the Company shall send confirmatory copies of the notice by post, if at least seven days before the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

207. Subject to the provisions of the Companies Acts, nothing in these Articles shall require the Company to send or supply a document or information to a member or any other person, in each case for whom the Company does not have a current address (as defined in s423(3) of the Companies Act 2006).

DESTRUCTION OF DOCUMENTS

**Power of
Company to
destroy
documents**

208. The Company shall be entitled to destroy:
- (a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entry is made in the register, at any time after the expiration of six years from the date of registration;
 - (b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address at any time after the expiration of two years from the date of recording;
 - (c) all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation;
 - (d) all paid dividend warrants and cheques at any time after the expiration of one year from the date of actual payment;
 - (e) all proxy appointments which have been used for the purpose of a poll at any time after the expiration of one year from the date of use; and
 - (f) all proxy appointments which have not been used for the purpose of a poll at any time after one month from the end of the meeting to which the proxy appointment relates and at which no poll was demanded.

**Presumption in
relation to
destroyed
documents**

209. It shall conclusively be presumed in favour of the Company that:
- (a) every entry in the register purporting to have been made on the basis of an instrument of transfer or other document destroyed in accordance with Article 208 was duly and properly made;
 - (b) every instrument of transfer destroyed in accordance with Article 208 was a valid and effective instrument duly and properly registered;
 - (c) every share certificate destroyed in accordance with Article 208 was a valid and effective certificate duly and properly cancelled; and
 - (d) every other document destroyed in accordance with Article 208 was a valid and effective document in accordance with its recorded particulars in the books or records of the Company,

but:

- (e) the provisions of this Article and Article 208 apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties) to which the document might be relevant;
- (f) nothing in this Article or Article 208 shall be construed as imposing on the Company any liability in respect of the destruction of any document earlier than the time

specified in Article 208 or in any other circumstances which would not attach to the Company in the absence of this Article or Article 208; and

- (g) any reference in this Article or Article 208 to the destruction of any document includes a reference to its disposal in any manner.

UNTRACED SHAREHOLDERS

Power to dispose
of shares of
untraced
shareholders

210. The Company shall be entitled to sell, at the best price reasonably obtainable, the shares of a member or the shares to which a person is entitled by transmission if:

- (a) during the period of 12 years before the date of the publication of the advertisements referred to in paragraph (b) of this Article (or, if published on different dates, the first date) (the **relevant period**) at least three dividends in respect of the shares in question have been declared and all dividend warrants and cheques which have been sent in the manner authorised by these Articles in respect of the shares in question have remained uncashed;
- (b) the Company shall as soon as practicable after expiry of the relevant period have inserted advertisements both in a national daily newspaper and in a newspaper circulating in the area of the last known address of such member or other person giving notice of its intention to sell the shares; and
- (c) during the relevant period and the period of three months following the publication of the advertisements referred to in paragraph (b) of this Article (or, if published on different dates, the first date) the Company has received no indication either of the whereabouts or of the existence of such member or person.

Transfer on sale

211. To give effect to any sale pursuant to Article 210, the board may:

- (a) where the shares are held in certificated form, authorise any person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the buyer; or
- (b) where the shares are held in uncertificated form, do all acts and things it considers necessary or expedient to effect the transfer of the shares to, or in accordance with the directions of, the buyer.

Effectiveness of
transfer

212. An instrument of transfer executed by that person in accordance with Article 211(a) shall be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. An exercise by the Company of its powers in accordance with Article 211(b) shall be as effective as if exercised by the registered holder of or person entitled by transmission to the shares. The transferee shall not be bound to see to the application of the purchase money, and his title to the shares shall not be affected by any irregularity in, or invalidity of, the proceedings in reference to the sale.

Proceeds of sale

213. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled for an amount equal to the proceeds. The Company shall enter the name of such former member or other person in the books of the Company as a creditor for that amount. In relation to the debt, no trust is created and no interest is payable. The Company shall not be required to account for any money earned on the net proceeds of sale, which may be used in the Company's business or invested in such a way as the board from time to time thinks fit.

WINDING UP

**Liquidator may
distribute in
specie**

214. If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Insolvency Act 1986:

- (a) divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members;
- (b) vest the whole or any part of the assets in trustees for the benefit of the members; and
- (c) determine the scope and terms of those trusts,

but no member shall be compelled to accept any asset on which there is a liability.

**Disposal of
assets by
liquidator**

215. The power of sale of a liquidator shall include a power to sell wholly or partially for shares or debentures or other obligations of another body corporate, either then already constituted or about to be constituted for the purpose of carrying out the sale.

INDEMNITY

**Indemnity to
directors and
officers**

216. Subject to the provisions of the Companies Acts, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that this Article shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article, or any element of it, to be treated as void under the Act or otherwise under the Companies Acts.

217. Without prejudice to the generality of the foregoing, the board shall (save in the circumstances set out in paragraph (b) of Article 54 or unless any director has reason to believe otherwise), be entitled to assume that every share, other than those Shares which the board has determined to be Foreign-held Shares, is not a Foreign-held Share (as that expression is defined in Article 54) and accordingly, save in such circumstances as aforesaid, the board shall, so long as it acts reasonably and in good faith, be under no liability to the Company or any other person for failing to treat any share as a Foreign held Share or Share (defined as aforesaid) in accordance with the provisions of Article 54 and neither shall the board or any member of it be liable to the Company or any other person if, having acted reasonably and in good faith, they determine erroneously that any share is a Foreign held Share or a Share and, on the basis of such determination, perform or exercise (or purport to perform or exercise) their duties, powers, rights or discretions under Article 54 in relation to such share.

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COMPANY NO. [_____]

COMPANIES ACT 2006

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

ROLLS-ROYCE HOLDINGS plc