

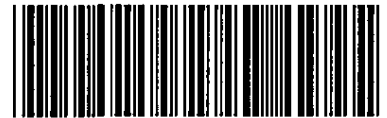
THE COMPANIES ACT 1985

Rolls-Royce Group plc

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

THURSDAY



A15 *ADEA1ZQ1* 157
15/05/2008
COMPANIES HOUSE

At the ANNUAL GENERAL MEETING of ROLLS-ROYCE GROUP plc
held on Wednesday, 7 May 2008, the following
Resolution was passed as a SPECIAL RESOLUTION:

RESOLUTION

That with effect from 00 01am on October 1, 2008, the amended Articles of Association of the Company produced to the meeting and initialled by the Chairman for the purpose of identification as October 2008 Articles be approved and adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of, the May 2008 Articles adopted pursuant to resolution 18

T M Rayner
Company Secretary

No. 4706930

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

ROLLS-ROYCE GROUP plc

**Adopted 21 March 2003,
incorporating amendments up to 7 May 2008**

CONTENTS

Clause	Page
PRELIMINARY	6
SHARE CAPITAL	9
THE SPECIAL SHARE	34
SHARE CERTIFICATES	37
LIEN	38
CALLS ON SHARES AND FORFEITURE	39
TRANSFER OF SHARES	42
UNTRACED SHAREHOLDERS	44
TRANSMISSION OF SHARES	45
ALTERATION OF SHARE CAPITAL	46
PURCHASE OF OWN SHARES	47
UNITED KINGDOM CONTROL	47
GENERAL MEETINGS	57
NOTICE OF GENERAL MEETINGS	57
PROCEEDINGS AT GENERAL MEETINGS	59
VOTES OF MEMBERS	62
PROXIES	67
NUMBER OF DIRECTORS	70
BORROWING POWERS	70
POWERS OF DIRECTORS	74
DELEGATION OF DIRECTORS' POWERS	75
NATIONALITY OF DIRECTORS	75
APPOINTMENT AND RETIREMENT OF DIRECTORS	76
DISQUALIFICATION AND REMOVAL OF DIRECTORS	79
DIRECTORS' REMUNERATION	80
DIRECTORS' EXPENSES	80
MANAGING AND EXECUTIVE DIRECTORS	80
DIRECTORS' INTERESTS	81
DIRECTORS' PENSIONS	81
PROCEEDINGS OF DIRECTORS	82

SECRETARY	85
MINUTES	85
THE SEAL	86
REGISTERS	86
DIVIDENDS	87
ACCOUNTS	91
CAPITALISATION OF PROFITS	92
RECORD DATES	93
NOTICES	93
DESTRUCTION OF DOCUMENTS	97
WINDING UP	98
INDEMNITY	98

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
ROLLS-ROYCE GROUP plc

- 1 The Company's name is "Rolls-Royce Group plc"
- 2 The Company is to be a public company
- 3 The registered office of the Company will be situated in England
- 4 The objects for which the Company is established are
 - (a) to acquire and hold interests in other companies and to enter into any arrangements with other companies which may seem to advance any interests of the Company,
 - (b) to co-ordinate, finance and manage all or any part of the operations of any company which is a subsidiary company of or otherwise under the control of the Company and generally to carry on the business of a holding company,
 - (c) to carry on through any subsidiary or associated company any activities which the Company is authorised to carry on and to make any arrangements whatsoever with such company (including any arrangements for taking the profits or bearing the losses of any such activities) as the board of directors thinks fit,
 - (d) to carry on all or any of the trades or businesses of, or relating to, civil aerospace in all its branches, including dealings in commercial and civil jet engines, and other apparatus, systems, products and things of any kind designed or capable of being used for or in connection with aerial transit, conveyance or communication, whether manned, unmanned, guided or otherwise, and any component or other parts thereof and accessories and fittings therefor, and all kinds of apparatus, systems, products and things capable of being used in connection therewith and the provision of repair, aftermarket and overhaul services in respect of the foregoing,
 - (e) to carry on all or any of the trades or businesses of, or relating to, marine transportation in all its branches, including marine propulsion, engineering and hydrodynamic expertise, project management, design and integration, ship control and instrumentation, procurement and equipment supply, installation and commissioning, integrated logistics and platform support, and to supply, provide aftermarket services in respect thereof and deal in all apparatus, systems, products and things capable of being used in connection therewith,

- (f) to carry on all or any of the trades or businesses of distributed electricity generation, power generation, gas compression and oil pumping in all their respective branches and to supply, provide aftermarket services in respect thereof and deal in reciprocating and aero-derivative gas turbine generating sets, and all apparatus, systems, products and things capable of generating electricity or of being used in connection with any of the foregoing,
- (g) to carry on all or any of the trades or businesses of defence manufacturers and service providers in all its branches and in particular to manufacture, sell, maintain, repair, provide aftermarket services in respect of and deal in propulsion, propelling and auxiliary machinery for fighters, trainers, transports, multi-role aircraft, helicopters, unmanned aerial vehicles, unmanned combat aerial vehicles, ships, boats and all other conveyances, and means of locomotion of all descriptions, and all apparatus, systems, products and things capable of being used in connection therewith;
- (h) to carry on all or any of the trades or businesses of financial services in all its branches, including engine leasing, aircraft leasing and power project development, product sales, financing, maintenance and after sales support,
- (i) to carry on research and development in connection with any of the foregoing activities, and to carry on any other activity preparatory or ancillary to such activities,
- (j) to carry out such building, engineering or other operations and works, and to manufacture or deal in such goods and to acquire, hold or deal with such property, as may seem directly or indirectly to advance the interests of the Company,
- (k) to carry out such other operations and to manufacture or deal with such goods and to purchase or otherwise acquire, take options over, construct, lease, hold, manage, maintain, alter, develop, exchange or deal with such property, rights or privileges (including the whole or part of the business, property or liabilities of any other person or company) as may seem to the board of directors directly or indirectly to advance the interests of the Company,
- (l) to enter into such commercial or other transactions as may seem desirable for the purpose of the Company's affairs,
- (m) to act as agents, brokers or trustees, and to enter into such arrangements (whether by way of amalgamation, partnership, profit sharing, union of interests, co-operation, joint venture or otherwise) with other persons or companies as may seem to the board of directors to advance the interests of the Company and to vest any property of the Company in any person or company on behalf of the Company and with or without any declaration of trust in favour of the Company;
- (n) to pay or to provide or to make such arrangements for providing such gratuities, pensions, benefits, share option and acquisition schemes, loans and

other matters and to establish, support, subsidise and subscribe to any institutions, associations, clubs, schemes, funds or trusts (whether to or for the benefit of present or past directors or employees of the Company or its predecessors in business or of any company which is a subsidiary company of the Company or is allied to or associated with the Company or with any such subsidiary company or to or for or for the benefit of persons who are or were related to or connected with or dependants of any such directors or employees) as may seem to the board of directors directly or indirectly to advance the interests of the Company,

- (o) to invest and deal with the moneys of the Company not immediately required in any manner and hold and deal with any investment so made,
- (p) to draw, make, accept, endorse, discount, negotiate, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable and transferable instruments,
- (q) to apply for, purchase or otherwise acquire, protect, maintain and renew any patents, patent rights, trade marks, designs, licences and other intellectual property rights of all kinds or any secret or other information as to any invention and to use, exercise, develop or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired and to experiment with any such rights which the Company may propose to acquire,
- (r) to apply for, promote and obtain any Act of Parliament, charter, privilege, concession, licence or authorisation of any government, state or municipality, or any other department or authority, or enter into arrangements with any such body, for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for effecting any modification of the constitution of the Company or for any other purpose which may seem to the board of directors to be expedient, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the interests of the Company,
- (s) to sell, lease, dispose of, grant rights over or otherwise deal with the whole or any part of the undertaking, property or assets of the Company on such terms as the board of directors may decide, and to distribute any property or assets of the Company of whatever kind in specie among the members of the Company,
- (t) to pay for any rights or property acquired by the Company and to remunerate any person or company, whether by cash payment or by the allotment of shares, debentures or other securities of the Company credited as paid up in full or in part, or by any other method the board of directors thinks fit,
- (u) to establish or promote companies and to place or guarantee the placing of, underwrite, subscribe for or otherwise acquire, hold, dispose of and deal with, and guarantee the payment of interest, dividends and capital on all or any of the shares, debentures, debenture stock or other securities or obligations of any company or association and to pay or provide for brokerage, commission and

underwriting in respect of any such issue on such terms as the board of directors may decide,

- (v) to raise or borrow money in such manner as the board of directors thinks fit and to receive deposits and to mortgage, charge, pledge or give liens or other security over the whole or any part of the Company's undertaking, property and assets (whether present or future), including its uncalled capital, for such purposes and in such circumstances and on such terms and conditions as the board of directors thinks fit,
- (w) to lend or advance money and to give credit and to enter (whether gratuitously or otherwise) into guarantees or indemnities of all kinds, and whether secured or unsecured, whether in respect of its own obligations or those of some other person or company, in such circumstances and on such terms and conditions as the board of directors thinks fit,
- (x) to pay or agree to pay all or any of the promotion, formation and registration expenses of the Company,
- (y) to contribute to any public, general, charitable, benevolent or useful object, to which it may seem to be in the interest of the Company or its members to contribute,
- (z) to do all or any of the things stated in this Clause 4 whether as principal, agent or trustee or otherwise and either alone or jointly with others and either by or through agents, subcontractors, trustees or otherwise, and
- (aa) to do all such other things as may be considered to further the interests of the Company or be incidental or conducive to the above objects or any of them

And it is hereby declared (a) that the word "**company**" in this Clause, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether corporate or unincorporate and whether domiciled in the United Kingdom or elsewhere, and (b) that, except where the context expressly so requires, none of the several paragraphs of this Clause, or the objects therein specified, or the powers thereby conferred shall be limited by, or be deemed merely subsidiary or auxiliary to, any other paragraph of this Clause, or the objects in such other paragraph specified, or the powers thereby conferred

5 The liability of the members is limited

6 The Company's authorised share capital is £1,750,050,001 divided into 2,500,000,000 ordinary shares of 70 pence each, 50,000 redeemable preference shares of £1 each and one special rights non-voting share of £1¹

¹The capital of the Company was by virtue of a special resolution passed on 21 May 2003 and with the sanction of an Order of the High Court of Justice dated 24 June 2003 reduced from £1,750,050,001 divided into 2,500,000,000 ordinary shares of 70 pence each, 50,000 redeemable preference shares of £1 each and one special rights non-voting share of £1 to £500,050,001 divided into 2,500,000,000

We, the several persons whose Names, Addresses and Descriptions are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names

Names, Addresses and Descriptions of Subscribers	Number of shares taken by each subscriber
Andrew Shilston Finance Director 65 Buckingham Gate London SW1E 6AT	One ordinary share of 70 pence each
Charles Blundell Company Secretary 65 Buckingham Gate London SW1E 6AT	One ordinary share of 70 pence each

DATED the 21st day of March 2003

Witness to the above signatures

Brian Baker
Solicitor
65 Buckingham Gate
London SW1E 6AT

ordinary shares of 20 pence each, 50,000 redeemable preference shares of £1 each and one special rights non-voting share of £1 Two ordinary shares of 20 pence each were acquired by the Company otherwise than for valuable consideration and by a board committee resolution passed on 26 June 2003, it was resolved that the two ordinary shares be cancelled and the capital of the Company was reduced to £500,050,000 60 divided into 2,499,999,998 ordinary shares of 20 pence each, 50,000 redeemable preference shares of £1 each and one special rights non-voting share of £1 By the special resolution passed on 5 May 2004, the authorised share capital was increased to £1,500,050,000 60 by the creation of 1,000,000,000,000 non-cumulative redeemable convertible preference shares of 0 1 pence each (B shares) By the special resolution passed on 7 May 2008, the authorised share capital was increased to £3,500,050,000 60 by the creation of 2,000,000,000,000 non-cumulative redeemable preference shares (C shares)

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

ROLLS-ROYCE GROUP plc

(Amended pursuant to special resolutions passed
on 21 May 2003, 5 May 2004 and 7 May 2008)

PRELIMINARY

1 The regulations in Table A as in force at the date of the incorporation of the Company shall not apply to the Company

2 In the Articles (if not inconsistent with the subject or context and save as expressly provided herein) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively

the Act the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force,

the Acts the Act and every other statute or subordinate legislation within the meaning of the Interpretation Act 1978 for the time being in force concerning companies and affecting the Company (including, without limitation, the Regulations),

address in relation to electronic communications, includes any number or address used for the purposes of such communications,

Articles these Articles of Association (as from time to time altered by special resolution),

Auditors the auditors for the time being of the Company,

certificated share a share of the Company which is not an uncertificated share and references to a share being in certificated form shall be construed accordingly,

clear days in relation to the period of a notice, means that period excluding the day when the 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 a director of the Company,

directors the directors or any of them acting as the board of directors of the Company,

executed includes any mode of execution,

holder in relation to shares, means the member whose name is entered in the Register as the holder of the shares,

in writing written or produced by any substitute for writing or partly one and partly another,

member a member of the Company,

Memorandum the memorandum of association of the Company as amended from time to time,

month calendar month,

Office the registered office of the Company for the time being,

Official List the Official List of the UK Listing Authority,

paid paid or credited as paid,

recognised person 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 185(4) of the Act,

Register either or both of the issuer register of members and the Operator register of members of the Company,

Regulations the Uncertificated Securities Regulations 2001 (SI 2001 No 3755) including any modification thereof or any regulations in substitution therefor made under Section 207 of the Companies Act 1989 for the time being in force;

relevant system the computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters in accordance with the Regulations,

Seal the common seal of the Company,

secretary the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary,

Securities Seal an official seal kept by the Company pursuant to Section 40 of the Act,

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

Special Shareholder the registered holder for the time being of the Special Share,

Subsidiary Undertaking the meaning set out in section 258 of the Act,

Transfer Office the place where the Register is situate for the time being,

treasury shares have the meaning given by the Act, as amended by The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 and The Companies (Acquisition of Own Shares) (Treasury Shares) No 2 Regulations 2003, as if those Regulations were in force at the date of adoption of these Articles,

uncertificated share (subject to Regulation 42(11)(a) of the Regulations) a share 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 to which Article 12(a) applies and references to a share being held in uncertificated form shall be construed accordingly,

United Kingdom (except for the purposes of Article 53) Great Britain and Northern Ireland,

year calendar year

The expressions **debenture** and **debenture holder** shall respectively include debenture stock and debenture stockholder

References to a **document** include, unless the context otherwise requires, references to an electronic communication

References to an **electronic communication** mean, unless the contrary is stated, an electronic communication (as defined in the Act) comprising writing

References to a document being **executed** include references to its being executed under hand or under seal or, in the case of an electronic communication, by electronic signature

References to an **instrument** mean, unless the contrary is stated, a written document having tangible form and not comprised in an electronic communication (as defined in the Act)

References to a notice or other document being **sent** or **given** to or by a person mean such notice or other document, or a copy of such notice or other document, being sent, 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** 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 comprised in an electronic communication (as defined in the Act) or otherwise, and *written* shall be construed accordingly

In the Articles any reference to any statutory provision or enactment shall include any statutory modification or re-enactment thereof

Words denoting the singular shall include the plural and vice versa Words denoting the masculine shall include the feminine Words denoting persons shall include corporations

A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of the Articles Where for any purpose an extraordinary resolution is required, a special resolution shall also be effective

Unless the context otherwise requires, words or expressions contained in the Articles bear the same meaning as in the Companies Act 1985 but excluding any statutory modification thereof not in force when the Articles become binding on the Company

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

In these Articles, (a) powers of delegation shall not be restrictively construed but the widest interpretation shall be given to them, (b) the word *directors* in the context of the exercise of any power contained in these Articles includes any committee consisting of one or more directors, any director holding executive office and any 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

3 The authorised share capital of the Company at the effective date of adoption of the Articles is £1,750,050,001 divided into 2,500,000,000 ordinary shares of 70 pence each, 50,000 redeemable preference shares of £1 each (such redeemable preference shares carrying the rights as set out in the special resolution pursuant to which such shares are issued) and one Special Share of £1

4 (a) Whenever the share capital of the Company is divided into different classes of shares, the special 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), subject to the provisions of the Acts, be varied or abrogated either with the consent in writing of the holders of

three-fourths in nominal value of the issued shares of the class (excluding shares of that class held as treasury shares) or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting all the provisions of the Articles relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the quorum shall be two persons at least holding or representing by proxy one-third in nominal value of the issued shares of the class, excluding any shares of that class held as treasury shares, (but so that if at any adjourned meeting a quorum as above defined is not present, any one holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him. 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.

- (b) The special rights attached to any class of shares (other than the Special Share) shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

5 Subject to the provisions of the Acts and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine. Subject as aforesaid and to any resolution of the Company in general meeting, all unissued shares for the time being in the capital of the Company shall be at the disposal of the directors who may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, on such terms and at such times as they shall think fit.

6 Subject to the provisions of the Acts, 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 on such terms and in such manner as the Company before the issue of the shares may by special resolution determine.

6A Notwithstanding Article 6, the Company may form non-cumulative redeemable convertible preference shares of 0.1 pence each (***B Shares***) with the rights and restrictions set out below.

- (a) Income

- (i) Out of the profits available for distribution, the holders of the B 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 (***B preferential dividend***) per B 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 6A(a)(ii) and 6A(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 B preferential dividend shall accrue on any B Shares between the date of issue of such B 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 B 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 B Shares, the earlier of thirty days from the date of such issue and the date determined by the Directors in their 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 B 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 B preferential dividends shall be made to holders of B Shares on the register of B shareholders on a date selected by the directors being not less than 15 days nor more than 120 days (or, in default of selection by the directors, the date falling 120 days) prior to the relevant Payment Date. The aggregate dividend due to each holder of B Shares will be rounded down to the nearest whole penny.
- (v) The holders of the B Shares shall not be entitled to any further right of participation in the profits of the Company.
- (vi) All B preferential dividends which are unclaimed for a period of twelve 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 B Shares, in respect of each B Share held by such holder, the sum in pence equal to the nominal value of the B Share plus the outstanding B 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 B 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 B Shares under this Article 6A(b)(i)(A) in respect of all the B 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)

- (ii) The holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company.

(c) Voting and general meetings

The holders of the B 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 B 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 B 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 B 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 B Shares present in person or, being a corporation, by representative or by proxy will have one vote for every 200 B Shares held by such holder.

(d) **Redemption**

- (i) The Company shall have the right as often as the directors believe appropriate and subject to the following provisions of this Article 6A(d), to offer to redeem (at their nominal value of 0.1 pence and together with any accrued and unpaid B preferential dividends thereon) any or all of the B Shares allotted or in issue, subject to the terms and conditions as they may specify, by delivering an announcement to the Regulatory New Service of London Stock Exchange and/or, if the directors so determine in respect of the occasion concerned, by notice to the holders of B Shares. Any such notice shall specify the period during which holders of B Shares may elect to redeem their B Shares (being not less than 20 nor more than 90 business days) (**Redemption Period**), the place at which and/or the manner in which the certificates for such B Shares are to be presented for redemption and/or the manner in which B 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 B Shares that may be redeemed in relation to any particular issue of B Shares. The Company shall on the first business day immediately following the end of the Redemption Period, or on such other day within thirty days following that day as the Company may specify prior to issuing the B Shares (a **Redemption Date**), redeem any B Shares in respect of which acceptances have been received by the Company during the Redemption Period from holders of B Shares as set out in paragraph (d)(vii) below and in accordance with the terms and conditions of such offer to redeem (provided that if the directors so determine in any case, at their discretion, the Company may also redeem any B Shares in respect of which acceptances received at any time after the Redemption Period). Notwithstanding the above, if the directors so determine, holders of B 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 B Shares allotted to them from time to time.

- (ii) If at any time
 - (A) the aggregate number of B Shares in issue is less than 10 per cent of the aggregate number of B Shares issued on and prior to that time, or
 - (B) the directors determine 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 B Shares), or
 - (II) a new holding company (as defined in Section 736 of the Act) 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 B Shares), to redeem all of the B Shares then in issue at their nominal value of 0.1 pence each together with any accrued but unpaid B preferential dividend on such shares as at the day of redemption, on not less than 20 days prior written notice to the holders of B 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 B Shares are to be presented for redemption and the manner in which B Shares held in uncertificated form can be redeemed. For the purposes of this Article 6A(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 B 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 B Share which is due to be redeemed to deliver the relevant share certificate(s) in respect of his or her B Shares to the Company or its registrars. In such circumstances, if any holder of B 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 B Share is to be redeemed, the B preferential dividend shall cease to accrue on the B Shares due to be redeemed except on any such B 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 B preferential dividend on such shares shall continue to accrue and be payable in accordance with Article 6A(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 B 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 B 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 B Shares' right to redeem shall be exercisable in any manner prescribed by the Company including by completing a redemption form relating to the B Shares to be redeemed provided by the Company, or issuing an instruction or system message to CRESTCo Limited (or its successor-in-title) (***CRESTCo***) if the B Shares are held in uncertificated form, or in such other form as may from time to time be prescribed by the directors 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 CRESTCo (as applicable) at any time during the Redemption Period together with such other evidence (if any) as the directors 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 B Shares concerned of the power to transfer such B Shares to another person

The Company shall have the right to allow any election made by a holder of B Shares as to the redemption of such B Shares as being applicable not only to that particular issue of B Shares but also to all

future issues of B Shares to such holder, until such holder gives express instructions to the contrary in the manner prescribed by the Company

- (viii) The directors may on any occasion decide not to make the right to make an election to redeem B 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 directors consider 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

(e) **Conversion**

- (i) The Company shall have the right as often as the directors believe appropriate and subject to the following provisions of this Article 6A(e), to offer to convert into ordinary shares any or all of the B Shares allotted or in issue, subject to the terms and conditions as they may specify, by delivering an announcement to the Regulatory New Service of London Stock Exchange and/or, if the directors so determine in respect of the occasion concerned, by notice to the holders of B Shares. Any such notice shall specify the period during which holders of B Shares may elect to convert their B Shares (being not less than 20 nor more than 90 business days) (**Conversion Period**), the place at which and/or the manner in which certificates for such B Shares are to be presented for conversion and/or the manner in which B Shares held in uncertificated form may be converted and any other terms and conditions in relation to such conversion. Such terms and conditions may also include conditions on the number of B Shares that may be converted in relation to any particular issue of B Shares
- (ii) Subject to Article 6A(e)(i), during a Conversion Period a holder of B Shares can elect to convert any number of his B Shares into fully paid ordinary shares at a rate which is calculated in accordance with the formula set out below (the **Conversion Rate**)

$$N_o = (N_B \div 10) \div CSV$$

where

N_o is the number of ordinary shares a shareholder is entitled to on conversion, on the basis that fractions shall be rounded down to the nearest whole number,

N_B is the number of B Shares which the shareholder has elected to convert, and

CSV is the **Conversion Share Value** in pence, which equals the average (rounded down to the nearest whole number) of the middle market quotations for the Company's ordinary shares on the London Stock Exchange, as derived from the Daily Official List, on the day chosen by the directors and the four business days immediately following. The Conversion Share Value for the Conversion Offer will be announced by the Company on the Regulatory News Service of the London Stock Exchange on a date preceding the date of commencement of any period when the Company gives shareholders an opportunity to convert B Shares or on any other date chosen by the Company at its discretion prior to the last day on which a B Shareholder can elect to convert B Shares

- (iii) The directors shall not proceed with any election to convert B Shares unless the Company has sufficient unissued ordinary shares authorised for issue and sufficient reserves or funds that may be appropriated to give effect to it after the basis of allotment is determined
- (iv) The Company shall on the first business day immediately following the end of the Conversion Period, or on such other day within thirty days following that day as the Company may specify (a **Conversion Date**), convert into ordinary shares any B Shares, in respect of which acceptances have been received by the Company during the Conversion Period from holders of B Shares in accordance with the terms and conditions of such offer to convert (provided that if the directors so determine in any case, at their discretion, the Company may also convert into ordinary shares any B Shares in respect of which acceptances have been received at any time after the Conversion Period) Notwithstanding the above, if the directors so determine, holders of B 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 conversion offer made by the Company, in respect of B Shares allotted to them, from time to time
- (v) The holder of B Shares' right to convert shall be exercisable in any manner prescribed by the Company including by completing a conversion form relating to the B Shares to be converted provided by the Company, or issuing an instruction or system message to CRESTCo if the B Shares are held in uncertificated form, or in such other form as may from time to time be prescribed by the directors in

lieu thereof, including by electronic means (**Conversion Notice**), and by lodging the Conversion Notice with the registrars for the time being of the Company or CRESTCo (as applicable) at any time during the Conversion Period together with such other evidence (if any) as the directors may reasonably require to prove the title and claim of the person exercising such right to convert. A Certificated Conversion 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 B Shares concerned of the power to transfer such B Shares to another person.

Conversion of any B Shares shall be effected at the Conversion Rate and in such manner as the directors may determine and as the law may allow and in particular, but without prejudice to the generality of the foregoing, may be effected in accordance with the following provisions of this Article 6A.

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

- (vi) On conversion the preferential dividend shall cease to accrue with effect from the Payment Date last preceding the applicable Conversion Date. The ordinary shares resulting from the conversion will carry the right to receive all dividends and other distributions declared, made or paid on the ordinary share capital of the Company in respect of which the record date falls after the applicable Conversion Date and shall otherwise rank *pari passu* in all respects with the ordinary shares then in issue and fully paid.

(vii) **Method of Conversion**

To enable the conversion of B Shares to be effected, the directors may elect

- (A) to redeem the B Shares at their nominal value on the Conversion Date out of profits which would otherwise be available for distribution and to subscribe for the appropriate number of ordinary shares at the Conversion Share Value with the moneys from such redemption (**redemption moneys**). The Conversion Notice given by a holder of B Shares shall be deemed irrevocably to have authorised and instructed the directors to apply such redemption moneys in subscribing for such ordinary shares at such premium (if any) in this manner.

Any portion of redemption moneys in respect of a holder of B Shares which is insufficient to subscribe for a whole share shall be dealt with in accordance with Article 6A(e)(viii) below, or

- (B) subject to the provisions of sub-paragraph (aa) below, to redeem the B Shares at their nominal value on the Conversion Date out of the proceeds of a new issue of ordinary shares to the holders of the relevant B Shares, in which case the Conversion Notice given by a holder of B Shares shall be deemed
 - (aa) to have appointed any person selected by the directors as such holder's agent with authority to apply an amount equal to the redemption moneys in respect of such holder's B Shares in subscribing and paying on his behalf for the number of ordinary shares into which his B Shares are required to be converted at the Conversion Rate (which authority shall include the right to borrow money), and
 - (bb) to have authorised and instructed the directors following the allotment of such ordinary shares to pay the said redemption moneys to such agent who shall be entitled to retain the same for his own benefit without being accountable therefore to such holder to apply the said redemption moneys in repaying any moneys borrowed as aforesaid Any portion of redemption moneys in respect of a holder of B Shares which is insufficient to subscribe for a whole share shall be dealt with in accordance with Article 6A(e)(viii) below

The Conversion Notice given by a holder of B Shares redeemed pursuant to this Article 6A(e)(B) shall be deemed irrevocably to have authorised and instructed the directors on their behalf to subscribe for the appropriate number of ordinary shares at the Conversion Share Value and at such premium (if any) as shall represent the amount which the redemption moneys in respect of the B Shares exceed the total nominal amount of the ordinary shares to which they are entitled, or

- (C) to consolidate the relevant B Shares and then sub-divide and redesignate them as ordinary shares in accordance with this Article 6A(e)(C) and in such case the following provisions shall apply

- (aa) On the Conversion Date the maximum number of B Shares forming the subject matter of a Conversion Notice held by each holder or joint holders (as the case may be) which are perfectly divisible (i.e. divisible into a whole number) by 10 times the Conversion Share Value shall (pursuant to the authority given by the passing of the resolution to create the B Shares) be consolidated into undesignated shares each having a nominal value equivalent in pence to the Conversion Share Value. The balance remaining of the B Shares of each such holder or joint holder forming the subject matter of a Conversion Notice, as the case may be (*Fractional B Shares*), shall be dealt with in accordance with Article 6A(e)(viii) below
- (bb) Each undesignated share will be immediately sub-divided into
 - (1) one ordinary share (having a nominal value equal to the nominal value of the ordinary shares in the Company), and
 - (2) one non-voting B Deferred Share, having a nominal value equivalent to the difference between the nominal value of an ordinary share and the nominal value of the undesignated share (*B Deferred Share*), and having the rights and restrictions set out below
- (cc) The undesignated shares will be created solely to facilitate the conversion of the B Shares and will cease to exist following the sub-division into ordinary shares and B Deferred Shares
- (dd) This consolidation and sub-division shall be effected so that each holder of B Shares whose shares are consolidated and sub-divided, shall as a result thereof hold such whole number of ordinary shares to which he was entitled on conversion of his B Shares
- (ee) B Deferred Shares shall
 - (1) not entitle their holders to receive any dividend or other distribution,

- (2) not entitle their holders to receive notice of or to attend or vote at any general meeting of the Company,
 - (3) entitle their holders on a return of assets on a winding-up of the Company only to their nominal value, but only after holders of ordinary shares in the Company have participated in an amount of £50,000 per ordinary share, and
 - (4) not entitle their holders to any further participation in the assets of the Company
- (ff) The conversion of any shares into B Deferred Shares shall be deemed to confer on the Company the irrevocable authority at any time thereafter to
- (1) transfer the B Deferred Shares to such person or persons as the Company may determine without obtaining the consent of the holders thereof, and/or
 - (2) cancel and/or purchase the B Deferred Shares (in accordance with the provisions of the Act) without making any payment to or obtaining the sanction of the holder thereof

No share certificates shall be created or despatched in respect of any B Deferred Shares

(viii) Fractional Entitlements

The Company may deal with any redemption moneys from the redemption of B Shares which are insufficient to subscribe on behalf of a single holder of B Shares for whole ordinary shares as set out in Article 6A(e)(vii)(A) and Article 6A(e)(vii)(B) above and any Fractional B Shares referred to in Article 6A(e)(vii)(C) above, (collectively the ***B Share Conversion Fractional Entitlements***) in any manner set out below

- (A) Fractional B Shares may be redeemed for cash by the Company in the manner set out in Article 6A(d) above and the proceeds of this redemption retained by the Company on account for the shareholders without accruing any interest

- (B) If the B Share Conversion Fractional Entitlements are in the form of redemption proceeds or otherwise comprise cash, following a redemption under Article 6A(e)(viii)(A) above or a conversion and sale under Article 6A(e)(viii)(C) below, such cash or proceeds may be retained by the Company on account for the shareholders without accruing any interest
- (C) The Company may
 - (aa) aggregate the Fractional B Shares and sub-divide and redesignate them into ordinary shares and B Deferred Shares in the manner set out in Article 6A(e)(vii)(C) above (including subdividing and redesignating fractional B Shares at the same time as and together with the B Shares to which they relate are subdivided and redesignated under that Article),
 - (bb) sell the resulting ordinary shares on behalf of their holders to such persons as the directors may in their absolute discretion decide, at the best price reasonably obtainable,
 - (cc) retain the net proceeds of any sale of such ordinary shares on account for the shareholders without accruing any interest and in proportion to each shareholder's respective entitlement, and
 - (dd) retain for the benefit of the Company any residual amount created on conversion as set out above
- (D) The Company may utilise any or all moneys held on account for the shareholders arising from the fractional entitlements referred to in this paragraph (viii) to subscribe for ordinary shares on the shareholders' behalf (at any time the Company deems appropriate and when sufficient funds are available) and deliver such shares to those shareholders, the Company being authorised to take all steps necessary or desirable in connection with such Ordinary Share issue
- (E) The Company may retain the B Share Conversion Fractional Entitlements for its own benefit
- (F) The Company may deal with the B Share Conversion Fractional Entitlements in any other manner that the directors determine to be appropriate in the circumstances

For the purpose of implementing the provisions of this Article 6A(e)(viii) the directors may appoint some person to execute transfers or renunciations on behalf of persons otherwise entitled to any such fractions and generally may make all arrangements which appear to them necessary or appropriate for the settlement and disposal of fractional entitlements

(ix) Retained Proceeds

All proceeds held on account for shareholders (including any moneys held on account in respect of scrip dividends referred to in Article 6A(e)(viii)(c) above may, at the discretion of the directors be used, at such time as sufficient funds exist, to subscribe for ordinary shares at the Conversion Share Value announced by the Company in respect of the Conversion Period immediately prior to such subscription. Any such proceeds may be returned to shareholders in proportion to each such shareholder's respective entitlements, at the directors' discretion or, on receipt of demand from the shareholder entitled thereto

(x) General

- (A) Unless the directors otherwise determine, or the Regulations and/or the requirements of the relevant system concerned otherwise require, the ordinary shares arising on conversion of any B Shares shall be issued (as appropriate) as certificated shares (where the B Shares converted were, on the relevant Conversion Date, certificated shares) or as uncertificated shares (where the B Shares converted were, on the relevant Conversion Date, uncertificated shares), provided that if the Company is unable under the facilities and requirements of the relevant system concerned to issue ordinary shares in respect of the person entitled thereto as uncertificated shares, such shares shall be issued as certificated shares
- (B) In relation to any B Shares which, on the relevant Conversion Date, are uncertificated shares and which are to be redeemed in accordance with Articles 6A(e)(vii)(A) or 6A(e)(vii)(B) above, the directors shall be entitled in their absolute discretion to determine the procedures for the redemption and cancellation of such B Shares (subject to the facilities and requirements of the relevant system concerned and to the redemption on the Conversion Date of the B Shares concerned)
- (C) Allotments of ordinary shares arising from conversion shall be effected not later than 30 days after the Conversion Date

- (D) The Company shall use all reasonable endeavours to procure that the ordinary shares arising on conversion are admitted to the Official List of The London Stock Exchange
- (E) For the purposes of this Article 6A(e), whether any B Shares are certificated shares or uncertificated shares on any Conversion Date shall be determined by reference to the register of members as at 12 01 a m on the relevant Conversion Date or such other time on the relevant Conversion Date as the directors may (subject to the facilities and requirements of the relevant system concerned) in their absolute discretion determine
- (F) The directors may on any occasion decide not to make the right to make an election to convert B Shares available to shareholders or any category of shareholders in any territory where
 - (aa) the offer of such a right would or might be unlawful, or
 - (bb) the directors consider 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

(f) **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 B Shares and subject to the provisions of the Companies Act) and to create, allot and issue further shares, whether ranking *pari passu* with, in priority to or deferred to the B 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 B Shares and whether or not the same confer on the holders voting rights more favourable than those conferred by the B Shares) shall be deemed not to involve a variation of the rights attaching to the B Shares for any purpose

(g) **Transfers**

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

(h) **General**

- (i) The directors shall have the power to do anything which they think fit to put this Article into effect

- (ii) The directors may, in their discretion, amend, suspend or terminate any offer which is in operation
- (iii) In this Article 6A, 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 B 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 B preferential dividends out of profits made in subsequent periods. For the purposes of this Article 6A, if the euro replaces sterling as the lawful currency of the United Kingdom, references in this Article 6A to pound sterling shall thereafter have effect as references to the euro

6B Notwithstanding Article 6, 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 6B(a)(ii) and 6B(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 thirty days from the date of such issue and the date determined by the board in their 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. 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.
- (vi) All C preferential dividends which are unclaimed for a period of twelve 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 B Shares and the C Shares will rank *pari passu*, and be treated as if they were all shares of the same class, and 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 B Shares and the C Shares, in respect of each such B Share or C Share held by such holder, the sum in pence equal to the nominal value of the B Share or C Share plus the outstanding B preferential dividend or 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 B Shares and 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 as if they were all shares of the same class

The aggregate entitlement of each holder of the B Shares and the C Shares under this Article 6B(b)(1)(A) in respect of all the B Shares and/or 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)

- (11) The holders of the B Shares and the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company

(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 present in person or, being a corporation, by representative or by proxy will have one vote for every 200 C Shares held by such holder

(d) Redemption

- (1) The Company shall have the right as often as the board believe appropriate and subject to the following provisions of this

Article 6B(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 determine 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 nor more than 90 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 thirty 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 paragraph (d)(vii) below and in accordance with the terms and conditions of such offer to redeem (provided that if the board so determine in any case, at their 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 determine, 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 determine 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 Section 736 of the Act) 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 6B(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 or her 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 6B(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

The Company shall also have the right to specify that in respect of some or all shareholders an election made in respect of B Shares shall be treated as being applicable to such holder's C Shares, 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 consider 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

(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 Act) 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 they think fit to put this Article into effect
- (ii) The board may, in their discretion, amend, suspend or terminate any offer which is in operation
- (iii) In this Article 6B, 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 NM 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 6B, if the euro

replaces sterling as the lawful currency of the United Kingdom, references in this Article 6B to pound sterling shall thereafter have effect as references to the euro

- 7 (a) Subject to the provisions of the Regulations, the directors 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
- (b) 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
- (i) is held in uncertificated form, or
 - (ii) is permitted in accordance with the Regulations to become a participating security
- (c) Where any class of shares is a participating security and the Company is entitled under any provision of the 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 Acts, the Regulations, these Articles and the facilities and requirements of the relevant system
- (d) 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,
- (e) 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,
- (f) to require the holder of that uncertificated share by notice to give 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,
- (g) to require the Operator to convert that uncertificated share into certificated form in accordance with Regulation 32(2)(c) of the Regulations, and
- (h) 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

8 The Company may exercise the powers of paying commissions conferred by the Acts Subject to the provision of the Acts, any such commission 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

9 Except as required by law or pursuant to the provisions of Article 53, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the Articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder

10 (a) The directors have general and unconditional authority to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount equal to the section 80 amount, for each prescribed period

(b) The directors are empowered for each prescribed period to allot equity securities for cash pursuant to the authority conferred by Article 10(a) as if section 89(1) of the Act did not apply to any such allotment, provided that its power shall be limited to

(i) the allotment of equity securities in connection with a pre-emptive issue, and

(ii) the allotment (otherwise than pursuant to Article 10(b)(i)) of equity securities up to an aggregate nominal amount equal to the section 89 amount

(c) Before the expiry of a prescribed period the Company may make an offer or agreement which would or might require equity securities or other relevant securities to be allotted after such expiry. The directors may allot equity securities or other relevant securities in pursuance of that offer or agreement as if the prescribed period during which that offer or agreement was made had not expired

(d) In this Article 10(d) and Articles 10(a), 10(b) and 10(c)

pre-emptive issue means an offer of equity securities to ordinary shareholders or any invitation to ordinary shareholders to apply to subscribe for equity securities and, if in accordance with their rights the directors so determine, holders of other equity securities of any class (whether by way of rights issue, open offer or otherwise) where the equity securities respectively attributable to the interests of ordinary shareholders or holders of other equity securities, if applicable, are proportionate (as nearly as practicable) to the respective numbers of ordinary shares or other equity securities, as the case may be, held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws or regulations of any overseas territory or the requirements of any regulatory body or stock exchange,

prescribed period means (a) the period commencing on the date of an annual general meeting at which an ordinary or special resolution stating the section 80 amount and/or a special resolution stating the section 89 amount is passed and expiring on the date on which the next following annual general meeting is held, or (b) any other period specified in any ordinary or special resolution stating the section 80 amount and/or in any special resolution stating the section 89 amount,

section 80 amount means, for any prescribed period, the amount stated in the relevant ordinary or special resolution, and

section 89 amount means, for any prescribed period, the amount stated in the relevant special resolution

10A In Article 10 above, a reference to the allotment of equity securities also includes the sale of any relevant shares in the Company if, immediately before the sale, the shares were held by the Company as treasury shares

THE SPECIAL SHARE

11 (a) The Special Share may only be issued to, held by and transferred to the Secretary of State for Trade and Industry, a Minister of the Crown or any person acting on behalf of the Crown

(b) 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

(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) Article 2,

(B) the words in the first set of brackets in Article 4(a) and the words in brackets in Article 4(b),

(C) this Article 11,

(D) Article 53,

(E) Articles 78(b), (c) and (d),

(F) the fourth sentence of Article 97 so far as it imposes requirements on the number of British citizens (as defined in Article 98) on a committee established pursuant to that Article,

(G) Article 98,

(H) Article 108,

(I) Article 119,

(J) the words in the first set of brackets in Article 123,

(K) Article 170(b), and

- (ii) a proposal for the voluntary winding-up or dissolution of the Company
- (c) Notwithstanding any provision of these Articles to the contrary, the directors shall not exercise their powers to make any disposal, or propose any resolution to the Company in general meeting to approve any disposal, and the directors shall exercise their 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 directors 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) **the 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,
 - (iv) 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 twenty-five 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 twenty-five 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

- (v) 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 11, 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 258 of the Act) of some person other than a member of the Group, and

- (ii) in applying the provisions of sub-paragraph (d)(iv) 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

SHARE CERTIFICATES

- 12 (a) Unless otherwise determined by the directors and permitted by the Regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument by virtue of the Regulations. The directors shall have power to implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of an uncertificated share (subject always to the Regulations and the facilities and requirements of the relevant system concerned)

- (b) Conversion of a certificated share into an uncertificated share, and vice versa, may be made in such manner as the directors may, in their absolute discretion, think fit (subject always to the Regulations and the facilities and requirements of the relevant system concerned)
- (c) The Company shall enter on the Register how many shares are held by each member in uncertificated form and in certificated form and shall maintain the Register in each case as required by the Regulations and the relevant system concerned Unless the directors otherwise determine, holdings of the same holder or joint holders in certificated form and uncertificated form shall be treated as separate holdings
- (d) A class of share shall not be treated as two classes by virtue only of that class comprising both certificated shares and uncertificated shares or as a result of any provision of these Articles or the Regulations which apply only in respect of certificated or uncertificated shares
- (e) The provisions of Article 13 shall not apply to uncertificated shares

13 Subject to Article 12, every member upon becoming the holder of a 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, upon transferring a part of his holding of certificated shares of any class, to a certificate for the balance of such holding of certificated shares) That member may elect to receive one or more additional certificates for any of his certificated shares upon payment, for every certificate after the first, of such reasonable sum as the directors may determine from time to time Every certificate shall be sealed with the Seal or the Securities Seal or in the case of a share on a branch register, an official seal for use in the relevant territory or in accordance with Article 133 and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon The Company shall not be bound to issue more than one certificate for certificated shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them Unless the directors otherwise determine, no definitive certificate shall be issued in respect of shares held by a recognised person

14 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 directors may determine, but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate

LIEN

15 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share The directors 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.

16 The Company may sell in such manner as the directors determine any shares 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 fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.

17 To give effect to a sale the directors may, if the share is a certificated share, authorise any person to execute an instrument of transfer in respect of the shares sold to, or in accordance with the directions of, the purchaser. If the share is an uncertificated share, the directors may exercise any of the Company's powers under Article 7(c) to effect the sale of the share to, or in accordance with the directions of the purchaser. The purchaser shall not be bound to see 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.

18 The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (if the share sold is a certificated share, upon surrender to the Company for cancellation of the certificate for the shares 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 upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

19 Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

20 A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.

21 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

22 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 directors not exceeding 15 per cent per annum or, if higher, the appropriate rate (as defined by the Act) but the directors may in respect of any individual member waive payment of such interest wholly or in part

23 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 the Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified

24 Subject to the terms of allotment, the directors 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

25 The directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding 12 per cent per annum) as the member paying such sum and the directors agree upon

26 If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the directors may give to the person from whom it is due not less than fourteen 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

27 If the notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture Where any share has been forfeited, notice of the forfeiture shall be served upon the person who was before the forfeiture the holder of the share Where the forfeited share is held in certificated form, an entry of such notice showing that notice has been given, that the share has been forfeited and the date thereof shall forthwith be made in the Register opposite the entry of the share, but no forfeiture shall be invalidated by any omission or neglect to give such notice or to make such entries

28 Subject to the provisions of the 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 directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may, in respect of certificated shares, authorise some person to execute an instrument of transfer of the share 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 7(c) The Company may receive the consideration given for the share on its disposal and may register the transferee as holder of the share

29 A person, any of whose shares have been forfeited, shall cease to be a member in respect of them and, in the case of certificated shares, shall surrender to the Company for cancellation the certificate for the shares forfeited but 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 those shares with interest 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 directors, 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 but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal

30 The board may accept the surrender of any share which it is in a position to forfeit upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it had been forfeited

31 The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and any claim or demand 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 such of those rights and liabilities as are by these Articles expressly saved, or as are by the Acts given or imposed in the case of past members

32 A statutory declaration by a director or the secretary that a share has been 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 and the declaration shall (subject to the execution of an instrument of transfer or transfer by means of the relevant system, as the case may be, if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share 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

TRANSFER OF SHARES

33 All transfers of uncertificated shares shall be made in accordance with and be subject to the provisions of the Regulations and the facilities and requirements of the relevant system and, subject thereto, in accordance with any arrangements made by the directors pursuant to Article 12(a)

34 The instrument of transfer of a certificated share may be in any usual form or in any other form which the directors may approve. An instrument of transfer shall be executed 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.

35. Without prejudice to the provisions of Article 53, the directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share (whether a certificated share or an uncertificated share), which is not fully paid to a person of whom they do not approve and they may refuse to register the transfer of a share on which the Company has a lien (whether a certificated share or an uncertificated share), provided that such refusal does not prevent dealings in the share from taking place on an open and proper basis.

36 The directors may refuse to register a transfer of any shares (whether in certificated form or uncertificated form and whether fully paid or not)

- (a) to an entity which is not a natural or legal person,
- (b) to a minor, or
- (c) to be held jointly by more than four persons

The directors may also refuse to register a transfer of uncertificated shares in such other circumstances (if any) as may be permitted by the Regulations and the requirements of the relevant system concerned

37 In relation to a certificated share, the directors may decline to register a transfer unless the instrument of transfer

- (a) is lodged, duly stamped (if stampable), at the Transfer Office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer. In the case of a transfer by a recognised person the lodgement of share certificates will only be necessary if, and to the extent that, certificates have been issued in respect of the shares in question, and
- (b) is in respect of only one class of shares

38 If the directors refuse to register a transfer of a share, whether pursuant to the provisions of Articles 36 to 38 inclusive or Article 53, they shall, in the case of certificated shares, within two months after the date on which the transfer was lodged

with the Company send to the transferee notice of the refusal or, in respect of uncertificated shares, notify such person as may be required by the Regulations and requirements of the relevant system concerned

39 The registration of transfers of shares or of transfers of any class of shares may be suspended (to the extent the same is consistent with the Acts) at such times and for such periods (not exceeding thirty days in any year) as the directors may determine, except that the directors may not suspend the registration of transfers of any participating security without the consent of the Operator of the relevant system

40 No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share

41 The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given

42 (a) The Company shall be entitled to destroy any instrument of transfer (which phrase, together with references to documents, shall for the purposes of this Article 42(a) include electronically generated or stored communications in relation to the transfer of uncertificated shares and any electronic or tangible copies of the same) which has been registered at any time after the expiration of six years from the date on which it is registered and any dividend or scrip dividend mandate and notification of change of address at any time after the expiration of two years from the date on which it is recorded and any share certificate which has been cancelled at any time after the expiration of one year from the date on which it is cancelled. It shall conclusively be presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the particulars in the books or records of the Company. Provided always that

- (i) this Article shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant,
- (ii) nothing in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article,
- (iii) references in this Article to instruments of transfer shall include, in relation to uncertificated shares, instructions and/or notifications made in accordance with the relevant system concerned relating to the transfer of such shares,

- (iv) references in this Article to the destruction of any document include references to the disposal of it in any manner, and
 - (v) in relation to uncertificated shares, the provisions of this Article shall apply only to the extent the same are consistent with the Regulations
- (b) Any document referred to in paragraph (a) above may be destroyed earlier than the relevant date authorised by that paragraph, provided that a permanent record of the document is made, which record is not destroyed before that date

UNTRACED SHAREHOLDERS

- 43 (a) 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 virtue of transmission on death or bankruptcy if and provided that.
- (i) during the period of twelve years prior to the date of the publication of the advertisements referred to in paragraph (ii) below (or, if published on different dates, the first thereof) at least three warrants and cheques in respect of the dividend on the shares in question sent in the manner authorised by the Articles have remained uncashed,
 - (ii) the Company shall on expiry of the said period of twelve years have inserted advertisements, both in one leading national daily newspaper in the United Kingdom and in a newspaper circulating in the area in which the last known address of the member or the address at which service of notices may be effected in the manner authorised by these Articles is located, giving notice of its intention to sell the said shares,
 - (iii) during the said period of twelve years and the period of three months following the publication of the said advertisements the Company shall have received indication neither of the whereabouts nor of the existence of such member or person, and
 - (iv) notice shall have been given to the relevant listing authority before the publication of the advertisements of its intention to make such sale
- (b) To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of the said shares or to make any arrangement for the transfer of uncertificated shares in accordance with the Regulations and such instrument of transfer or such arrangement shall be as effective as if it had been executed or made by the registered holder of or person entitled by transmission to such shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. 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 as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as

a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company if any) as the directors may from time to time think fit.

TRANSMISSION OF SHARES

44 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 be the only persons recognised by the Company as having any title to his interest, but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

45 A person becoming entitled to a share in consequence of the death or bankruptcy or mental disorder of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder, he shall give 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 directors 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 Articles relating to the transfer of shares shall apply to the 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 had not occurred.

46 The directors may at any time send a notice requiring any person becoming entitled to a share in consequence of the death or bankruptcy or mental disorder of a member, to elect either to be registered himself or to transfer the share. If the notice is not complied with within 60 days, the directors 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.

47 A person becoming entitled to a share in consequence of the death or bankruptcy or mental disorder of a member or otherwise by operation of law shall, upon such evidence being produced as the directors may properly require as to his entitlement and subject to the requirements of Article 45, have the rights to which he would be entitled if he were the holder of the share, subject to Article 141 and may give a discharge for all dividends and other moneys payable in respect of the share, except that 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 Company. Provided always that the directors may at any time give notice requiring any such person to elect either to be registered himself or to

transfer the share, and if the notice is not complied with within ninety days the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with

ALTERATION OF SHARE CAPITAL

48 The Company may by ordinary resolution

- (a) increase its share capital by new shares of such amount as the resolution prescribes,
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares,
- (c) subject to the provisions of the Acts, sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others, and
- (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled

49 All shares created by ordinary resolution pursuant to Article 48 shall be

- (a) subject to all the provisions of these Articles, including without limitation provisions relating to payment of calls, lien, forfeiture, transfer and transmission, and
- (b) unclassified, unless otherwise provided by these Articles, by the resolution creating the shares or by the terms of allotment of the shares

50 Whenever as a result of a consolidation or sub-division any members would become entitled to fractions of a share, the directors may, on behalf of those members, settle the matter in any manner they deem fit and in particular, without limitation, the directors may sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among those members. Where the shares to be sold are in a certificated form the directors may authorise any person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. 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 purchaser. The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

51 Subject to the provisions of the Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way

PURCHASE OF OWN SHARES

52 Subject to and in accordance with the provisions of the Acts and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase its own shares of any class (including any redeemable shares) in any way and at any price (whether at par or above or below par) and may hold such shares as treasury shares No purchase by the Company of its own shares shall take place unless it has been sanctioned by an extraordinary resolution passed at a separate class meeting of the holders of each class of shares (if any) in issue convertible into equity share capital of the Company save for any such class of shares where the rights attaching to such class of shares specifically provide otherwise

UNITED KINGDOM CONTROL

53.

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

- (b) 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 of any relevant system,

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

- (a) 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
- (b) 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,

ESOP means any arrangement approved by the directors 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, widows, widowers or children or step-children under the age of 18,

Foreign Corporation means

- (a) 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,
- (b) a government or government department or government agency or body other than of the United Kingdom or any part thereof, and
- (c) 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,

ICTA means the Income and Corporation Taxes Act 1988,

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

- (a) to Relevant Share Capital of all classes (taken as a whole) and capable of being cast on a poll, and
- (b) to all other Shares in respect of which the directors have made a determination under paragraph (n) of this Article,

Interest, in relation to any Share and subject as provided below, means

- (a) any interest which would be taken into account in deciding whether a notification to the Company would be required under Part VI of the Original Act except for the following
 - (1) any interest of a bare trustee or any interest which, if the incidents of the interest were governed by the laws of England and Wales, would in the opinion of the directors be regarded as a bare trustee,

- (ii) any interest which exists only by virtue of an obligation (contingent or otherwise) to purchase or subscribe for Shares pursuant to underwriting or sub-underwriting arrangements approved by the directors and, for a period of three months following the relevant purchase or subscription, in respect of any interest in Shares purchased or subscribed pursuant to such an obligation,
- (iii) any interest of a person which exists only by virtue of the entering into or performance by that person of an agreement approved by the directors under which that person (whether alone or with other persons) is to procure purchasers or subscribers of the relevant Shares, as principal or as agent, as part of the distribution of those Shares (whether to the public or otherwise) provided that any such interest shall only be disregarded for a period of three months from the date of the relevant agreement,
- (iv) any interest of the chairman of either a meeting of the Company or of a meeting of the holders of Shares of any class (acting in that capacity),
- (v) any interest in Shares held by or on behalf of a trustee of a Profit-sharing Scheme or an ESOP,
- (vi) any interest of a trustee of
 - (A) any retirement benefits scheme for the employees of a business or undertaking carried on (wholly or mainly) in the United Kingdom otherwise than by a Foreign Person which is, or is treated by the Commissioners of Inland Revenue as, an exempt approved scheme for the purposes of Chapter 1 of Part XIV of the ICTA, or
 - (B) any charity which is registered under the provisions of the Charities Act 1993, or
 - (C) any exempt charity within the meaning of that Act,
 other than (in any such case) a retirement benefits scheme, charity or exempt charity of which the majority of the trustees are Foreign Persons, and
- (vii) any interest of a Clearing House or Depositary, acting in its capacity as such,
- (b) any right pursuant to the provisions of any agreement to control, influence or participate in the exercise of any right conferred by the holding of any Share (including, without prejudice to the generality of the foregoing, any right relating to the retention or disposal of any Share) and for the purpose of this paragraph (b)

- (i) any restraint or restriction to which any such right is or may be subject shall be disregarded,
- (ii) **agreement** shall include any agreement, arrangement or understanding (whether formal or informal) irrespective of whether such agreement, arrangement or understanding includes a provision for the acquisition by any one or more of the parties to it of any interest in any Share or is part of a proposal to obtain or consolidate control of the Company, and
- (iii) **provisions of any agreement** shall include any undertaking, expectation or understanding (whether express or implied and whether absolute or not) operative under any agreement, except that a right pursuant to an agreement which is not legally binding shall not be taken into account in determining whether a person has an Interest unless the agreement involves mutuality in the undertakings, expectations or understandings of the parties to it, and
- (c) any interest which the directors resolve, having made enquiries in accordance with paragraphs (g) and (h) of this Article, is an Interest,

PROVIDED THAT:

- (a) where interests in Shares are held by a Depositary or a Clearing House, in each case in its capacity as such, in the absence of any reason why he should be treated as being interested in a greater number of Shares, a person shall be deemed to be interested in the number of Shares for which such Depositary or Clearing House is or may become liable to account to him,
- (b) in calculating the number of Shares in which a trader in securities is interested at any particular time, the trader's gross sales (up to a maximum equal to the trader's gross purchases) shall be deducted from the number of Shares in which he would be interested but for this paragraph (b) and, in this paragraph

gross sales means the number of Shares which, at the relevant time, the trader shall be under an obligation to sell pursuant to contracts entered into in the ordinary course of his business as a trader in securities each of which requires delivery to be made not later than 14 days after the contract shall have been entered into, and

gross purchases means the number of Shares which, at the relevant time, the trader shall be under an obligation to purchase pursuant to such contracts,

- (c) section 209(1)(a) of the Original Act shall be disregarded; and
 - (d) it shall be assumed that all Shares are Relevant Share Capital,
- and **interested** shall be construed accordingly,

Original Act means the Companies Act 1985 as in force at the date of adoption of this Article and notwithstanding any amendment, replacement, repeal or re-enactment thereof after that date (including, without prejudice to the generality of the foregoing, any amendment, replacement, repeal or re-enactment by regulations made pursuant to Section 210A of that Act as to what is to be taken to be an interest in shares and what interests are to be disregarded),

Profit-sharing Scheme means any scheme established by the Company and approved by the Board of the Inland Revenue in accordance with the provisions of sections 186 and 187 and Schedules 9 and 10 of the ICTA,

Register of Foreign-held Shares means the register maintained in accordance with paragraph (e) of this Article,

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

Relevant Share means any Share comprised in the Relevant Share Capital in which a Relevant Foreign Person has, or appears to the directors to have, an interest, and in respect of which notice has been served pursuant to paragraph (1) of this Article,

Relevant Share Capital means the relevant share capital (as defined in section 198(2) of the Original Act) of the Company,

Required Disposal means a disposal or disposals of Relevant Shares (or interests in Relevant 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 section 425 of the Companies Act 1985 between Rolls-Royce 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 Companies¹,

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

¹ 23 June 2003

Part VI of the Original Act

- (c) The provisions of Part VI of the Original Act shall apply to the Company as if such provisions extended to interests of Foreign Persons. The Company, its members and all persons interested in Shares shall have the rights and obligations referred to in Part VI of the Original Act in relation to all interests of Foreign Persons.

Declaration to be submitted by shareholders

- (d) Any person for whom application has been made for registration as a holder of a Share (other than (i) an allottee under an issue of Shares by way of capitalisation of profits or reserves made pursuant to the Articles and (ii) the trustees of a Profit-sharing Scheme or an ESOP) shall furnish to the directors a declaration (in such form as the directors may from time to time prescribe) stating that, upon registration of such Share in the relevant name or names, either (i) such Share will not be a Foreign-held Share or (ii) such Share will be a Foreign-held Share. The directors shall in any case where they may consider it appropriate require such person to provide such evidence or give such information as to the matters referred to in the declaration as they think fit including such information as the directors may require of the authority of any person giving the declaration on behalf of such person. Subject to the Regulations, the directors shall decline to register any person as a holder of a Share if such a declaration or further evidence or information is not provided or given. In the case of transfers of uncertificated shares pursuant to the Regulations, the directors may for the purposes of the application of the Regulations to the provisions of this paragraph (d) of this Article adopt such procedures as they consider appropriate and as the holder of the Special Share may approve.

Register of Foreign-held Shares

- (e) The directors shall maintain a register, being the Register of Foreign-held Shares, which shall be separate from that maintained under Part VI of the Original Act and in which shall be entered particulars of any Share which
- (i) has been acknowledged by the holder (or by any one of joint holders) to be a Foreign-held Share, or
 - (ii) has been declared to be a Foreign-held Share by virtue of a declaration of the directors made pursuant to paragraph (h) of this Article,

and in either case which has not ceased to be a foreign-held Share

The Register of Foreign-held Shares shall include, as at the Scheme Effective Date, all the details in the register maintained by Rolls-Royce plc in accordance with Article 49(E) of the Rolls-Royce plc articles of association in force as at the Scheme Effective Date.

- (f) The directors shall remove from the Register of Foreign-held Shares any Share if there has been furnished to them a declaration (in such form as the directors may from time to time prescribe) signed by or on behalf of the holder of such Share (or, in the case of a corporation, sealed by the corporation or signed on its behalf by an attorney or duly authorised officer or agent of the corporation), together with such evidence as the directors may require of the authority of any signatory on behalf of such holder, stating that such Share is no longer a Foreign-held Share. The directors shall also in any case where they may consider it appropriate require such holder to provide such evidence or give information as to the matters referred to in the declaration as they think fit. The directors shall not remove from such register any Share unless such a declaration is provided (with any further evidence or information so required by them) and they are satisfied that the Share is not a Foreign-held Share.

Investigations in relation to shares

- (g) The directors shall, unless any director has reason to believe otherwise, be entitled to assume without enquiry that all Shares, other than those Shares whose particulars have been entered in the Register of Foreign-held Shares, are not Foreign-held Shares. Nevertheless, the directors may at any time give notice in writing to the holder (or to any one of the joint holders) of a Share requiring him to make a declaration (in such form as the directors may prescribe) within such reasonable period as may be specified in the notice as to whether or not the Share is a Foreign-held Share.
- (h) Whether or not they have given a notice under paragraph (g) of this Article, if at any time it appears to the directors that a Share which they have not treated as a Foreign-held Share may be such a Share, they shall give notice in writing to the holder (or to any one of joint holders) requiring him to show to their satisfaction that such a Share is not a Foreign-held Share. For this purpose failure to make a declaration pursuant to paragraph (g) of this Article shall be sufficient reason for the directors so acting. If within 21 days after the giving of such notice (or such extended time as in all the circumstances the directors shall consider reasonable) they are not so satisfied, the directors shall declare such Share to be a Foreign-held Share.

Individual Foreign Shareholding Limit

- (i) If at any time and to the knowledge of the directors the aggregate number of Foreign-held Shares of which particulars are entered on the Register of Foreign-held Shares in which any Foreign Person is interested is equal to or more than the Individual Foreign Shareholding Limit, the directors shall serve a notice on the holder or holders (other than persons referred to in paragraph (q) of this Article) of the Shares in which the Foreign Person is interested in the form required by paragraph (j) of this Article.

Required Disposals

- (j) A notice served pursuant to paragraph (i) 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 (m) 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 directors consider reasonable. The directors 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 them that no Share is a Relevant Share.
- (k) If within 21 days after the giving of any notice in accordance with paragraph (j) of this Article (or such extended time as in all the circumstances the directors shall consider reasonable) such notice is not complied with to the satisfaction of or withdrawn by the directors, the directors shall, so far as they are 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 directors to make such Required Disposal. The manner, timing and terms of any such Required Disposal made or sought to be made by the directors (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 directors determine, based on advice from bankers, brokers, or other persons the directors consider appropriate consulted by them 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 directors shall not be liable to any person for any of the consequences of reliance on such advice.
- (l) For the purpose of effecting any Required Disposal, the directors 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 directors 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 Relevant 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 (i) of this Article

- (m) Following the giving of a notice served pursuant to paragraph (i) of this Article
 - (i) save for the purpose of a Required Disposal under paragraphs (j) or (k) of this Article and subject to the Regulations, no transfer of any Relevant Share may be made or registered until either such notice is withdrawn or a Required Disposal has been made to the satisfaction of the directors and registered, and
 - (ii) a holder of a Relevant 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 directors, to attend or vote at any general meeting of the Company or meeting of the holders of Relevant Share Capital 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 Relevant Share had it not been a Relevant 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 directors of any share becoming or being deemed to be a Relevant Share

Shares with limited voting rights

- (n) 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 directors shall in relation to such Share not be bound to comply with the provisions of paragraph (i) of this Article, but the directors may, at their discretion and at any time, determine that all provisions of this Article shall apply to any such Foreign-held Share
- (o) If at any time such a Foreign-held Share as is referred to in paragraph (n) of this Article carries a present right to vote at general meetings of the Company, such Share shall, if the directors have 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 directors to be conclusive

- (p) Any resolution, determination, decision or exercise of any discretion or power by the directors 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 directors 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 directors 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

- (q) The directors shall not be obliged to serve any notice required under this Article to be served upon any person if they do 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.
- (r) The provisions of Articles 137 to 147 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 directors believe 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 directors

- (s) Without prejudice to the generality of the foregoing, the directors shall (save in the circumstances set out in paragraphs (d) and (h) of this Article or unless any director has reason to believe otherwise), be entitled to assume that every share, other than those particulars of which are entered in the Register of Foreign-held Shares, is not a Foreign-held Share and accordingly, save in such circumstances as aforesaid, the directors shall, so long as they act 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 directors or any of them 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 and, on the basis of such determination, perform or exercise (or purport to perform or exercise) their duties, powers, rights or discretions under this Article in relation to such share

- (t) The directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or any other person for failing to treat any share as a Relevant 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 Relevant Share or any person is a Relevant Foreign Person or, on the basis of such determination or any other determination or resolution of the directors, 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

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

GENERAL MEETINGS

54 All general meetings other than annual general meetings shall be called extraordinary general meetings. The directors shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Acts

55 The directors may call general meetings whenever and at such times and places as it shall determine and, on the requisition of members pursuant to the provisions of the Acts, shall forthwith proceed to convene an extraordinary general meeting in accordance with the provisions of the Acts. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any two members of the Company may call a general meeting

NOTICE OF GENERAL MEETINGS

- 56 (a) An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed

- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat, and

- (11) in the case of any other meeting, by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right
- (b) The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such
- (c) A notice of general meeting may specify a time, being not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend or vote at the meeting. Changes made to entries on the Register after the time so specified shall be disregarded in determining the rights of any person to attend or vote at the meeting
- (d) Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and the Auditors

57 The accidental omission to give notice of a meeting, or to send any notification where required by the Acts or these Articles in relation to publication of a notice on a website, or to send a form of proxy where required by the Acts or these Articles to any person entitled to receive it, or the non-receipt for any reason of notice or notification of a meeting 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

58 For the purposes of giving notice of any general meeting to members, the directors may determine that the members in respect of such shares entitled to receive such notices are those persons entered on the Register at the close of business on a day determined by them, such day not being more than 21 days before the day that the notice of general meeting is despatched

59 (a) 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 directors decide that it is impracticable or unreasonable, for a reason beyond its control, to hold the meeting at the declared place and/or time, it may change the place and/or postpone the time at which the meeting is to be held. If such a decision is made, the directors may then change the place and/or postpone the time again if it decides that it is reasonable to do so. In either case

- (i) no new notice of the meeting need be sent, but the directors 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

- (ii) a proxy appointment in relation to the meeting may, if by means of an instrument, 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 87(a) or, if contained in an electronic communication, be received at the address (if any) specified by or on behalf of the Company in accordance with Article 87(b), at any time not less than 48 hours before any postponed time appointed for holding the meeting
- (b) For the purposes of Article 59(a), the right of a member to participate in the business of any general meeting shall 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 Acts or these Articles to be made available at the meeting

PROCEEDINGS AT GENERAL MEETINGS

60 No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.

61 If such a quorum is not present within half an hour 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 the same day in the next week at the same time and place or to such time and place as the directors may determine. If at the adjourned meeting a quorum is not present within thirty minutes after the time appointed for holding the meeting, the meeting shall be dissolved.

62 The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.

63 If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.

64 The directors and at any general meeting the chairman may make any arrangement and impose any requirement or restriction they consider appropriate to ensure the security and orderly conduct 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 directors are and, at any general meeting, the chairman is entitled to refuse entry to the general meeting to a person who refuses to comply with these arrangements, requirements or restrictions.

65 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 Company

66 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. In addition, without prejudice to any other power of adjournment he may have under these Articles or at common law, the chairman may at any time, without the consent of a meeting, adjourn the meeting from time to time and from place to place if it appears to him that

- (i) the number of persons wishing to attend cannot be conveniently accommodated in the place appointed for the meeting,
- (ii) the unruly conduct of persons attending the meeting prevents or is likely to prevent the ordinary continuation of the business of the meeting, or
- (iii) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted

67 Any such adjournment may be for such time and to such other place 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 87 or by means of an instrument which, if delivered by him 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 87(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 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 transacted at an adjourned meeting.

68 No business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.

69 If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. With the consent of the chairman of the meeting, an amendment may be withdrawn by its proposer before it is voted upon. In the case of a resolution duly proposed as a special or extraordinary resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon. 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, notice of the terms of the amendment and the intention to move it has been delivered by means of an instrument 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 an electronic communication at such address (if any) for the time being notified 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

70 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, 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 Acts, a poll may be demanded by

- (a) by the chairman of the meeting, or
- (b) (except on the election of the chairman of the meeting or on a question of adjournment) by at least two members present in person or by proxy having the right to vote at the meeting, or
- (c) by a member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting, or
- (d) by a member or members present in person or by proxy holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right

A demand by a person as proxy for a member shall be the same as a demand by the member

71 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 and an entry to that effect in the minutes of the meeting 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

72 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and 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 entitled member, may demand a poll

73 Subject to Article 75, a poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members), if required by the meeting, 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

74 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have

75 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty 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

76 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken

77 A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held. Such a resolution shall be by means of an instrument or contained in an electronic communication sent to such address (if any) for the time being notified by or on behalf of the Company for that purpose and may consist of several instruments or several electronic communications, each executed in such manner as the directors may approve by or on behalf of one or more of such members, or a combination of both

VOTES OF MEMBERS

78 (a) Subject to Article 56(c) and to any rights or restrictions attached to any shares and to the provisions of the Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder

(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 53 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 directors 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 directors 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 53 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 Foreigner, Foreign Corporation or Corporation under Foreign Control

79 In the case of joint holders 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, and seniority shall be determined by the order in which the names of the holders stand in the Register

80 A member in respect of whom an order has been made by any 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 in that behalf appointed by that court or official, and any such receiver, curator bonis or other person may, on a poll, vote by proxy Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, 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 and in default the right to vote shall not be exercisable

81 (a) No member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all money presently payable by him in respect of that share has been paid

(b) (i) 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 212 of the Act (a *section 212 notice*) and is in default for the prescribed period in supplying to the Company the information 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 the 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 212 notice in respect of those shares, the member shall not be entitled to attend or vote at a general meeting either personally or by proxy or on a poll,

(B) where the Default Shares represent at least 0.25 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) except in a liquidation of the Company, no payment shall be made of any sums due from the Company on the Default Shares, whether in respect of capital or dividend or otherwise (including shares issued in lieu of a dividend), and the Company shall not meet any liability to pay interest on any such payment when it is finally paid to the member,
- (II) no other distribution shall be made on the Default Shares,
- (III) no transfer of any of the shares held by the member shall be registered unless
 - (aa) the member is not himself in default in 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 in supplying such information is interested in any of the shares the subject of the transfer,
 - (bb) the transfer is an approved transfer, or
 - (cc) registration of the transfer is required by the Regulations

The Company shall send to each other person appearing to be interested in the Default Shares the subject of any direction notice a copy of the notice, but the failure or omission by the Company to do so shall not invalidate such notice

- (ii) Any direction notice shall cease to have effect
 - (A) in relation to any shares which are transferred by the member by means of an approved transfer, or
 - (B) when the board is satisfied that the member and any other person appearing to be interested in shares held by the member has given to the Company the information required by the relevant section 212 notice
- (iii) The board may at any time give notice cancelling a direction notice
- (iv) For the purposes of this Article
 - (A) a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under the said section 212 which either (1) names such person as being so interested or (2) 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 212 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 212 notice,

(C) a transfer of shares is an approved transfer if but only if

(I) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a take-over offer (as defined in section 428(1) 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 persons appearing to be interested in such 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

(c) The Company may exercise any of its powers under Article 7(c) in respect of any Default Share that is held in uncertificated form

(d) Nothing contained in this Article 81 shall limit the power of the Company to apply to court under section 216 of the Act

82 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

83 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, and every vote not disallowed at the 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

84 On a poll votes may be given either personally or by proxy or, in the case of a corporation, by duly authorised representative. 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

85 The appointment of a proxy, whether by means of an instrument or contained in an electronic communication, 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. For the purpose of this Article and Articles 86, 87, 88 and 89, an electronic communication which contains a proxy appointment need not comprise writing if the directors so determine and in such a case, if the directors so determine, the appointment need not be executed but shall instead be subject to such conditions as the directors may approve.

86 The appointment of a proxy shall be in any usual form or in any other form which the directors may approve. Subject thereto, the appointment of a proxy may be

- (a) by means of an instrument, or
- (b) contained in an electronic communication, if the directors so determine.

The directors may, if they think fit, but subject to the provisions of the Acts, at the Company's expense send forms of proxy for use at the meeting and issue invitations contained in electronic communications to appoint a proxy in relation to the meeting in such form as may be approved by the directors. 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.

87 Without prejudice to Article 59(a)(ii) or the second sentence of Article 67, the appointment of a proxy shall

- (a) in the case of an instrument, be delivered personally 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 59(a)) at which the person named in the appointment proposes to vote, or

- (b) in the case of an appointment contained in an electronic communication, where an address has been specified by or on behalf of the Company for the purpose of receiving electronic communications.

- (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 contained in an electronic communication to appoint a proxy issued by or on behalf of the Company in relation to the meeting,

be received at that address 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 53(a)) 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) in the case only of an instrument, 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

88 Where the appointment of a proxy is expressed to have been or purports to have been executed 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 execute the appointment on behalf of that holder,
- (b) that holder shall, if requested by or on behalf of the Company at any time, send or procure the sending of any written authority under which the appointment has been executed, or 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, and
- (c) whether or not a request under paragraph (b) of this Article has been made or complied with, the Company may determine that it has insufficient evidence of the authority of that person to execute the appointment on behalf of that holder and may treat the appointment as invalid

89 A proxy appointment which is not delivered or received in accordance with Article 87 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 which was last delivered or received shall be treated as replacing and revoking the others as regards that share. The directors may determine at its discretion when a proxy appointment shall be treated as delivered or received for the purposes of these Articles

90 A proxy appointment shall be deemed to include the right to demand, or join in demanding, a poll but shall not confer any further right to speak at a meeting, except with the permission of the chairman. The proxy appointment shall also, unless it provides to the contrary, be deemed to confer authority on the proxy to vote or abstain from voting as the proxy thinks fit on any amendment of a resolution and on any procedural motion or resolution put to the meeting to which it relates and on any other business not referred to in the notice of meeting which may properly come before the meeting to which it 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.

91 Any corporation which is a member of the Company (in this Article the *grantor*) may, by resolution of its directors or other governing body, or by authority given under seal or under the hand of an officer duly authorised by it, authorise such person as it thinks fit to act as its representative 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 person so authorised shall be entitled to exercise the same power on behalf of the grantor as the grantor could exercise if it were an individual member of the Company, save that a director, the secretary or other person authorised for the purpose by the secretary may require such person to produce a certified copy of the resolution or authorisation before permitting him to exercise his powers. The grantor shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present at it.

92 A vote given or poll demanded by a proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding the poll unless notice of the determination was either delivered or received as mentioned in the following sentence at least three hours before the start of the meeting or adjourned meeting at which the vote is given or the poll demanded 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 determination shall be either by means of an instrument 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 87(a) or contained in an electronic communication received at the address (if any) specified by or on behalf of the Company in accordance with Article 87(b), regardless of whether any relevant proxy appointment was effected by means of an instrument or contained in an electronic communication. For the purpose of this Article, an electronic communication which contains such notice of determination need not comprise writing if the board has determined that the electronic communication which contains the relevant proxy appointment need not comprise writing.

NUMBER OF DIRECTORS

93 Unless otherwise determined by ordinary resolution, the number of directors shall not at any time be less than two nor more than twenty

BORROWING POWERS

94 (a) Subject as hereinafter provided and to the provisions of the Acts, the directors 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

(b) Notwithstanding Article 94(a) above, the directors shall restrict the borrowings of the Company and exercise all voting right 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 the Company in general meeting, exceed an amount of three thousand million pounds

(c) For the purposes of the foregoing limit the following provisions shall apply

(i) 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):

(A) the principal amount of all debentures of any member of the Group which are not for the time being beneficially owned within the Group,

(B) 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,

(C) 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,

- (D) 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 (D) 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 (i) 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 (ii) the amount of any insurance cover available to any such member or other such entity in respect of such amount. For this purpose the directors 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,
 - (E) 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,
 - (F) 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,
- (ii) 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,

- (iii) 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,
- (iv) moneys borrowed (which shall be deemed to include share capital to which paragraph (b)(i)(C) 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,
- (v) 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,
- (vi) 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 (iv) above),
- (vii) 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
 - (A) 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,

- (B) 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 Statement of Standard Accounting Practice 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,

- (viii) when the aggregate amount of moneys borrowed at any material time is being ascertained

- (A) 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

- (I) 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,

- (II) 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 (I) above,

(B) For the purposes of this paragraph (B)

(I) *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,

(II) 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

(d)

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 directors became aware that such a situation has arisen

(e) No person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or enquire whether the limit imposed by the provisions of this Article 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

POWERS OF DIRECTORS

95 Subject to the provisions of the Acts, the Memorandum and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company No alteration of the Memorandum or Articles and no such direction shall invalidate any

prior act of the directors 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 directors by the Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors

96 The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers

DELEGATION OF DIRECTORS' POWERS

97 The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers, 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 98) shall not exceed one half of the total number of the members of such committee

NATIONALITY OF DIRECTORS

98 (a) No person may be appointed to the office of chairman (when that person is to hold that office in an executive capacity), or to the office of chief executive, managing director or joint managing director of the Company (by whatsoever name called and whether or not he is a director) (in the Articles together called *chief executive*) unless he is a British citizen within the meaning of the British Nationality Act 1981 as in effect at the date of the adoption of this Article (hereinafter referred to as *British citizen*). A person may be appointed to the office of chairman (where that person is to hold that office in a non-executive capacity) notwithstanding that he is not a British citizen, but, having been appointed, may not subsequently hold or purport to hold that office in an executive capacity unless that person has become (and has not ceased to be) a British citizen

(b) 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

(c) (i) If any chairman (who holds that office in an executive capacity) or chief executive for the time being ceases to be a British citizen, his office as chairman or chief executive (as the case may be), but not (save as hereinafter provided) his office of director, shall thereupon be vacated

- (ii) 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 directors resolve 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
- (iii) 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 of directors 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
- (d)
 - (i) No person may be appointed a director of the Company unless he shall have notified the directors previously as to whether or not he is a British citizen
 - (ii) A director shall notify the directors, forthwith upon his ceasing to be a British citizen, of that fact
 - (iii) The directors shall maintain a register of the names of all directors of the Company who have notified the directors 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 directors, his name shall be removed from that register

APPOINTMENT AND RETIREMENT OF DIRECTORS

99 At every annual general meeting one-third of the directors or, if their number is not a multiple of three, the number nearest to one-third shall retire from office, but

- (a) if any director has at the start of the annual general meeting been in office for more than three years since his last appointment or re-appointment, he shall retire, and
- (b) if there is only one director who is subject to retirement by rotation, he shall retire

Subject to the provisions of the Acts and these Articles, the directors to retire by rotation shall be those who have been longest in office since their last appointment or

reappointment, but as between persons who became or were last reappointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the board at the date of the notice convening the annual general meeting. No director shall be required to retire or be relieved from retiring or be retired by reason of any change in the number or identity of the directors after the date of the notice but before the close of the meeting.

100 At any annual general meeting of the Company, any director who

- (a) was elected or, as the case may be, last re-elected as a director by a resolution of the Company in general meeting passed at any time prior to the annual general meeting of the Company that took place two years previously, but
- (b) is not required to retire from office by Article 99,

shall also retire from office

101 (a) If, at any general meeting of the Company, all the directors of the Company retire and

- (i) none of the directors who offer themselves for re-election is re-elected,
- (ii) Article 93 is not complied with, or
- (iii) a number of other persons sufficient to constitute a quorum in accordance with Article 119 are not elected as directors at such general meeting in accordance with these Articles,

the directors who offered themselves for re-election shall, notwithstanding their respective retirements or Article 106, all remain in office until such time as Article 93 is complied with and a number of directors sufficient to constitute a quorum in accordance with Article 119 shall have been elected as directors of the Company by the Company in general meeting (or, in the circumstances specified in paragraph (d) of this Article, until the next annual general meeting) and for this purpose the directors shall convene a further general meeting of the Company for the purpose of electing directors of the Company as soon as reasonably practicable

- (b) If the circumstances referred to in paragraph (a) of this Article shall occur, the directors shall not exercise their powers pursuant to Article 105 to appoint any person to fill a vacancy or as an additional director during the period between the date of the general meeting at which all the directors retired and the date of the further general meeting convened or to be convened pursuant to paragraph (a) of this Article
- (c) Any director remaining in office pursuant to paragraph (a) of this Article shall be entitled to offer himself for re-election at any general meeting convened for the purposes set out in that paragraph and if re-elected shall continue in office

Any director who is not re-elected at such meeting and any director not offering himself for re-election shall vacate office upon the appointment of such number of directors at such meeting sufficient to comply with Article 93 and to constitute a quorum in accordance with Article 119

- (d) If, at a meeting convened, for the purposes of paragraph (a) of this Article, a number of persons sufficient to comply with Article 93 and to constitute a quorum in accordance with Article 119 are not elected as directors at such general meeting in accordance with these Articles, the directors in office at the commencement of such meeting such continue to hold office until the next annual general meeting of the Company at which they shall resign but may offer themselves for re-election

102 If the Company at the meeting at which a director retires by rotation does not fill the vacancy, the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost

103. No person other than a director retiring by rotation shall be appointed or reappointed a director at any general meeting unless

- (a) he is recommended by the directors or
- (b) not less than seven and not more than forty two days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting (not being the person to be proposed) has been given to the Company of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed or reappointed

Except as otherwise authorised by the Acts, the appointment of any person proposed as a director shall be effected by a separate resolution

104 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 and may also determine the rotation in which any additional directors are to retire The appointment of a person to fill a vacancy or as an additional director shall take effect from the end of the meeting in question

105 The directors 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 any number fixed by or in accordance with the Articles as the maximum number of directors Irrespective of the term of his appointment, a director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the directors who are to retire by rotation at the meeting If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof

106 Subject as aforesaid, a director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

107 A person may be appointed director at any age and a director may continue in office after attaining any age but the appointment or continuation in office of a director after he has attained the age of 70 shall be subject to the provisions of the Act.

108 For the avoidance of doubt, 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.

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

DISQUALIFICATION AND REMOVAL OF DIRECTORS

110 The office of a director shall be vacated if

- (a) he ceases to be a director by virtue of any provision of the Act or these Articles or he becomes prohibited by law from being a director, or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally or shall apply to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act, or
- (c) he is, or may be, suffering from mental disorder and either
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1984, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs, or
- (d) he resigns his office by notice to the Company or, having been appointed for a fixed term, the term expires or his office as a director is vacated pursuant to Article 106, or
- (e) a notice in writing signed by all his co-directors is served upon him, or
- (f) the directors resolve that he vacate office as director in accordance with Article 98(c)(ii).

111 The Company may in accordance with and subject to the provisions of the Act by ordinary resolution of which special notice has been given 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) The Company may, by ordinary resolution, appoint another person in place of a director so removed from office in accordance with this Article and any person so appointed shall be treated for the purpose of determining the time at which he or any other director is to retire by rotation as if he had become a director on the day on which the director in whose place he is appointed was last elected a director In default of such appointment the vacancy arising upon the removal of a director from office may be filled as a casual vacancy

DIRECTORS' REMUNERATION

- 112 (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 106) be paid such extra remuneration by way of salary, commission or otherwise as the directors may determine

DIRECTORS' EXPENSES

113 The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or 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

MANAGING AND EXECUTIVE DIRECTORS

114 Subject to the provisions of the Acts and these Articles, the directors may appoint one or more of their number to the office of managing director or to any other executive office (except that of auditor) of the Company and may enter into an agreement or arrangement with any 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 upon such terms, including, without limitation, terms as to remuneration, as the directors

determine and they may remunerate any such director for his services as they think fit. 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 to damages for breach of the contract of service between the director and the Company.

DIRECTORS' INTERESTS

115 Subject to the provisions of the Acts, and provided that he has disclosed to the directors the nature and extent of any material interest of his, 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 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,
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested, and
- (d) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

116 For the purposes of Article 115

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified, and
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

DIRECTORS' PENSIONS

117 The directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits for any past or present director of the Company or of any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold

such office) contribute to any fund and pay premiums for the purchase or provision of any such benefit

PROCEEDINGS OF DIRECTORS

118 Subject to the provisions of the Articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Notice of a board meeting shall be deemed to be properly given if given to him personally or by word of mouth or sent in writing to him at his last known address given by him to the Company for this 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 writing to him at an address given by him to the Company for this purpose, but such notices need not be given any earlier than notices given to directors not so absent and, if no such request is made to the board, it shall not be necessary to give notice of a meeting to a director who is 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 electronic communication pursuant to this Article need not comprise writing if the directors so determine.

119 (a) The quorum for the transaction of the business of the directors may be fixed by the directors 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 relative proceedings at a time when the number of the directors present who are not British citizens (as defined in Article 98) 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.

(b) Without prejudice to the first sentence of Article 118, any director may participate in a meeting of the directors or a committee of the directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Act, he 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 then is. The word *meeting* in these Articles shall be construed accordingly.

120 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 act only for the purpose of filling vacancies or of calling a general meeting

121 The directors 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 that office. Unless he is unwilling to do so, the director so appointed as chairman, or in his stead the director appointed as deputy chairman, shall preside at every meeting of directors at which he is present. If there is no director holding either of those offices, or if neither the chairman or deputy chairman is willing to preside or neither 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.

122 All acts done by a meeting of directors, 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 such 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 and had been entitled to vote.

123 A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall (provided that not less than one half of the directors signing the same are British citizens (as defined in Article 98)) be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held. For this purpose

- (a) a resolution may be by means of an instrument or contained in an electronic communication sent to such address (if any) for the time being notified by the Company for that purpose,
- (b) a resolution may consist of several instruments or several electronic communications, each executed by one or more directors, or a combination of both.

124 (a) Subject as provided in these Articles, a director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which (together with an interest of any person connected with him), to his knowledge, he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.

- (b) Subject to the provisions of the Acts and as provided in these Articles, a director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely

- (i) the giving of any guarantee security or indemnity to him in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility (in whole or in part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security,
 - (iii) any contract, arrangement, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase, in which offer he is or is to be interested as a holder of such securities or as a participant in the underwriting or sub-underwriting thereof,
 - (iv) any contract, arrangement, transaction or proposal concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor or otherwise, provided that he (together with any person connected with him within the meaning of Section 346 of the Act) is not the holder of or beneficially interested as that term is used in sections 198 to 211 of the Act in one per cent or more of the issued shares of any class of the equity share capital (excluding any shares of that class held as treasury shares) of such body corporate (or of any third 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 purposes of this Article to be a material interest in all circumstances),
 - (v) any contract, arrangement, transaction or proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangements relates, and
 - (vi) any contract, arrangement, transaction or proposal concerning any insurance which the Company has the power to purchase or maintain for or for the benefit of any directors of the Company or persons who include directors of the Company
- (c) For the purposes of this Article 124, an interest of a person who is, for any purpose of the Acts (excluding any statutory modification of the Acts not in force when this Article is adopted), connected with a director shall be treated as an interest of the director

125 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 directors or of a committee of directors

126 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

127 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 board

128 Where proposals are under consideration concerning the appointment (including 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 and (provided he is not by the proviso to Article 124(b)(iv) or for any other reason precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment

129 If a question arises at a meeting of directors or of a committee of directors as to the materiality of a director's interest or as to the right 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

130 Subject to the provisions of the Acts, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit. Any secretary so appointed may be removed by the directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company

MINUTES

131 The directors shall cause minutes to be made in books kept for the purpose

- (a) of all appointments of officers made by the directors, and
- (b) of all proceedings at meetings of the Company, of the holders of any class of shares in the capital of the Company, the directors, and of committees of directors, including the names of the directors present at each such meeting

132 Any such minutes, if purporting to be executed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence of the proceedings at the meeting without any further proof of the facts stated in them

THE SEAL

- 133 (a) The Seal and the Securities Seal, if any, shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument executed under the Seal and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director save that, as regards any certificates for shares or debentures or other securities of the Company, the directors may by resolution determine either generally or in any particular case that such signature or either of them shall be dispensed with, or printed or affixed by some method or system of mechanical signatures. Any document may be executed under the seal by impressing the seal by mechanical or electronic means or by printing the seal or a facsimile of it on such document or by applying the seal or a facsimile of it by any other means to such document.
- (b) The Securities Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Any such securities or documents sealed with the Securities Seal shall not require to be signed.
- (c) Where the Acts so permit, any instrument signed by one director and the secretary or by two directors and expressed (in whatever form of words) to be executed by the Company shall have the same effect as if executed under the Seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended to have effect as a deed without the authority of the directors or of a committee authorised by the directors in that behalf. In relation to any such instrument, the directors may by resolution determine that such signatures or either of them shall be dispensed with, printed or affixed by some method or system of mechanical signature.
- 134 The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad and such powers shall be vested in the directors.

REGISTERS

- 135 (a) 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 directors may make, amend and revoke any regulations it thinks fit about the keeping of that register.
- (b) Any director or the secretary or any other person appointed by the directors for the purpose shall have power to authenticate and certify as true copies of and extracts from
- (i) any document comprising or affecting the constitution of the Company, whether in physical form or electronic form,

- (ii) any resolution passed by the Company, the holders of any class of shares in the capital of the Company, the directors or any committee of the directors, whether in physical form or electronic form, and
- (iii) any book, record and document relating to the business of the Company, whether in physical 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 directors or a committee of the directors, whether in physical 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

- 136 (a) Subject to the provisions of the 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 directors
- (b) With the prior sanction of an ordinary resolution, the directors may (subject as hereinafter provided) offer extra shares, credited as fully paid, to shareholders as an alternative to cash in respect of the whole (or some part, to be determined by the directors) of any dividend or dividends which the resolution specifies. These extra shares will be known as a *scrip dividend*
- (c) Each shareholder who chooses a scrip dividend will be allotted the number of shares which, at the Relevant Value, are worth an amount as close as possible to, but no more than, the cash dividend that the shareholder would have received, exclusive of any imputed tax credit. **Relevant Value** means the average of the middle market quotations for the Company's shares on the London Stock Exchange plc, as derived from the Daily Official List, on the day chosen by the directors and the four business days immediately following
- (d) The directors shall not proceed with any election unless the Company has sufficient unissued shares authorised for issue and sufficient reserves or funds that may be appropriated to give effect to it after the basis of allotment is determined
- (e) The directors shall not allot fractions of shares. The board may make whatever arrangements they think fit to deal with fractional entitlements that would otherwise arise. These arrangements may include (i) provisions under which the whole or part of the benefit of fractional entitlements is kept for the Company and/or (ii) provisions under which fractional entitlements are accumulated on behalf of a shareholder and applied in allotting bonus shares

to that shareholder or subscribing cash for shares on behalf of that shareholder, and/or (iii) provision for cash payments to be made to shareholders in respect of their fractional entitlements

- (f) The full cash dividend (or that part of the dividend in respect of which a right of election has been offered) will not become payable to shareholders who validly choose the scrip dividend. Instead, extra shares will be allotted to such shareholders in accordance with Article 136(c). For this purpose the directors shall set aside a sum equal to the total nominal amount of the additional shares to be allotted from sums credited to the Company's reserves, its share premium account or its profit and loss account whether or not the same is available for distribution. The directors shall apply this sum to pay up the relevant number of shares for allotment and distribution to such shareholders. When allotted, these shares shall rank *pari passu* in all respects with the fully paid shares of the same class then in issue (except for the right to receive the relevant cash dividend). Unless the directors otherwise determine, (and subject to the Regulations and the facilities and requirements of the relevant system concerned) the shares so allotted shall be issued as certificated shares (where the shares in respect of which they have been allotted were certificated shares at the Scrip Record Time) or as uncertificated shares (where the shares in respect of which they have been allotted were uncertificated shares at the Scrip Record Time) provided that if the Company is unable under the facilities and requirements of the relevant system concerned to issue ordinary shares in respect of the person entitled thereto as uncertificated shares able to be evidenced and transferred without a written instrument, such shares shall be issued as certificated shares, for these purposes, the *Scrip Record Time* means such time on the record date for determining the entitlements of members to make elections as described in this Article, or on such other date, as the directors may in their absolute discretion determine.
- (g) The directors may on any occasion decide not to make the right to choose a scrip dividend available to shareholders or any category of shareholders in any territory where
- (i) the offer of such a right would or might be unlawful, or
 - (ii) the directors consider that compliance with local laws or regulations would be onerous

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

- (h) The directors shall have the power to do anything which they think fit to put this Article into effect
- (i) The directors may, in their discretion, amend, suspend or terminate any offer which is in operation

137 Subject to the provisions of the Acts, the directors may pay interim dividends if it appears to the directors that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, 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. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they 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.

138 Dividends may be declared and paid in any currency or currencies that the directors shall determine. The directors may also determine the exchange rate and the relevant date for determining the value of the dividend in any currency.

139 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. 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. For the purposes of this Article, no amount paid on a share in advance of a call thereon shall be treated as paid on the share.

140 A general meeting declaring a dividend may, upon the recommendation of the directors, 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. Where any difficulty arises in regard to the distribution, the directors may make any arrangements they think fit to settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

141 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.

142 Any dividend or other moneys payable in respect of a share may be paid

- (a) in cash, or
- (b) by cheque or warrant made payable to or to the order of the holder or person entitled to payment, or

- (c) by any direct debit, bank or other funds transfer system to the holder or person entitled to payment or, if practicable, to a person designated by notice to the Company by the holder or person entitled to payment, or
- (d) by any other method approved by the directors and agreed (in such form as the Company thinks appropriate) by the holder or person entitled to payment including without limitation in respect of an uncertificated share by means of the relevant system (subject to the facilities and requirements of the relevant system)

143 If two or more persons are registered as joint holders of any share, or are entitled by transmission jointly to a share, the Company may

- (a) pay any dividend or other moneys payable in respect of the share to any one of them and any one of them may give effectual receipt for that payment, and
- (b) for the purpose of Article 142, rely in relation to the share on the written direction, designation or agreement of, or notice to the Company by, any one of them

144 A cheque or warrant 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 164, 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

145 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 be the creation of an assured payment obligation in respect of the dividend or other moneys payable in favour of the settlement bank of the member or other person concerned) 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 other method used by the Company in accordance with Article 142.

146 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.

147 Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company. The payment by the board 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 thereof. The Company shall be entitled to cease sending dividend warrant and cheques by post or otherwise to a member if such instruments have been returned undelivered to, or left uncashed by, that member on at least two consecutive occasions or, following one such occasion, reasonable enquiries have failed to establish any new address of the holder. The entitlement conferred on the Company by this Article in respect of any member shall cease if such member claims a dividend or cashes a dividend cheque.

148 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 thereof (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.

ACCOUNTS

149 No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the directors or by ordinary resolution of the Company or order of a court of competent jurisdiction.

150 A copy of every balance sheet and profit and loss account or (where the Acts or any applicable regulations allow, and if the directors so resolve) a copy of a summary financial statement instead of such balance sheet and profit and loss account which is to be laid before a general meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notice of meetings from the Company under the provisions of the Acts or of the Articles. Provided that this Article shall not require a copy of these documents or this statement to be sent to more than one of joint holders or to any person of whose address the Company is not aware, but any member or holder of debentures to whom a copy of these documents or this statement has not been sent shall be entitled to receive a copy free of charge on application at the Office. If all or any of the shares or debentures of the Company shall for the time being be listed on the Official List, there shall be forwarded to the appropriate officer of the UK Listing Authority such number of copies of such documents or this statement as may for the time being be required by its regulations.

CAPITALISATION OF PROFITS

151 The directors may with the authority of an ordinary resolution of the Company

- (a) subject as hereinafter provided, 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 or capital redemption reserve, if any,
- (b) appropriate the sum resolved to be capitalised to the members or any class of the 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 and apply such 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 unissued shares or debentures or other obligations of the Company of a nominal amount equal to that sum, and allot the shares or 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 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 unissued shares to be allotted to members credited as fully paid,
- (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this Article in fractions,
- (d) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for either
 - (i) the allotment to them respectively, credited as fully paid, of any shares or debentures or other obligations to which they are entitled upon such 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, and

- (e) generally do all acts and things required to give effect to such resolution as aforesaid

151A For the purposes of Article 151 above, 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

152 Notwithstanding any other provision of these Articles, the Company or the directors may

- (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, 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 152(b) 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 directors, which day may not be more than 21 days before the day that notices of the meeting are sent

NOTICES

153 Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the directors need not be in writing Any such notice may be sent using electronic communications to such address (if any) for the time being notified for that purpose to the person sending the notice by or on behalf of the person to whom the notice is sent

154 The Company may give any notice or other document pursuant to these Articles to a member by whichever of the following methods it may in its absolute discretion determine

- (a) personally, or
- (b) by sending it by post in a prepaid envelope addressed to the member at his registered address, or
- (c) by leaving the notice or other document at that address, or

- (d) by sending the notice or other document using electronic communications to such address (if any) for the time being notified to the Company by or on behalf of the member for that purpose, or
- (e) in accordance with Article 159, or
- (f) by any other method approved by the directors

155 In the case of joint holders of a share, all notices or other documents shall be given to the joint holder whose name stands first in the Register in respect of the joint holding. Any notice or other documents so given shall be deemed for all purposes sent to all the joint holders.

156 A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices or other documents may be given to him by instrument or an address to which a notice or other document may be sent using electronic communications shall (provided that, in the case of electronic communications, the Company so agrees) be entitled to have notices or other documents given to him at that address, but otherwise.

- (a) no such member shall be entitled to receive any notice 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.

157 The board may from time to time issue, endorse or adopt terms and conditions relating to the use of electronic communications 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.

158 Any notice or other document to be given or delivered by the Company to a member may be given by reference to the Register as it stands at any time within the period of fifteen days before the notice or other document is given or delivered, and no change in the Register after that time shall invalidate the giving of the notice. Where any notice or other document is given or delivered to any person in respect of a share in accordance with these Articles, no person having any title or interest in that share shall be entitled to any further service or delivery of that notice or document.

159 (a) Subject to the Acts, the Company may also send any notice or other document pursuant to these Articles to a member by publishing that notice or other document on a website where

- (i) the Company and the member have agreed to him having access to the notice or document on a website (instead of it being sent to him),
- (ii) the notice or document is one to which that agreement applies,

- (iii) the member is notified, in a manner for the time being agreed between him and the Company for the purpose, of
 - (A) the publication of the notice or document on a website,
 - (B) the address of that website, and
 - (C) the place on that website where the notice or document may be accessed, and how it may be accessed, and
- (iv) the notice or document is published on that website throughout the publication period (as defined in paragraph (b) of this Article), provided that, if the notice or document is published on that website for a part, but not all of, the publication period, the notice or document shall be treated as being published throughout that period if the failure to publish that notice or document throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid

(b) In Article 159(a) ***publication period*** means

- (i) in the case of a notice of an adjourned meeting pursuant to Article 67, a period of not less than seven clear days before the date of the adjourned meeting, beginning on the day following that on which the notification referred to in paragraphs (a)(iii) of this Article is sent or (if later) is deemed sent,
- (ii) in the case of a notice of a poll pursuant to Article 76, a period of not less than seven clear days before the taking of the poll, beginning on the day following that on which the notification referred to in paragraph (a)(iii) of this Article is sent or (if later) is deemed sent, and
- (iii) in any other case, a period of not less than 21 days, beginning on the day following that on which the notification referred to in paragraph (a)(iii) of this Article is sent or (if later) is deemed sent

160 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 Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called

161 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 duly given to a person from whom he derives his title (save that he shall not be bound by any notice or notification issued to such person under Section 212 of the Act or under Article 81

162 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given A notice shall be

deemed to be given at the expiration of 48 hours after the envelope containing it was posted. Proof that a notice or other document contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators current at the date of adoption of these Articles, or, if the directors so resolve, any subsequent guidance so issued, shall be conclusive evidence that the notice or document was sent.

163 Unless otherwise provided by these Articles, a member or person otherwise entitled by transmission to a share shall send any notice or other document pursuant to these Articles to the Company by whichever of the following methods he may in his absolute discretion determine -

- (a) by posting the notice or other document in a prepaid envelope addressed to the office, or
- (b) by leaving the notice or other document at the office, or
- (c) by sending the notice or other document using electronic communications to such address (if any) for the time being notified by or on behalf of the Company for that purpose

164 A notice or other document may be given or delivered by the Company to the persons entitled to a share by transmission whether in consequence of the death or bankruptcy or mental disorder of a member or otherwise by sending or delivering it, in any manner authorised by the Articles for the giving of notice or delivery of other document to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice or other document may be given or delivered in any manner in which it might have been given if the death or bankruptcy or other event giving rise to the transmission had not occurred.

165 A notice or other document sent by the Company to a member contained in an electronic communication shall be deemed sent to the member on the day following that on which the electronic communication was sent to the member. Such a notice or other document shall be deemed sent by the Company to the member on that day notwithstanding that the Company becomes aware that the member has failed to receive the relevant notice or other document for any reason and notwithstanding that the Company subsequently sends a copy of such notice or other document by post to the member.

- 166 (a) Any notice required to be given by the Company to the members, or any of them, and not expressly provided for by the Articles, shall be sufficiently given by advertisement.
- (b) If at any time by reason of the suspension or curtailment of postal services within the United Kingdom, the Company is unable effectively to convene a general meeting by notices sent through the post, notice of such general meeting may be given by advertisement in the United Kingdom. In any such

case the Company shall send confirmatory copies of the notice by post if at least 48 hours prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable

- (c) Any notice given by advertisement shall be advertised on the same date in at least one national daily newspaper and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears

DESTRUCTION OF DOCUMENTS

167 (a) The Company shall be entitled to destroy

- (i) 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,
- (ii) 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,
- (iii) all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation,
- (iv) all paid dividend warrants and cheques at any time after the expiration of one year from the date of actual payment,
- (v) 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
- (vi) 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

(b) It shall conclusively be presumed in favour of the Company that

- (i) 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 167(a) was duly and properly made,
- (ii) every instrument of transfer destroyed in accordance with Article 167(a) was a valid and effective instrument duly and properly registered,
- (iii) every share certificate destroyed in accordance with Article 167(a) was a valid and effective certificate duly and properly cancelled, and

- (iv) every other document destroyed in accordance with Article 167(a) was a valid and effective document in accordance with its recorded particulars in the books or records of the Company,

but

- (v) the provisions of this Article and Article 167(a) 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,
- (vi) nothing in this Article or Article 167(a) 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 167(a) or in any other circumstances which would not attach to the Company in the absence of this Article or Article 167(a), and

any reference in this Article or Article 167(a) to the destruction of any document includes a reference to its disposal in any manner

WINDING UP

168 If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Acts, 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. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability

169 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

170 (a) Subject to the provisions of the Acts, but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or employee of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company and it shall be the duty of the directors

to pay, out of the funds of the Company, all costs, losses, expenses and liabilities which any such officer or employee may sustain, incur or become liable to by reason of any contract entered into or act or deed done by him as such officer or employee or in any way in discharge of his duties

- (b) Without prejudice to the generality of the foregoing, the directors shall (save in the circumstances set out in paragraphs (d) and (f) of Article 53 or unless any director has reason to believe otherwise), be entitled to assume that every share, other than those particulars of which are entered in the separate register maintained by the directors pursuant to Article 53(e), is not a Foreign-held Share (as that expression is defined in Article 53) and accordingly, save in such circumstances as aforesaid, the directors shall, so long as they act 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 Relevant Share (defined as aforesaid) in accordance with the provisions of Article 53 and neither shall the directors or any of them 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 Relevant 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 53 in relation to such share

Names, Addresses and Descriptions of Number of shares taken by each subscriber

Andrew Shilston Finance Director 65 Buckingham Gate London SW1E 6AT	One ordinary share of 70 pence each
--	-------------------------------------

Charles Blundell Company Secretary 65 Buckingham Gate London SW1E 6AT	One ordinary share of 70 pence each
--	-------------------------------------

DATED the 21st day of March 2003

Witness to the above signatures

Brian Baker
Solicitor
65 Buckingham Gate
London SW1E 6AT

INDEX

	Article Number
Accounts	149-150
Borrowing Powers	94
Calls and Forfeiture	19-32
Capitalisation of profits	151
Directors -	93-129
Appointment	99-109
Borrowing powers	94
Delegation of powers	97
Disqualification and removal	110-111
Expenses	113
Interests	115-116
Managing and Executive Directors	114
Nationality	98
Number	93
Pensions	117
Powers	95-96
Proceedings of	118-129
Remuneration	112
Retirement	99-109
Removal	110-111
Dividends	136-148
General meetings	54-77
Notice of	56-59
Proceedings At	60-77
Indemnity	170
Minutes	131-132
Notices	153-166
Preliminary	1-2
Record dates	153
Seal	133-134

Secretary	130
Share Capital	3-10
Alteration of	48-51
Variation of class rights	4
Share Certificates	12-14
Shares -	
Calls on shares and forfeiture	19-32
Lien	15-18
Limitations on Shareholding	53
Purchase of own	52
Transfer	33-42
Transmission	44-47
UK Control	53
Special Share	11
Untraced Shareholders	43
UK Control	53
Votes of Members	78-84
Winding-up	168-169