



CERTIFICATE OF INCORPORATION OF A PUBLIC LIMITED COMPANY

Company Number

101959

I hereby certify that

ROSYTH ROYAL DOCKYARD PLC

**is this day incorporated under the Companies Act 1985 as a
public company and that the Company is limited.**

Signed at Edinburgh

20 November 1986

A large, stylized handwritten signature in black ink, likely belonging to the Registrar of Companies.

Registrar of Companies

Statutory Declaration of compliance with requirements on application for registration of a company

Please do not
write in
this margin

Pursuant to section 12(3) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

For official use

[] [] [] []

101959

Name of company

* ROSYTH ROYAL DOCKYARD PLC

* Insert full
name of Company

I, JOHN ASHLEY LAING MILLER
of 15 ATHOLL CRESCENT

† delete as
appropriate

do solemnly and sincerely declare that I am a [Solicitor engaged in the formation of the company]†
[person named as director or secretary of the company in the statement delivered to the registrar
under section 10(2)]† and that all the requirements of the above Act in respect of the registration of the
above company and of matters precedent and incidental to it have been complied with,

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the
provisions of the Statutory Declarations Act 1835

Declared at Edinburgh

Declarant to sign below

the Thirteenth day of November

One thousand nine hundred and Eighty-Six
before me JOHN ALAN BROWN DUNLOP

A ~~Commissioner for Oaths or Notary Public or Justice of
the Peace or Solicitor having the powers conferred on a
Commissioner for Oaths.~~

John Miller
Alan Brown Dunlop
Notary Public

Presentor's name address and
reference (if any):

Brodies W.S.
15 Atholl Crescent,
Edinburgh EH3 8HA
Phone: 031 228 3777
Ref: JM/AMG/D/0580/012

For official Use
New Companies Section

Post room

COMPANIES DEPARTMENT
13 NOV 1986
OFFICE

THE COMPANIES ACT 1985

PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

101959/2

- of -

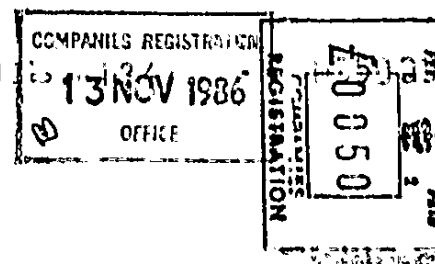
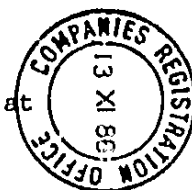
ROSYTH ROYAL DOCKYARD PLC

1. The name of the Company shall be ROSYTH ROYAL DOCKYARD PLC.
2. The Company is to be a public company.
3. The registered office of the Company will be situate in Scotland.
4. The objects for which the Company is established are:-

(A) To carry on all and any of the trades or businesses of modernising, refitting, repairing, overhauling and maintaining ships or vessels or aircraft of any description which may from time to time be situated at or in proximity to the Dockyard at Rosyth, and to carry on any trade, business or activity of any kind which may in the opinion of the Directors be necessary or desirable in connection with any of the foregoing.

(B) To manufacture, produce, build, construct, design, supply, sell, repair, overhaul, maintain, exchange and deal in apparatus, appliances and equipment of every description which are capable of being used on or in relation to or in support of the matters referred to in sub-clause (A) above or which are capable of being used either on or directly or indirectly in relation to ships or vessels or aircraft of any description including the building, construction, design, supply, sale, repair, overhaul and maintaining of such ships and vessels.

(C) To carry on any activity, trade or business of whatever kind at the request of or in support of HM Government or any department or



establishment of HM Government or of the Ministry of Defence or any establishment of the Ministry of Defence.

(D) To carry out research, investigation, development and experimental work and testing and analysis of every description in relation to any of the above-mentioned objects and in connection with the foregoing, to establish and maintain research stations, laboratories, ranges, testing facilities and establishments and generally to act as researchers and developers.

(E) To carry on all and any of the trades or businesses of naval, hydraulic, electrical, mechanical, electronic, micro-electronic, computer, civil and chemical engineers and to manufacture, produce, build, refurbish, repair, construct, design, supply, sell, repair and deal in power, electronic, telegraphic, telephonic, computing, control, measurement, test, radar, communications, navigational, industrial, naval, nuclear, steam, diesel, gas turbine, business, electrical, electronic, micro-electronic, micro-processing, mechanical, metallurgical, biological, domestic, chemical, weapon and scientific apparatus, appliances and equipment of every description and all kinds of components, accessories and sub-assemblies therefor.

(F) To carry on all and any of the trades or businesses of shipwrights, welders, caulkers, riveters, burners, drillers, painters, masons, joiners, sailmakers, slingers, scaffolders, cleaners, coppersmiths, plumbers, sheet metal workers, boat builders, finishers, mast makers, upholsterers, carpenters, model makers, pattern makers, polishers, foundrymen, sawmillers, fitters, turners or boilermakers in any field in which the Company may be engaged and to support and maintain mechanical factories, pipe, boiler and plate shops, smitheries, joiners shops, boat houses, sawmills, mast houses, upholstery, novel or composite

materials and paint shops, sail and colour lofts, foundries, internal combustion engine, turbine, refrigeration, domestic and auxiliary repair shops, lagging, weapon, radio and electrical shops, drydocks and slips.

(G) To design, build, construct, erect, instal, equip, improve, develop, administer, manage, maintain, alter, enlarge, service, repair and replace any buildings, works, plant, machinery, factories, wharves, jetties, roads, warehouses, depots, offices, laboratories and other buildings, structures and facilities of all kinds which in the opinion of the Directors are necessary or convenient for the purposes of the Company's business or which are likely to be required by the customers of the Company or for sale, letting on hire to or in return for any consideration from any person and to contribute to or assist in or carry out any part of such operation.

(H) To design, develop, vend, grant licences in respect of or otherwise turn to account computer software, computer data, computer systems and data storage and retrieval systems of every description.

(I) To carry out any management, planning, scheduling, costing, estimating, negotiating, budgeting, overseeing, programming, staffing, recruiting, supervising, co-ordinating, specifying and validating or other business or administrative function which may in the opinion of the Directors be necessary or desirable in connection with any of the trades or businesses or other activities referred to in any of the foregoing sub-clauses.

(J) To buy, sell, hire, design, manufacture, exchange, let on hire, lease, import, export, repair, alter and otherwise deal in apparatus, plant, machinery, fittings, furnishings, tools, materials, products, substances, appliances, apparatus and things of all kinds

capable of being used for the purposes of the above-mentioned businesses or any of them or likely to be required by the customers of the Company.

(K) To co-ordinate the administration of such companies as shall for the time being be subsidiary companies or under the control of the Company.

(L) To acquire and assume for any estate or interest and to take options over and to construct, develop or exploit any property, heritable or moveable, real or personal, and rights or privileges of any kind and the whole or any part of the undertaking, assets and liabilities of any person and to act and carry on business as a holding company.

(M) To manufacture, process, import, export, transport, distribute and deal in and store any products, goods and other things and to carry on the business of manufacturers, processors, importers, exporters, transporters, distributors and storers of and dealers in any products, goods and other things.

(N) To carry on any business involving the ownership or possession of land or other immovable property or buildings or structures thereon and to build, construct, erect, install, enlarge, alter, maintain, pull down, remove or replace any buildings, works, plant and machinery and to carry on business as builders, contractors and engineers.

(O) To provide services of all descriptions and to carry on business as advisers, consultants, managers, brokers and agents of any kind.

(P) To advertise, market and sell the services and products of the Company and of any other person and to design, write, print and publish sales and marketing information, literature and material of every description whether in relation to the services and products of the Company or of any other person and to carry on the business of

advertisers or advertising agents or of a marketing and selling organisation or of a printing or publishing organisation or of a supplier, wholesaler, retailer, merchant or dealer of any kind.

(Q) To provide technical, cultural, artistic, educational, entertainment or business material, facilities or services and to carry on any business involving any such provision.

(R) To lend money, and grant or provide credit and financial accommodation, to any person.

(S) To invest money of the Company in any investments and securities (including land of any tenure in any part of the world and shares, stocks or securities of any other company) and to hold, sell or otherwise deal with such investments.

(T) To purchase, subscribe for, or otherwise acquire and hold shares, stocks or other interests in, or obligations of any other company.

(U) To acquire and carry on any business carried on by a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company.

(V) To enter into any arrangements with any government or other authority, international, supreme, municipal, local or otherwise, or person and to obtain from any such government or authority or person any legislation, orders, rights, privileges, franchises and concessions and to carry out, exercise and comply with the same and to take all necessary and proper steps in Parliament or with any government or other authority, international, supreme, municipal, local or otherwise for the purpose of carrying out, extending or varying the objects and powers of the Company, or altering its constitution, and to oppose any proceedings or

applications which are, in the opinion of the Directors, likely directly or indirectly to prejudice the Company's interests.

(W) To borrow and raise money and accept money on deposit upon such terms and on such security as may in the opinion of the Directors be expedient and in particular by the issue or deposit of notes, debentures or debenture stock (whether perpetual or not) and to secure or discharge any debt or obligation in any manner and in particular (but without prejudice to the generality of the foregoing) by mortgage, charge or lien upon all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by the creation and issue of securities.

(X) To enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgage, charge or lien upon all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by both such methods or in any other manner, the performance of any obligations or commitments of, and the repayment or payment of the principal amounts of and any premiums, interest, dividends and other moneys payable on or in respect of any securities or liabilities of, any person, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company.

(Y) To acquire an interest in, amalgamate or enter into partnership or any profit sharing arrangement with, and to co-operate or participate in any way with, and assist or subsidise any person.

(Z) To accept, draw, make, create, issue, execute, discount, endorse, negotiate and deal in bills of exchange, promissory notes, bills of lading, scrip warrants and other instruments and securities, whether negotiable or otherwise.

(AA) To apply for and take out, purchase or otherwise acquire any designs, trade marks, patents, patent rights, inventions, secret processes, licences, concessions and the like, conferring an exclusive or non-exclusive or limited right of user or any secret or other information as to any invention which in the opinion of the Directors is capable of being used for any of the purposes of the Company or the acquisition of which is in the opinion of the Directors likely, directly or indirectly, to benefit the Company, and to use, exercise, develop, grant licences in respect of, vend or otherwise turn to account any rights and information so acquired.

(BB) To sell, exchange, mortgage, charge, let on rent, share of profit, royalty or otherwise, grant licences, easements, options, servitudes and other rights over, and in any other manner deal with, or dispose of, all or any part of the undertaking, property and assets (present and future) of the Company for any consideration and in particular (without prejudice to the generality of the foregoing) for any securities and to promote, finance or assist any other person, firm or company for the purpose of acquiring all or any part of the property, rights or undertaking or assuming the liabilities of the Company or for any other purpose which in the opinion of the Directors is likely, directly or indirectly, to benefit the Company.

(CC) To issue and allot securities of the Company, with or without preferred or deferred rights in respect of dividend or repayment of capital or otherwise, for cash or in payment or part payment for any real

or personal property purchased or otherwise acquired by the Company or any services rendered to the Company or as security for any obligation or amount (even if less than the nominal amount of such securities) or for any other purpose and to accept payment for any property or rights sold or otherwise disposed of or dealt with or for any obligations undertaken by the Company, either in cash, by instalments or otherwise, or in shares of any company with or without deferred or preferred rights in respect of dividend or repayment of capital or otherwise, or by means of a mortgage or by debentures or debenture stock of any company or partly in one mode and partly in another, and generally on such terms as the Directors may determine and to hold, deal with or dispose of any consideration so received.

(DD) To issue, place, underwrite, or guarantee the subscription of, or concur or assist in the issuing or placing, underwriting, or guaranteeing the subscription of shares, notes, debentures, debenture stock, bonds, stocks and securities of any company at such times and upon such terms and conditions as to remuneration and otherwise as the Directors may agree.

(EE) To give any remuneration or other compensation or reward for services rendered or to be rendered in placing or procuring subscriptions of, or otherwise assisting in the issue of, any securities of the Company or in or about the formation of the Company or the conduct or course of its business and to establish or promote, or concur or participate in establishing or promoting, any company, fund or trust, and to subscribe for, underwrite, purchase or otherwise acquire securities of any company, fund or trust and to carry on the business of company, fund, trust or business promoters or managers and of underwriters or dealers in securities, and to act as director of and as secretary, manager,

registrar or transfer agent for any other company and to act as trustees of any kind and to undertake and execute any trust.

(FF) To pay all the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and incorporation of the Company.

(GG) To grant pensions, annuities, or other allowances, including allowances on death, to any directors, officers or employees or former directors, officers or employees of the Company or any company which at any time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company or of any predecessor in business of any of them, and to the relations, connections or dependents of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the Company or who the Company considers have any moral claim on the Company or to their relations, connections or dependents, and to establish or support any associations, institutions, clubs, schools, building and housing schemes, funds and trusts, and to make payments towards insurances or other arrangements likely to benefit any such persons or otherwise advance the interests of the Company or of its Members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of the Company or of its Members or for any national, charitable, benevolent, educational, social, public, general or useful object.

(HH) To establish and contribute to any scheme or schemes for the purchase or subscription by trustees of shares in the Company to be held for the benefit of the Company's employees, or any scheme for the grant of options to employees for the purchase or subscription of shares in the Company, and to lend money to the Company's employees to enable them to

purchase or subscribe for shares in the Company and to formulate and carry into effect any scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of officers or ex-officers (including Directors and ex-Directors), employees or ex-employees of the Company or of any subsidiary, allied or associated company or of the predecessors in business of all or any of them or the families, dependents or connections of such persons.

(II) To undertake and execute any trusts the undertaking whereof is desirable in the opinion of the Directors, and either gratuitously or otherwise.

(JJ) To subscribe or guarantee money for charitable or benevolent objects or for any exhibition, musical, artistic, dramatic or sporting activity or for any useful object of a public or general nature.

(KK) To cease carrying on, liquidate or wind up any business or activity of the Company, and to cancel any registration of and to wind up or procure the dissolution of the Company in any state or territory.

(LL) To distribute any of the property of the Company or any proceeds of sale or disposition of any property of the Company among its creditors and Members in specie or kind.

(MM) To do all or any of the things or matters aforesaid in any part of the world either itself or through the medium of any subsidiary of associated companies or otherwise and either as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.

(NN) To carry on any other business or activity and do anything of any nature which in the opinion of the Directors is or may be capable of being conveniently carried on or done in connection with or as ancillary to any of the businesses of the Company, or likely directly or indirectly

to enhance the value of or render more profitable all or any part of the Company's undertaking property or assets or otherwise to advance the interests of the Company or of its Members.

(OO) To do all such other things as in the opinion of the Company are or may be incidental or conducive to the attainment of the above objects or any of them.

And it is hereby declared that "company" in this clause, except where used in reference to this Company, shall include any partnership, association or other body of persons, whether incorporated or not incorporated, and whether formed, incorporated, domiciled or resident in the United Kingdom or elsewhere, "person" shall include any company as well as any other legal or natural person, "securities" shall include any fully, partly or nil paid share, stock, unit, debenture, debenture or loan stock, deposit receipt, bill, note, warrant, coupon, right to subscribe or convert, or similar right or obligation, "and" and "or" shall mean "and/or" where the context so permits, "other" and "otherwise" shall not be construed eiusdem generis where a wider construction is possible, and the objects specified in the different paragraphs of this clause shall not, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company and that where there are references in this clause to matters of opinion such matters are to be determined by the Directors or by any persons to whom any such power of decision has been delegated by the Directors in accordance with the Articles of Association of the Company.

5. The liability of the Members is limited.

6. The share capital of the Company is £50,001, divided into 50,000 Ordinary Shares of £1 each and one Special Share of £1.

WE, the several persons whose names and addresses 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 (in words)
<p><i>L. E. Luff</i> "STORMER HILL", NORTH RD BATH, AVON BA2 6HY CIVIL SERVANT</p>	<p>(ONE) ONE</p>
<p><i>Henry Dix</i> 6 RAVENSBORNE ROAD EAST TWICKENHAM MIDDX. TW12 4Y (CIVIL SERVANT)</p>	<p>(ONE) ONE</p>
<p><i>B. O. Day</i> is nominee for the Secretary of State for Defence.</p>	<p>(ONE) ONE</p>
<p><i>2 Farnleigh Grove, Wotton-on-Thames, Surrey KT12 5BU Civil Servant</i></p>	

Dated the 11th day of November 1986

Witness to the above Signatories:

A. J. ...
Witness 1
Witness 2
11 Farnleigh Grove
London EC2

ARTICLES OF ASSOCIATION

- of -

ROSYTH ROYAL DOCKYARD PLC

INTERPRETATION

1. In these Articles unless the context otherwise requires:

"these Articles" means these Articles of Association in their present form or as from time to time altered;

the "Board" means the Board of Directors of the Company or the Directors present at a meeting of Directors at which a quorum is present;

the "Companies Acts" means every statute from time to time in force concerning companies insofar as the same applies to the Company;

"debenture" and "debenture holder" shall include debenture stock and debenture stockholder respectively;

"dividend" includes bonus;

"Executive Director" means an Executive Chairman, Chief Executive Director, Joint Chief Executive Director, Managing Director, Joint Managing Director or Assistant Managing Director or a Director who is the holder of any other employment or executive office with the Company;

"Government Nominee" means the Secretary of State or his nominee, the Lords Commissioners of Her Majesty's Treasury or their nominee or any other Minister of the Crown or his nominee;

"Member" means a member of the Company;

the "Non-Voting Ordinary Shares" means the Non-Voting Ordinary Shares in the capital of the Company referred to in Article 2;

the "Office" means the registered office of the Company;

"paid up" means paid up or credited as paid up;

the "Register" means the Register of Members of the Company;

the "Seal" means the common seal of the Company;

the "Secretary" includes a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary;

the "Secretary of State" means the Secretary of State for Defence or any person for the time being authorised by him;

the "Securities Seal" means an official seal of the Company kept under section 40 Companies Act 1985;

the "Special Share" means the Special Share in the capital of the Company referred to in Article 2;

the "Special Shareholder" means the Government Nominee who is for the time being the registered holder of the Special Share;

"Stock Exchange Nominee" has the meaning given in The Stock Exchange (Completion of Bargains) Act 1976;

the "Term Contract" means any agreement for the time being in force to which the Secretary of State is a party of the kind referred to in Section 1(2) of the Dockyard Services Act 1986 providing for the management, operation and maintenance of the Royal Dockyard at Rosyth upon and subject to the terms and conditions therein contained as supplemented or renewed or amended from time to time;

"Transfer Office" means the place where the Register of Members is kept;

the "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland;

references to writing shall include typewriting, printing, lithography, photography and-(subject as mentioned in Article 135) other modes of representing or reproducing words in a legible form; and any words or expressions defined in the Companies Acts in force at the date when these Articles or any part thereof are adopted shall bear the same meaning in these Articles or such part (as the case may be);

where for any purpose an ordinary resolution of the Company is required, a special or extraordinary resolution shall also be effective; and

no regulation set out in any schedule to any statute concerning companies shall apply as regulations or articles of the Company.

SHARE CAPITAL

2. (A) The authorised share capital of the Company at the date of the adoption of this Article is £50,001 divided into 50,000 Ordinary Shares of £1 each and one Special Share of £1.

(B) If a Notifiable Event (as hereinafter defined) occurs, the Special Shareholder may at any time thereafter in his absolute discretion and without giving any reason therefor serve upon the Company at the Office a notice in writing requiring all the Ordinary Shares for the time being in the allotted or issued capital of the Company to be converted into Non-Voting Ordinary Shares of the same nominal amount.

(C) Forthwith upon service of such notice, the Ordinary Shares of the Company for the time being allotted or issued shall stand converted into, and be re-designated as, Non-Voting Ordinary Shares in the capital of the Company of the same nominal amount having attached thereto the

rights and privileges and being subject to the restrictions set out or referred to in paragraph (D) of this Article.

(D) The rights, privileges and restrictions attaching to the Non-Voting Ordinary Shares shall be the same as those attaching to the Ordinary Shares in the capital of the Company save as follows:-

(i) Voting

The holders of the Non-Voting Ordinary Shares are not entitled to receive notice of or to attend or vote at any general meeting of the Company.

(ii) Redemption

The Company may at its option subject to the Companies Acts and without obtaining the consent or sanction of the holders of the Non-Voting Ordinary Shares at any time and from time to time redeem all or any of the Non-Voting Ordinary Shares then in issue at the Price (as hereinafter defined) upon giving to the registered holders of such share or shares not less than 28 days' previous notice in writing of its intention so to do fixing a time and place for such redemption.

(iii) Cancellation

The Company may subject to the Companies Acts and without obtaining the consent or sanction of the holders of the Non-Voting Ordinary Shares cancel all or any of the Non-Voting Ordinary Shares on payment of the Price (as hereinafter defined).

(E) For the purpose of this Article:-

"Notifiable Event" means:-

- (i) a default by the Company in the observance of any of the special rights attached to the Special Share and the issue by

the Secretary of State of a certificate stating that such event is to be regarded as a Notifiable Event for the purposes of this Article; or

- (ii) the termination of the Term Contract (including, without limitation, due to expiry thereof by effluxion of time) or the occurrence of circumstances which lead the Secretary of State to believe in his entire discretion that the Term Contract is terminable and in either case the issue by the Secretary of State of a certificate stating that such event is to be regarded as a Notifiable Event for the purposes of this Article PROVIDED ALWAYS that:-

- (a) no certificate for the purposes of either of sub-paragraphs (i) or (ii) above shall be required to contain any reasons; and
- (b) any such certificate shall be conclusive evidence for all purposes that circumstances have arisen entitling the Secretary of State to issue such certificate and accordingly any such certificate shall be binding and the validity thereof shall not be called into question by any person in any proceedings or otherwise howsoever; and

the "Price" means in respect of each Non-Voting Ordinary Share the fair value of such share as if it had not been converted into a Non-Voting Ordinary Share. Such fair value is to be fixed by a firm of chartered accountants nominated for this purpose by the Secretary of State, who shall act as experts and not as arbiters and their decision shall be final and binding.

(F) Any exercise of or failure to exercise or delay in exercising the right of the Special Shareholder to serve a notice pursuant to

paragraph (B) of this Article on the occurrence of any one or more Notifiable Events shall in no way constitute a waiver of or otherwise prejudice or affect his right to serve such notice on the occurrence of any other Notifiable Event or on any re-occurrence of that Notifiable Event or (in the case of any such delay as aforesaid) in relation to that Notifiable Event.

(G) At any time after any Ordinary Share shall have been converted into a Non-Voting Ordinary Share, the Directors may, and shall if the Special Shareholder so requests, serve upon the holder of such Share (such holder being hereinafter referred to as the "Holder") a notice requiring him to transfer such Share to such person as shall be specified in such notice and as the Special Shareholder shall previously have approved in writing (such person being hereinafter referred to as the "approved transferee") within 24 hours from the time at which such notice is served or is deemed to be served by virtue of these Articles.

(H) If in any case a Holder having become bound to transfer any such Share in accordance with paragraph (G) of this Article shall make default in so doing, the Directors shall authorise some person to execute on behalf of such Holder any necessary transfer and shall thereupon cause the name of the approved transferee to be entered in the Register as the holder of such Share. After the name of the approved transferee shall have been entered in the Register in the exercise or purported exercise of the powers conferred by this Article, the title of the approved transferee to such Share shall not be affected by any irregularity or invalidity in the proceedings.

(I) As consideration for such transfer the Special Shareholder shall become bound to pay to the Holder the Price (as defined in paragraph (E) of this Article) of the Non-Voting Ordinary Share thereby

transferred together with interest thereon in accordance with paragraph (J) of this Article.

(J) As soon as practicable after the determination of the Price for the Non-Voting Ordinary Share in question the Directors shall fix a date, time and place for the payment thereof and shall give notice thereof to the Holder and the Special Shareholder. Any such notice may be served on the Holder at his last registered address in accordance with these Articles as if he had not ceased to be a member of the Company. At the date, time and place fixed as aforesaid there shall be delivered to the Holder by the Special Shareholder or on his behalf a banker's draft for the Price and interest thereon from the date on which the Share in question was transferred to the approved transferee down to but not including the date fixed as aforesaid at a rate equal to two per cent above the published base rate from time to time of such London clearing bank as the Special Shareholder shall nominate for this purpose against the delivery by or on behalf of the Holder to the Special Shareholder or as he may direct of a receipt executed under seal acknowledging receipt of the Price and interest as aforesaid in full and final satisfaction of all claims which the Holder may have in respect thereof. Interest on the Price shall cease to accrue from the date fixed as aforesaid. If the Holder shall fail to attend at the said date, time and place or to execute or deliver the said receipt as required by this paragraph, the Special Shareholder shall pay the Price and said interest to the Company. The Company shall pay the same to the Holder upon delivery by him of a receipt as so required but shall not be accountable for any interest earned thereon in the meantime.

(K) The holder of a Non-Voting Ordinary Share may at any time prior to the service of any notice in respect of such Share pursuant to

paragraph (G) of this Article (but not thereafter) serve notice on the Company and the Special Shareholder requiring the Special Shareholder to purchase his Non-Voting Ordinary Share in consideration of the Price as defined in paragraph (E) of this Article. The service of any such notice pursuant to this paragraph (K) shall not restrict or prejudice in any way the ability of the Directors to serve a notice in respect of such Share pursuant to paragraph (G) of this Article. Upon receipt of any notice served pursuant to this paragraph (K) the Special Shareholder shall become bound to purchase such Share within seven days from the determination of the Price unless at any time from such receipt until the expiry of such period any notice is served in respect of such Share pursuant to paragraph (G) of this Article in which event the notice served in respect of such Share under this paragraph (K) shall cease to have any effect.

REGISTERED OFFICE

3. The Office shall be at such place in Scotland as the Board shall from to time to time appoint.

SHARE RIGHTS

4. Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

5. Subject to the Companies Acts and to Article 6, any preference shares may, with the sanction of a special resolution, be issued on terms that they are, or at the option of the Company are liable, to be

redeemed. The terms and manner of redemption shall be provided for by alteration of these Articles.

SPECIAL RIGHTS

6. (A) The Special Share may be held only by and transferred only to a Government Nominee.

(B) Notwithstanding anything elsewhere contained in these Articles each of the following matters shall be deemed to be an alteration of the rights attaching to the Special Share and accordingly shall only be effective with the prior written consent of the Special Shareholder:-

- (i) the purchase by the Company of any of its own shares;
- (ii) the voluntary winding-up or dissolution of the Company;
- (iii) any increase, reduction, consolidation, division, sub-division or other alteration in any of the authorised, allotted or issued share capital of the Company, the making of any calls on any shares, the forfeiture of any shares, the alteration or abrogation of any of the rights attached to any shares, the attachment of any rights to any shares and any alteration in the classification or denomination of any of the share capital of the Company (other than the conversion of any Ordinary Share into a Non-Voting Ordinary Share pursuant to the service of any notice by the Special Shareholder in accordance with paragraph (B) of Article 2 and the attachment of rights to the Special Share in consequence thereof in accordance with paragraph (E) of this Article);

- (iv) any alteration to these Articles or to the Memorandum of Association of the Company; and

- (v) the passing by the Company of any resolution at any general meeting convened without the prior written consent of the Special Shareholder by less notice than is required under the Companies Acts.

(C) The Special Shareholder shall be entitled to receive notice of and attend and speak at any general meeting of the Company or at any meeting of any class of shareholders of the Company but, save in the circumstances referred to in paragraph (E) of this Article, the Special Share shall carry no right to vote at any such meeting.

(D) On a distribution of capital in a winding-up of the Company, the Special Share 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.

(E) From and after the service of a notice by the Special Shareholder under Article 2(B), the Special Shareholder shall (whether present in person or by proxy) be entitled to one vote on a show of hands and to ten votes on a poll at any general meeting of the Company and at any such meeting the presence of the Special Shareholder in person or by proxy shall (notwithstanding the provisions of Article 56) constitute a quorum and he shall be entitled to propose any resolution which may be put to the meeting. The Special Shareholder shall also be entitled to appoint a chairman of any such meeting.

MODIFICATION OF RIGHTS

7. Subject to the Companies Acts, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares or, in the case of the Special Share, with the written consent of the Special Shareholder. To

any such separate general meeting, all the provisions of these Articles as to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be one or more persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any meeting of such holders adjourned through want of a quorum one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum and, for the purposes of this Article, one holder present in person or by proxy may constitute a meeting.

8. Subject to the provisions of Article 6, the special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

9. Except with the prior written consent of the Special Shareholder, the Company shall not grant any right to subscribe for or to convert any security into any shares in the Company and the Directors may not allot any shares in the Company nor grant any right to subscribe for or to convert any security into shares in the Company.

10. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Companies Acts.

11. Except as ordered by a Court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding

any share upon any trust and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

CERTIFICATES

12. Every person whose name is entered as a holder of any share in the Register (except a Stock Exchange Nominee in respect of whom the Company is not by law required to complete and have ready for delivery a certificate) shall be entitled, without payment, to receive within two months after allotment or lodgment of the transfer to him of the shares in respect of which he is so registered (or within such other period as the terms of issue shall provide) one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board may from time to time determine: Provided always that the Company shall not be bound to issue more than one certificate in respect of a share held jointly by several persons and delivery thereof to one of several joint holders shall be sufficient delivery to all. A Member who has sold or transferred part of the shares comprised in his holding shall be entitled to a certificate for the balance without charge. Delivery of a certificate to the broker or agent acting in regard to the purchase, sale or transfer of shares to whom it relates shall be sufficient delivery to the purchaser, transferee, or, as the case may be, the Member. The Company shall in no

case be bound to register more than four persons as the joint holders of any share.

13. If a share certificate is defaced, worn out, lost or destroyed it may be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of the costs and out-of-pocket expenses of the Company of investigating such evidence and preparing such indemnity as the Board may think fit and, in case of defacement or wearing out, on delivery of the old certificate to the Company.

14. Every certificate for shares or debentures or representing any other form of security (other than letters of allotment, scrip certificates and other like documents) shall, except to the extent that the terms and conditions for the time being relating thereto otherwise provide, be issued under the Seal or the Securities Seal and (subject as hereinafter provided) shall bear the autographic signatures of at least one Director and of the Secretary or some other person appointed by the Board for the purpose, provided always that the Board may by resolution determine, either generally or in any particular case or cases, that any of such signatures as aforesaid need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.

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, called or payable at a date fixed by or in accordance with the terms of issue of such share in respect of such share; and, subject to the provisions of the Companies Act, the Company shall also have a first and paramount lien on every share (other than a fully paid share) standing registered in the name of a Member (whether singly or jointly

with any other person or persons) for all the debts and liabilities of such Member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Member, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends payable thereon. The Board may at any time either generally or in any particular case waive any lien that has arisen, or declare any share to be wholly or in part exempt from the provisions of this Article.

16. The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable and until after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the share and default in payment shall have been made for fourteen days after the service of such notice.

17. The net proceeds of the sale by the Company of any shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable and any residue shall (upon surrender to the Company for cancellation of the certificate for the share sold and subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the holder of the share immediately before such sale. For giving effect to any such sale, the Board may authorise some person to transfer the share sold to or in

accordance with the directions of the purchaser thereof. Subject to Article 35, the purchaser shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

CALLS ON SHARES

18. The Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and not by the terms of issue thereof made payable at the date fixed by or in accordance with such terms of issue, and each Member shall (subject to the Company serving upon him at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine. A Member shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

19. A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

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

21. If a sum called in respect of a share or an instalment thereof shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding (unless the Company by ordinary resolution shall otherwise direct) 25 per cent per annum, as the Board may determine, but

the Board shall be at liberty to waive payment of such interest wholly or in part.

22. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any date fixed by or in accordance with such terms of issue, whether on account of the nominal value of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which, by the terms of issue, the same becomes payable and, in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum has become payable by virtue of a call duly made and notified.

23. The Board may, on the issue of shares, differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

24. The Board may, if it thinks fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him and, upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate, not exceeding (unless the Company by ordinary resolution shall otherwise direct) 12 per cent per annum as may be agreed upon between the Board and the Member paying such sum in advance. Except in a liquidation, sums paid in advance of calls shall not, until the same would but for such advance have become payable, be treated as paid up on the shares in respect of which they have been paid.

FORFEITURE OF SHARES

25. If a Member or a person entitled to a share by transmission fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may at any time thereafter during such time as any

part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment.

26. The notice shall name a further day (not being less than fourteen days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture shall include surrender.

27. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

28. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share or the person entitled to the share by transmission, as the case may be, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.

29. Until cancelled in accordance with the requirements of the Companies Acts a forfeited share shall be deemed to be the property of the Company and may, subject to the provisions of the Companies Acts and to the prior

written consent of the Special Shareholder, be sold, re-allotted or otherwise disposed of either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Board shall think fit and, at any time before a sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the Board may think fit.

30. A person whose shares have been forfeited shall thereupon cease to be a member in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the share with interest thereon at the rate of 12 per cent. per annum (or such lower rate as the Board may determine) from the date of forfeiture until payment, and the Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited.

31. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale, re-allotment or other disposition thereof and subject to the prior written consent of the Special Shareholder the Board may authorise some person to transfer the share to the person to whom the same is sold, re-allotted or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings

relating to the forfeiture, sale, re-allotment or disposal of the share. The person who becomes registered as the holder of the share shall be discharged from all calls made before such sale, re-allotment or disposal of the share.

32. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the person whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Companies Acts given or imposed in the case of past Members.

TRANSFER OF SHARES

33. (A) Subject to such of the restrictions of these Articles as may be applicable, any Member may transfer all or any of its shares by an instrument of transfer in the usual common form or in any other form which the Board may approve.

(B) Any authority to sign an instrument of transfer granted by a Member for the purpose of transferring shares which may be lodged, produced or exhibited with or to the Company at the Transfer Office shall, as between the Company and the grantor of such authority, be taken and deemed to continue and remain in full force and effect and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Transfer Office at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice, the Company shall be entitled to give effect to any instrument signed under the authority to sign and certified by any officer of the Company as being in order before the giving and lodging of such notice. The Company

shall not be bound to allow the exercise of any act or matter by an agent for a Member, unless a duly certified copy of such agent's authority be deposited at the Transfer Office.

34. The instrument of transfer of a share shall be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. All instruments of transfer, when registered, may be retained by the Company.

35. (A) The Board may, in its absolute discretion and without assigning any reason therefor, decline to register any transfer of any Ordinary Share or Non-Voting Ordinary Share which is not a fully paid share.

(B) The Board shall decline to register any transfer of any Ordinary Share or Non-Voting Ordinary Share whether or not fully paid unless prior written consent to the transfer has been obtained from the Special Shareholder. The Board may not decline to register and shall register any transfer of the Special Share to a Government Nominee.

36. No transfer of any share shall be made to a minor, bankrupt or person who is mentally disordered or a patient for any purpose of any statute relating to mental health.

37. The Board may also decline to register any transfer unless:

(a) the instrument of transfer, duly stamped, is lodged with the Transfer Office or such other place as the Board may determine, accompanied by the certificate for the shares to which it relates, (except, if the transfer is made by a Stock Exchange Nominee, to the extent only that certificates have been issued to such nominee) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument

of transfer is executed by some other person on his behalf, the authority of that person so to do, if not previously deposited with the Company);

(b) the instrument of transfer is in respect of only one class of share; and

(c) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

38. (A) If the Board declines to register a transfer it shall, within two months after the date on which the instrument of transfer was lodged, send to the transferee notice of the refusal.

(B) The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.

39. No fee shall be charged by the Company for registering any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, distringas or stop notice, order of court or other instrument relating to or affecting the title to any share, or otherwise making any entry in the Register relating to any share.

TRANSMISSION OF SHARES

40. In the case of the death of a Member, where the deceased was a joint holder, the survivor or survivors and, where he was a sole holder, the executors or administrators of the deceased shall be the only persons recognised by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.

41. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law may, subject as hereinafter provided and upon such evidence being produced as may from time to time be required by the Board as to his entitlement, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the holder thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a written notice signed by him stating that he so elects. If he shall elect to have his nominee registered, he shall signify his election by signing an instrument of transfer of such share in favour of his nominee. All the limitations, restrictions and provisions of these Articles relating to the right of transfer and the registration of transfers of shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death or bankruptcy of the member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Member.

42. A person becoming entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law shall (upon such evidence being produced as may from time to time be required by the Board as to his entitlement) be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Member until he shall have become registered as the holder thereof. Provided always that the Board 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 sixty days, the Board may thereafter withhold payment of all dividends and other moneys payable in respect of the share until the requirements of the notice have been complied with.

STOCK

43. The Company may from time to time by ordinary resolution convert any fully paid up shares into stock and may reconvert any stock into fully paid up shares of any denomination. After the passing of any resolution converting all the fully paid up shares of any class in the capital of the Company into stock any shares of that class which subsequently become fully paid up and rank pari passu in all other respects with such shares shall, by virtue of this Article and such resolution, be converted into stock transferable in the same units as the shares already converted.

44. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit. The Board may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of such minimum, but the minimum shall not, without the sanction of an ordinary resolution of the Company, exceed the nominal amount of each of the shares from which the stock arose.

45. The holders of stock shall, according to the amount of the stock held by them, have the same rights as regards dividends, voting at general meetings of the Company and other matters as if they held the shares from which the stock arose, but no such rights (except as to participation to dividends and in assets on a reduction of capital or a

winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such right.

46. All such of the provisions of these Articles as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" herein shall include "stock" and "stockholder" respectively.

INCREASE OF CAPITAL

47. Subject to such of the restrictions of these Articles as shall be applicable, the Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts and with such rights and privileges annexed thereto as the resolution shall prescribe.

48. Subject to the provisions of the Companies Acts and these Articles, the Company may, by the resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Acts) at a discount to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or may make any other provisions as to the issue of the new shares.

49. Subject to the provisions of these Articles, the new shares shall be subject to all the provisions of these Articles with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise.

ALTERATIONS OF CAPITAL

50. Subject to the provisions of Article 6, the Company may from time to time by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the Companies Acts) and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from the sub-division one or more of the shares may have any such preferred or other special rights over, or may have such qualified or deferred rights or be subject to any such restrictions as compared with, the other or others as the Company has power to attach to unissued or new shares;

(c) cancel any 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 authorised share capital by the amount of the shares so cancelled;

and may also by Special Resolution:-

(d) subject to any confirmation or consent required by law, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner.

Subject to compliance with the terms of any such resolution as is referred to in this Article, where any difficulty arises in regard to any consolidation and division under paragraph (a) of this Article, the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may subject to the prior written consent of the Special Shareholder authorise some person to transfer the shares representing fractions to the purchaser thereof, who 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 or invalidity in the proceedings relating to the sale.

GENERAL MEETINGS

51. The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Acts at such times and places as the Board shall appoint. Any general meeting of the Company other than an annual general meeting shall be called an extraordinary general meeting.

52. The Board may, whenever it thinks fit, and in accordance with the Companies Acts, convene an extraordinary general meeting.

NOTICE OF GENERAL MEETINGS

53. (A) An annual general meeting and a meeting called for the passing of a special resolution shall be called by not less than twenty-one days' notice in writing. Any other meeting shall be called by not less than fourteen days' written notice.

(B) The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, day and time of meeting and, in the case of special business, the general nature of that business.

(C) The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special or extraordinary resolution shall specify the intention to propose the resolution as a special or, as the case may be, extraordinary resolution.

(D) Subject to the provisions of the Companies Acts, notice of every general meeting shall be given in manner hereinafter mentioned to all Members other than such as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive

such notices from the Company, and also to each of the Directors and to the Auditors for the time being of the Company.

(E) In every notice convening a meeting, there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him and that a proxy need not be a Member.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Article, it shall be deemed to have been duly called if it is so agreed:-

(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat and by the Special Shareholder; and

(b) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right and by the Special Shareholder.

54. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send an instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice (other than the Special Shareholder) shall not invalidate the proceedings of that meeting. Any omission (whether accidental or not) to give or send, or any non-receipt of, any such notice or instrument as aforesaid to or by the Special Shareholder shall (unless the Special Shareholder agrees otherwise) invalidate the proceedings of the meeting in question.

PROCEEDINGS AT GENERAL MEETINGS

55. All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of:-

- (a) the declaration of dividends;
- (b) the consideration and adoption of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the accounts;
- (c) the election of Directors in place of those retiring by rotation or otherwise;
- (d) the appointment of Auditors where special notice of the resolution for such appointment is not required by the Companies Acts; and
- (e) the fixing, or the determining of the method of the fixing, of the remuneration of the Directors and of the Auditors.

56. No business, other than the appointment of a chairman, shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided by these Articles, at least two Members present in person or by proxy and entitled to vote shall be a quorum for all purposes. A corporation being a Member shall be deemed for the purpose of these Articles to be present in person if represented by proxy or in accordance with the provisions of the Companies Acts.

57. If within fifteen minutes after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to such other day (not being less than seven thereafter) and at such time and place as the chairman of the meeting may determine and, at any such

adjourned meeting, the Members present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Notice of any meeting adjourned through want of a quorum shall state that the Members present in person or by proxy at the adjourned meeting (whatever the number of shares held by them) shall be a quorum.

58. Each Director shall be entitled to attend and speak at any general meeting of the Company.

59. The Chairman (if any) of the Board or, in his absence, the deputy Chairman (if any) shall preside as chairman at every general meeting. If there is no such Chairman or deputy Chairman, or if at any meeting neither the Chairman nor the deputy Chairman is present within five minutes after the time appointed for holding the meeting, or if neither of them is willing or able to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present decline to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman of the meeting.

60. The chairman may with the consent of any 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, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

61. Whenever a meeting is adjourned, not less than seven days' notice in writing of the adjourned meeting shall be given.

VOTING

62. Subject to the provisions of Article 6 and to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member who is present in person (including any corporation represented by proxy or in accordance with the Companies Acts) at a general meeting of the Company shall have one vote, and on a poll every Member who is present in person or by proxy shall have one vote for every £1 in nominal amount of share capital of which he is the holder.

63. At any general meeting, a resolution put to the vote of the 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 demanded by:-

- (a) the chairman of the meeting; or
- (b) the Special Shareholder; or
- (c) at least two Members present in person or by proxy and entitled to vote; or
- (d) any Member or Members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Members having the right to attend and vote at the meeting; or
- (e) any Member or Members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll is demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands,

been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

64. If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

65. 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 in such manner and either forthwith or at such time (being not later than three months after the date of the demand) and place as the chairman shall direct. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll which is not taken forthwith.

66. 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 has been demanded, and it may be withdrawn with the consent of the chairman at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

67. On a poll, votes may be given either personally or by proxy.

68. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

69. In the case of an equality of votes at a general meeting, whether on a show of hands or a poll, the chairman of such meeting shall be entitled to an additional or casting vote.

70. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose,

seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

71. A Member who is mentally disordered or a patient for the purpose of any statute relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such Court and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as such Member for the purposes of general meetings.

72. No Member shall, unless the Board otherwise determines, be entitled to be present or vote at any general meeting or to exercise any privilege as a Member in relation to meetings of the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or if he or any person appearing to be interested in such shares has been duly served with a notice under the Companies Acts and is in default in supplying to the Company the information thereby required within the period specified in such notice. For the purpose of this Article, 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 Companies Acts which fails to establish the identities of those interested in the shares and if (after taking into account the said notification and any other relevant notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

73. If (i) any objection shall be raised to the qualification of any voter or (ii) any votes have been counted which ought not to have been counted or which might have been rejected or (iii) any votes are not counted which ought to have been counted, the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

74. (A) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

(B) A proxy need not be a Member. An instrument appointing a proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

75. The instrument appointing a proxy and (if granted by any Member other than the Special Shareholder and if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the Transfer Office (or at such other place in the United Kingdom as may be specified in the notice convening the meeting or in any

document sent therewith) not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution.

76. Instruments of proxy shall be in any common form or in such other form as the Board may approve and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well as for any adjournment of the meeting as for the meeting to which it relates.

77. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Transfer Office (or such other place in the United Kingdom as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) one hour at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

78. Any corporation which is a Member may by instrument under seal or, in the case of the Secretary of State or any other Minister of the Crown, by instrument under seal or under the hand of the Secretary of State or such other Minister of the Crown (as the case may be) lodged at the Transfer Office or produced at the meeting or by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised in present thereat.

APPOINTMENT AND REMOVAL OF DIRECTORS

79. Unless and until otherwise determined by ordinary resolution of the Company, the Directors shall be not less than two in number and there shall be no maximum number of Directors. Notwithstanding any other provision of these Articles no person shall be capable of being appointed or elected or re-appointed or re-elected as a Director unless the Company has received the prior written consent of the Special Shareholder to such appointment or election or re-appointment or re-election.

80. The Directors may give any person performing any duties on behalf of the Company such title as they think fit for such period as they think fit (which title may include, but shall not consist solely of, the word "Director") and may change any such title. Any such person (notwithstanding that the word "Director" may be included in his title) shall not (unless he has been appointed a Director of the Company in accordance with the provisions of the Companies Acts and these Articles)

be a Director of the Company for any of the purposes of the Companies Acts or of these Articles or for any other purpose nor shall he have any powers of, or be entitled to any of the rights or privileges of, or be subject to any of the duties of, a Director.

81. No shareholding qualification for Directors shall be required.

82. Subject to the provisions of these Articles, without prejudice to the power of the Company in general meeting to appoint (with the prior written consent of the Special Shareholder) any person to be a Director the Board shall have power with the prior written consent of the Special Shareholder at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with these Articles. Any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

83. The Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with the Companies Acts, remove any Director before the expiration of his period of office and may (subject to the provisions of these Articles) with the prior written consent of the Special Shareholder by ordinary resolution appoint another person in his place. Any person so appointed shall be subject to retirement at the same time 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.

84. Subject, in the case of a Director who is over the age of 70, to a resolution (of which special notice has been given) being passed as required by any applicable provision of the Companies Acts, a retiring Director shall be eligible for re-appointment and shall be deemed to offer himself for re-appointment unless he gives to the Company notice in writing of a contrary intention or unless the Special Shareholder by written notice to the Company refuses consent to his re-appointment.

DISQUALIFICATION OF DIRECTORS

85. Without prejudice to the provisions for retirement by rotation hereinafter contained, the office of a Director shall be vacated:

- (a) if (not being an Executive Director whose contract of service precludes resignation) he resigns his office by written notice delivered to the Office or tendered at a meeting of the Board;
- (b) if (being an Executive Director) his appointment as an Executive Director is terminated and the Board resolve that his office is vacated;
- (c) if he becomes of unsound mind or a patient for the purpose of any statute relating to mental health and the Board resolves that his office is vacated;
- (d) if, without leave, he is absent from meetings of the Board (whether or not any alternate Director appointed by him attends) for twelve consecutive months and the Board resolves that, by reason of such absence, his office is vacated;
- (e) if he becomes apparently insolvent, is sequestrated or enters into a trust deed with his creditors;
- (f) if he is prohibited by law from being a Director;
- (g) if he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to these Articles;

(h) if he is requested to resign by a notice in writing signed by all the other Directors; or

(i) if the Special Shareholder shall serve notice upon the Company at the Office stating that such Director is thereby removed from office.

ROTATION OF DIRECTORS

86. At every annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting.

87. The Directors to retire on each occasion shall be those who have been longest in office since their last election, but as between persons who became or were re-elected 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 a date not earlier than twenty-eight days before the date of the notice convening the annual general meeting, and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after such date but before the close of the meeting.

88. Subject to the provisions of these Articles and with the prior written consent of the Special Shareholder, the Company at the meeting at which a Director retires in manner aforesaid may fill the vacated office by electing a person thereto and in default the retiring Director shall, if willing to continue to act and if the Special Shareholder has given his prior written consent to the retiring Director so continuing to act,

be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.

89. Subject as aforesaid and with the prior written consent of the Special Shareholder, the Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with these Articles.

90. No person other than a Director retiring at the meeting shall, unless recommended by the Special Shareholder, or by the Board and previously approved by the Special Shareholder, be eligible for election to the office of Director at any general meeting unless, not less than six and not more than twenty-eight clear days before the day appointed for the meeting, there has been given to the Secretary notice in writing by some Member (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected provided that no such person shall be elected as aforesaid unless and until the prior written consent of the Special Shareholder has been given to such election.

REMUNERATION AND EXPENSES

91. The Directors shall be entitled to such remuneration as shall from time to time be determined by the Company in general meeting and such remuneration shall, subject to any special directions of the Company in general meeting, be divided among the Directors as they may by resolution determine or, failing such determination, equally except that, in such

latter event, any Director holding office for less than a year shall only rank in such division in proportion to the period during which he has held office during such year.

92. Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by, or pursuant to, any other Article.

EXECUTIVE DIRECTORS

93. The Board may from time to time appoint, with the prior written consent of the Special Shareholder, such persons as may be nominated from time to time by the Chairman of the Board as Executive Directors up to any maximum number of Directors fixed by or in accordance with these Articles and may remove the same or any of them and appoint another or others in their place.

94. An Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as he Board may determine (after consultation with the Special Shareholder) and either in addition to or in lieu of his remuneration as a Director.

ALTERNATE DIRECTORS

95. (A) Each Director shall have the power to appoint any person to be his alternate Director and may at his discretion remove such alternate Director. If such alternate Director is not another Director, such appointment unless previously approved by the Board and by the Special Shareholder shall have effect only upon and subject to it being so approved. Any appointment or removal of an alternate Director shall be effected by written notice signed by the appointor and delivered to the Office or tendered at a meeting of the Board. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of a committee of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director.

(B) Every person acting as an alternate Director shall (except as regards power to appoint an alternate and remuneration) be subject in all respects to the provisions of these Articles relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent mutatis mutandis as if he were a Director but shall not be

entitled to receive from the Company any fee in his capacity as an alternate Director.

(C) Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote, if he is also a Director). The signature of an alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

(D) An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director provided that, if at any meeting any Director retires by rotation or otherwise but is re-elected at the same meeting, any appointment made by him pursuant to this Article which is in force immediately before his retirement shall remain in force as though he has not retired.

DIRECTORS' INTERESTS

96. (A) A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

(B) A Director 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) A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested and, unless so required by the Board, shall not be liable to account to the Company or the Members for any remuneration, profits or other benefits received by him as a director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as he thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

(D) A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

(E) Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms thereof, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such case 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 (or the arrangement or variation of the terms thereof or the termination thereof) and except (in the case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director owns 1 per cent. or more within the meaning of paragraph (I) below.

(F) Subject to the provisions of the Companies Acts and to the next paragraph of this Article, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

(G) A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows he is or has become interested. A general notice to the Board given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract or

arrangement which may after the date of the notice be made with such company or firm shall be sufficient declaration of interest under this Article in relation to any contract or arrangement so made; provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director giving the same takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

(H) Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement in which he is to his knowledge materially interested, and if he shall do so his vote shall not be counted, but subject to the provisions of the Companies Acts and in the absence of some other material interest, this prohibition shall not apply to any of the following matters namely:

- (i) any transaction for giving to such Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company;
- (ii) any transaction for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company in respect of which the Director has himself given an indemnity or that he has guaranteed or secured in whole or in part;
- (iii) any transaction by a Director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof

or to the public or any section thereof, or to underwrite any such shares, debentures or other securities;

(iv) any transaction in which such Director is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

(v) any transaction concerning any other company (not being a company in which the Director owns 1 per cent. or more within the meaning of paragraph (I) below) in which he is interested, directly or indirectly, whether as an officer, shareholder, creditor or otherwise howsoever;

(vi) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company and does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom such scheme or fund relates; and

(vii) any arrangement for the benefit of employees under which the Director benefits in a similar manner as the employees and which does not accord to any Director as such any privilege not generally accorded to the employees to whom the arrangement relates.

(I) A company shall be deemed to be a company in which a Director owns 1 per cent. or more if and so long as (but only if and so long as) the Director together with any person connected with him within the meaning of the Companies Acts (a "connected person") is the holder of or beneficially interested in, either directly or

indirectly, 1 per cent. or more of its ordinary share capital or of the voting rights available to members of such company. For the purpose of this paragraph, there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in a recognised unit trust scheme in which the Director is interested only as a unit holder.

(J) Where a company in which a Director holds 1 per cent. or more is materially interested in a transaction then that Director shall also be deemed materially interested in such transaction.

(K) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director other than such chairman to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive except in a case where the

nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.

(L) The Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

(M) The word "transaction" in this Article shall include any transaction, contract, arrangement or agreement or any proposed transaction, contract, arrangement or agreement.

POWERS AND DUTIES OF THE BOARD

97. (A) The business of the Company shall be managed by the Board, which may pay all expenses incurred in forming and registering the Company and which may exercise all such powers of the Company as are not by the Companies Acts or by these Articles required to be exercised by the Company in general meeting subject, nevertheless, to the provisions of the Companies Acts and of these Articles and to such regulations, being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

(B) The power of the Company to serve notices pursuant to Section 212 Companies Act 1985 shall be exercisable by either the Directors or the Special Shareholder or both.

98. (A) Subject as hereinafter provided and to the provisions of the Companies Acts the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property

and assets (present and future) and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

(B) The Directors shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as regards such subsidiaries as by such exercise they can secure) that the aggregate principal amount (including any fixed or minimum premium payable on final repayment) from time to time outstanding in respect of the aggregate borrowings by the Company shall not exceed a sum equal to twice the aggregate of the amount paid up or credited as paid up on the share capital of the Company and the amount of the capital and revenue reserves (including share premium account, capital redemption reserve fund, unappropriated balance of profit and loss account and amounts set aside for taxation equalisation) of the Company all as shown by its then latest audited balance sheet but adjusted as may be appropriate in respect of any subsequent variation in the paid-up share capital or share premium account of the Company and amounts attributable to goodwill or other intangible assets. For the purposes of the said limit the issue of loan capital shall be deemed to constitute borrowing notwithstanding that the same may be issued in whole or in part for consideration other than cash.

(C) Notwithstanding the foregoing, no lender or other person dealing with the Company shall be concerned to see to, or inquire whether, the limit imposed by this Article is observed and no debt incurred or security given in excess of such limit shall be invalid

or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

99. The Board may establish local boards, committees or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of such local boards, or to be managers or agents, and may fix their remuneration. The Board may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board, with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation shall be subject to the prior written consent of the Special Shareholder and may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

100. The Board may, with the prior written consent of the Special Shareholder, by power of attorney appoint any company, firm or persons or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in, or exercisable by, the Board under these Articles) and for such period and subject to such conditions as it may think fit; and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board

may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

101. The Board may entrust to and confer upon any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

102. The Company may exercise the powers conferred by the Companies Acts with regard to having an official seal for use abroad, and such powers shall be vested in the Board.

103. Subject to the provisions of the Companies Acts, the Company may keep an overseas or local or other register in any place, and the Board may make and vary such regulations as it may think fit respecting the keeping of any such register.

104. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

105. The Board shall cause minutes to be made in books provided for the purpose:-

- (a) of all appointments of officers made by the Board;
- (b) of the names of the Directors present at each meeting of the Board or committee of the Board; and
- (c) of all resolutions and proceedings at all meetings of the Company, of the holders of any class of shares in the Company, and of the Board and of any committee of the Board.

Any such minute of any meeting of the Board or of any committee appointed by the Board or of the Company shall be signed by the chairman of such meeting or by the chairman of the next succeeding meeting and, if purporting to be so signed, shall be sufficient evidence without any further proof of the facts therein stated.

106. The Board on behalf of the Company may, subject to the provisions of the Companies Acts, exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any Director or former Director or the relations, connections or dependants of any Director or former Director provided that no pension, annuity or other allowance benefit (except such as may be provided for by any other Article) shall be granted to a Director or former Director who has not been an Executive Director or held any other office or place of profit under the Company (or to a person who has no claim on the Company except as a relation, connection or dependant of such a Director or former Director) without the approval of an ordinary resolution of the Company. A Director or former Director shall not be accountable to the Company or the Members for any benefit of any kind conferred under or pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.

PROCEEDINGS OF THE BOARD

107. (A) The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote. A Director may,

and the Secretary on the requisition of a Director shall, at any time summon a Board meeting.

(B) A meeting of Directors or a committee of Directors may be validly held notwithstanding that such Directors may not be in the same place provided that

(i) they are in constant communication with each other throughout by telephone, television or other form of communication; and

(ii) all Directors entitled to attend such meeting so agree.

108. Notice of a Board meeting shall be deemed to be duly given to a Director if the same is given to him personally or by word of mouth or sent to him at his last-known address or any other address given by him to the Company for this purpose, provided that it shall not be necessary to give notice of a Board meeting to any Director who is for the time being absent from the United Kingdom. A Director may waive notice of any meeting either prospectively or retrospectively.

109. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. 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 other Director objects and if otherwise a quorum of Directors would not be present.

110. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director (notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is

only one continuing Director) may act for the purpose of appointing sufficient Directors to bring the Board up to the requisite number (subject to any appointee or appointees being previously approved in writing by the Special Shareholder) or of summoning general meetings of the Company but not for any other purpose.

111. The Board may elect a Chairman and deputy Chairman of its meetings and determine the period for which they are respectively to hold office. If no such Chairman or deputy Chairman is elected, or if at any meeting neither the Chairman nor the deputy Chairman is present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

112. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

113. The Board may delegate any of its powers, authorities and discretions (with or without power to sub-delegate) to committees, consisting of two or more Members of the Board and such other person or persons as it thinks fit, subject to any such person or persons being previously approved in writing by the Special Shareholder. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board and, subject thereto, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board.

114. A resolution in writing signed by all the Directors (or their duly appointed alternates) for the time being entitled to receive notice of a meeting of the Board, or by all the members of a committee for the time being, shall be as valid and effectual as a resolution passed at a

meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by one or more of the Directors or members of the committee concerned.

115. All acts done by the Board, by any committee or by any person acting as a Director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

SECRETARY

116. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Secretary so appointed may be removed by the Board.

117. A provision of the Companies Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

THE SEAL

118. The Board shall provide for the safe custody of the Seal and the Securities Seal (if any), which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf and every instrument to which the Seal shall be affixed shall (subject as otherwise provided in these Articles) be signed by one or more Directors and the Secretary or by two or more Directors. The Securities Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Such

securities and documents, if sealed with the Securities Seal, shall not require to be signed.

DIVIDENDS AND OTHER PAYMENTS

119. Subject to the provisions of the Companies Acts, the Company in general meeting may from time to time declare dividends to be paid to the Members according to their rights and interests in the profits, but no dividend shall be declared in excess of the amount recommended by the Board.

120. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:-

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and

(b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

121. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the position of the Company; the Board may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates whenever such position, in the opinion of the Board, justifies such payment. A resolution of the Board declaring any interim dividend shall (once announced) be irrevocable and have the same effect in all respects as if such dividend had been declared upon the recommendation of the Board by an ordinary resolution of the Company.

122. (A) The Board may deduct from any dividend payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.

(B) The Board may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or that any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

123. No dividend or other moneys payable on or in respect of any share shall bear interest against the Company.

124. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his registered address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

125. Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to

the Company and the payment by the Board of any unclaimed dividend, interest or other sum payable on, or in respect of, a share into a separate account shall not constitute the Company a trustee in respect thereof.

126. Any general meeting declaring a dividend may by ordinary resolution, upon the recommendation of the Board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and the Board shall give effect to such direction, and where any difficulty arises in regard to such distribution the Board may settle it as it thinks expedient, and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution purposes of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board.

RESERVES

127. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which it may think it prudent not to distribute.

CAPITALISATION OF PROFITS

128. Subject to Article 6:-

(A) the Company in general meeting may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account or any capital redemption reserve fund and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution; provided that, for the purposes of this Article, a share premium account and a capital redemption reserve fund may only be applied in the paying up of unissued shares to be issued to such Members credited as fully paid; and

(B) the Company in general meeting may on the recommendation of the directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in paying up in full unissued shares to be allotted as fully paid

bonus shares to those Members of the Company who would have been entitled to that sum if it were distributed by way of dividend (and in the same proportions) and the Directors shall give effect to such resolution.

129. Where any difficulty arises in regard to any distribution under the last preceding Article, the Board may settle the same as it thinks expedient and, in particular, may issue fractional certificates or, subject to the prior written approval of the Special Shareholder, authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

RECORD DATES

130. Notwithstanding any other provision of these Articles, the Company or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

ACCOUNTS

131. The Board shall cause proper accounting records to be kept in accordance with the Companies Acts.

132. The books of account shall be kept at the Office or, subject to the Companies Acts, at such other place or places as the Board may think fit

and shall always be open to inspection by each Director. No Member (other than a Director or the Special Shareholder) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board.

133. A copy of every balance sheet and profit and loss account, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the Auditors' report, shall be sent to each person entitled thereto in accordance with the requirements of the Companies Acts, and copies shall also be sent in appropriate numbers to The Stock Exchange in accordance with the terms of any Listing Agreement for the time being binding on the Company.

AUDIT

134. Auditors shall be appointed and their duties regulated in accordance with the Companies Acts.

SERVICE OF NOTICES AND OTHER DOCUMENTS

135. Notwithstanding the provisions of Articles 136 to 140 (inclusive), any notice or other document (including a share certificate) required to be served on or delivered to the Special Shareholder by the Company or by any Member shall be delivered by hand to the Special Shareholder at his registered address as appearing in the register marked "The Secretary of State for Defence, Ministry of Defence, Whitehall, London" and shall be in writing (which for the avoidance of doubt shall not for this purpose include any mode of representing or reproducing words in a legible form other than by manuscript, typewriting, printing, lithography or photography) or in such other manner or to such other place as the Special Shareholder may from time to time designate for this purpose and

shall not (unless the Special Shareholder agrees otherwise) be effective unless delivered in such manner as aforesaid.

136. Any notice or other document (including a share certificate) may be served on or delivered to any Member (other than the Special Shareholder) by the Company either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the Register or by delivering it to or leaving it at such registered address addressed as aforesaid. All notices or other documents served on or delivered to joint holders shall, unless such holders otherwise in writing direct, be served on or delivered to that one of the joint holders whose name stands first in the Register and such service or delivery shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

137. A Member described in the Register by an address not within the United Kingdom at which notices may be served upon him shall be entitled to have notices served upon him at such address but, save as aforesaid, no Member other than a member described in the Register by an address within the United Kingdom shall be entitled to receive any notice from the Company.

138. Subject to Article 135, any such notice or other document, if sent by post, shall be deemed to have been served or delivered on the day next after that on which the envelope containing the same is put in the post, if sent by first-class mail, and on the day next but one after that on which the envelope containing the same is put into the post, if sent by second-class mail, and, in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post. Subject as aforesaid, a notice or document given or served by exhibition or advertisement shall be deemed to be

given or served on the day on which the same is first exhibited or advertised.

139. Subject to Article 135, any notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

140. Subject to Article 135, if at any time by reason of the total 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, a general meeting may be convened by a notice advertised on the same day in at least two leading daily newspapers (at least one of which shall be a national 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. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days before the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

141. The signature to any notice required to be given by the Company may be written or printed.

DESTRUCTION OF DOCUMENTS

142. The Company may destroy:

- (a) all instruments of transfer of shares which have been registered at any time after the expiration of six years from the date of registration;
- (b) all share certificates and dividend mandates which have been cancelled or have ceased to have effect at any time after the expiration of one year from the date of such cancellation or cessation; and
- (c) all notifications of change of name or address after the expiration of one year from the date they were recorded.

It shall conclusively be presumed in favour of the Company that every entry in the Register which purports to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:

- (i) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
- (ii) references to an instrument of transfer shall be deemed to include references to any document constituting the renunciation of an allotment of any shares in the Company by the allottee in favour of some other person;

(iii) nothing contained 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 case where the conditions of proviso (i) above are not fulfilled; and

(iv) references in this Article to the destruction of any document include references to its disposal in any manner.

SECRECY

143. No Member (other than the Special Shareholder which shall be so entitled) or general meeting or other meeting of Members shall be entitled to require discovery of or any information respecting any detail of the Company's trading, or any matter that is or may be in the nature of a trade secret, mystery of trade or secret process, or that may relate to the conduct of the business of the Company that in the opinion of the Board it would be inexpedient in the interest of the Company to communicate to the public.

EMPLOYEES

144. The Board may by resolution exercise any power conferred by the Companies Acts to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or any part of the undertaking of the Company or that subsidiary.

WINDING UP

145. If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Acts, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such

purpose, set such values as he deems fair upon any property to be divided as aforesaid and may determine how such 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 such assets in trustees upon such trusts for the benefit of the contributors as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other assets upon which there is any liability.

INDEMNITY

146. Every Director, Executive Director, Manager, Officer and Auditor of the Company shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, Executive Director, Manager, Officer or Auditor in defending any proceedings whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under the Companies Acts in which relief from liability is granted to him by the Court.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS

P. J. L. Field
"STORMER HILL", NORTH RD.,
BATH, AVON, BA2 6HY
CIVIL SERVANT

N. R. R. R.
6 RAVENSBOROUGH ROAD
EAST TWICKENHAM MIDDLE TWICKENHAM
CIVIL SERVANT.

B. O. Day Civil Servant
cto. retired of the Secretary of State for Defence.
2 Lamleigh Grove,
Wotton-on-Thames, Surrey KT12 5BU

DATED the 11th day of November 1986

Witness to the above signatures:

A. J. R. R.
S. R. R.
John. L. R. R.
14 Dominion St,
London. E.C. 2.

**Statement of first directors
and secretary and intended
situation of registered office**

Pursuant to section 10 of the Companies Act 1985

Please do not
write in
this margin

To the Registrar of Companies

For official use

Please complete
legibly, preferably
in black type, or
bold block lettering

101959/5

Name of company

* insert full name
of company

* ROSYTH ROYAL DOCKYARD PLC

The intended situation of the registered office of the company on incorporation is as stated below

CENTRAL OFFICE BLOCK,	
H.M. NAVAL BASE,	
ROSYTH,	Postcode FY11 2XZ
FIFE	

If the memorandum is delivered by an agent for the subscribers of the
memorandum please mark 'X' in the box opposite and insert
the agent's name and address below☐

	Postcode

Number of continuation sheets attached (see note 1)

☐Presentor's name address and
reference (if any):Brodies W.S.
15 Atholl Crescent,
Edinburgh EH3 8HA
Phone: 031 228 3777
Ref: JM/AMG/D/0580/012For official Use
General Section

Post room

The name(s) and particulars of the person who is, or the persons who are, to be the first director or directors of the company (note 2) are as follows:

Please do not write in this margin

Name (note 3) BERNARD MAURICE DAY		Business occupation Civil Servant
Previous name(s) (note 3)		Nationality British
Address (note 4) 3 FARTLIGH GROVE		Date of birth (where applicable) (note 6) 7.5.28
WALTON ON THAMES	Postcode KT12 5BU	
Other directorships † None		
I consent to act as director of the company named on page 1		
Signature B. M. Day		Date 11.11.86


† enter particulars of other directorships held or previously held (see note 5) if this space is insufficient use a continuation sheet.

Name (note 3) JOHN HAROLD THROWER		Business occupation CIVIL SERVANT
Previous name(s) (note 3)		Nationality BRITISH
Address (note 4) 77 GAINSBOROUGH ROAD		Date of birth (where applicable) (note 6) 27.12.47
KEN GARDENS RICHMOND	Postcode TW9 2ET	
Other directorships † NONE		
I consent to act as director of the company named on page 1		
Signature John Thrower		Date 11 Nov 86

Name (note 3) ANTHONY GEORGE MAXFIELD		Business occupation CIVIL SERVANT
Previous name(s) (note 3)		Nationality BRITISH
Address (note 4) "STORMER HILL", NORTH RD		Date of birth (where applicable) (note 6) 27 SEPT 36
BATH	Postcode BA2 6HY	
AVON		
Other directorships † NONE		
I consent to act as director of the company named on page 1		
Signature A. G. Maxfield		Date 11 Nov 86

Please complete legibly, preferably in black type, or bold block lettering

the name(s) and particulars of the company, of the company are as follows:

Name (notes 3 & 7)	DEREK THOMAS PIPER		
Previous name(s) (note 3)	—		
Address (notes 4 & 7)	6 RAVENSBORNE ROAD		
	EAST TWICKENHAM		
	MIDDLESEX	Postcode	TW1 2DH
I consent to act as secretary of the company named on page 1			
Signature			Date 11 November '86

Name (notes 3 & 7)	
Previous name(s) (note 3)	
Address (notes 4 & 7)	
	Postcode
I consent to act as secretary of the company named on page 1	
Signature	Date

Signature of agent on behalf of subscribers _____ Date _____

All the subscribers must sign either personally or by a person or persons authorised to sign for them.

Signed	A. J. L. Field	Date	11 Nov 86
Signed	Shay Rival	Date	11 November '86
Signed	B. G. Day as nominee for	Date	11. 11. 86
Signed	the Secretary of State for	Date	
Signed	Defence.	Date	
Signed		Date	

THE COMPANIES ACT 1985

ROSYTH ROYAL DOCKYARD PLC

At an Extraordinary General Meeting of the Company duly convened and held at Standard House, Northumberland Avenue, London WC2 on 7th January 1987 at 2.30 p.m. the following Resolution was duly passed as a Special Resolution:-


RESOLUTION

THAT:-

- (A) The Directors be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 to exercise for the period ending on the date of the first Annual General Meeting all the powers of the Company to allot and to make offers or agreements to allot relevant securities up to the aggregate nominal amount of £49,998.
- (B) The Directors be empowered to allot and to make offers or agreements to allot equity securities pursuant to and during the period of the said authority as if Section 89(1) of the said Act did not apply to any such allotment.
- (C) For the purposes of this Resolution:-
- (i) the said authority and the said power shall allow and enable the Directors to make offers or agreements which would or might require the making of allotments after the expiry of the said period; and

1987
B1

(ii) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meaning.


CHAIRMAN

DATED 7th January 1987

S677/20.11.86

G

COMPANIES FORM No. 325

325

Notice of place where register of directors' interests in shares etc. is kept or of any change in that place

Note: This notice is not required where the register is and has always been kept at the Registered Office

Please do not write in this margin

Pursuant to section 325 of and Schedule 13 paragraph 27 to the Companies Act 1985

Please complete legibly, preferably in black type, or bold block lettering

To the Registrar of Companies

For official use Company number

[110]

101959

Name of company

* ROSYTH ROYAL DOCKYARD PLC

* insert full name of company

gives notice that the register of directors' interests in shares and/or debentures, which is kept by the company pursuant to section 325 of the above Act, is [now] kept at:

Brodies WS,

15 Atholl Crescent,

Edinburgh

Postcode EH3 8HA

† delete as appropriate

Signed

Shirley Powell

—[Director][Secretary]† Date

7.1.87

Presentor's name address and reference (if any):

Brodies WS,
15 Atholl Crescent,
Edinburgh EH3 8HA

For official Use
General Section

Post room

Ref: JN/AJ/D/0580/010

oyez

The Solicitors Law Stationery Society plc. Oyez House 237 Long Lane London SE1 4PU

Companies G325

1985 Edition
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G

COMPANIES FORM No. 353

353

Notice of place where register of members is kept or of any change in that place

Note: This notice is not required where the register is and has, since 1 July 1948, always been kept at the Registered Office

Please do not
write in
this margin

Pursuant to section 353 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

*Insert full name
of company

To the Registrar of Companies

For official use Company number

[] [] [] [] [] [] [] [] [] []

101959

Name of company

• ROSYTH ROYAL DOCKYARD PLC

gives notice that the register of members is [now] kept at:

Brodies WS,

15 Atholl Crescent,

Edinburgh

Postcode EH3 8HA

†Delete as
appropriate

Signed



~~Director~~ Secretary † Date 7.1.87

Presentor's name, address and
reference (if any):

Brodies WS,
15 Atholl Crescent,
Edinburgh EH3 8HA

Ref: JM/AJ/D/0580/010

For official use

General Section

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The Solicitors' Law Stationery Society plc, Oyez House, 27 Chancery Street, London EC1 1ST

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12.85 F5694
5017068

Companies G353

G

COMPANIES FORM No. 117

117

Application by a public company for certificate to commence business and statutory declaration in support

Please do not
write in
this margin

Pursuant to section 117 of the Companies Act 1935

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

[1]12

101959

Name of company

* ROSYTH ROYAL DOCKYARD PLC

* Insert full name
of company

applies for a certificate that it is entitled to do business and exercise borrowing powers.

For that purpose I, DEREK THOMAS PIPERof 6 RAVENSBORNE ROAD, EAST TWICKENHAM, MIDDLESEX, TW1 2DH† delete as
appropriate[the secretary]~~the director~~† of the above company,
do solemnly and sincerely declare that;

- 1 the nominal value of the company's allotted share capital is not
less than the authorised minimum
- 2 the amount paid up on the allotted share capital of the
company at the time of this application is
- 3 the ~~estimated~~† amount of the preliminary expenses
of the company is

£ 50,000

£ 1,000

and ~~has been paid~~† (is payable)† by§ Insert name of
person(s) by whom
expenses paid
or payable

§ THE COMPANY

Presentor's name address and
reference (if any):Brodies WS,
15 Atholl Crescent,
Edinburgh EH3 8HA

Ref: JM/AJ/D/0580/010

For official Use
General Section

Post room

legibly, preferably
in black type, or
bold black lettering

† delete as
appropriate

Promoter No.1;

The amount paid or intended to be paid to him £ _____

Any benefit given or intended to be given to him _____

The consideration for such payment or benefit _____

Promoter No.2;

The amount paid or intended to be paid to him £ _____

Any benefit given or intended to be given to him _____

The consideration for such payment or benefit _____

Promoter No.3;

The amount paid or intended to be paid to him £ _____

Any benefit given or intended to be given to him _____

The consideration for such payment or benefit _____

Promoter No.4;

The amount paid or intended to be paid to him £ _____

Any benefit given or intended to be given to him _____

The consideration for such payment or benefit _____

Note
Please continue
on a separate
sheet if
necessary

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 1, The Sanctuary in the
City of Westminster
the eight day of January
one thousand nine hundred and eighty seven
before me [Signature]

A Commissioner for Oaths or Notary Public or Justice of
the Peace or Solicitor having the powers conferred on a
Commissioner for Oaths.

Declarant to sign below

[Signature]



**CERTIFICATE THAT A PUBLIC COMPANY
IS ENTITLED TO DO BUSINESS AND TO BORROW**

Company Number

101959

13

I hereby certify that

ROSYTH ROYAL DOCKYARD PLC

having complied with the conditions of section 117 of the
Companies Act 1985 is entitled to do business and to borrow.

Signed at Edinburgh

21 January 1987

Registrar of Companies

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ROSYTH ROYAL DOCKYARD PLC

SPECIAL RESOLUTION

passed on 26th March, 1987

At an Extraordinary General Meeting of the Company duly convened and held on 26th March, 1987 the following resolutions were duly passed as Special Resolutions:-

SPECIAL RESOLUTIONS

1. THAT the Memorandum of Association of the Company be and is hereby amended by the deletion of sub-clauses 4(A),(B),(C) and (GG) and the substitution therefor of each of the following respectively:-

"(A) To carry on all and any of the trades, businesses or activities of modernising, refitting, repairing, overhauling and maintaining ships or vessels or aircraft of any description which may from time to time be situated at or in proximity to the Dockyard at Rosyth, and to carry on any trade, business or activity of any kind which may in the opinion of the Directors be necessary or desirable in connection with any of the foregoing, including, but without prejudice to the generality of the foregoing, to manufacture, produce, build, construct, design, supply, sell, repair, overhaul, maintain, exchange and deal in apparatus, appliances and equipment used on or in relation to or in support of the foregoing or which are capable of being used either on or directly or indirectly in relation

to ships or vessels or aircraft of any description including the building, construction, design, supply, sale, repair, overhaul and maintaining of such ships and vessels, and to carry on any activity, trade or business of whatever kind at the request of or in support of H.M. Government or any department or establishment of H.M. Government or of the Ministry of Defence or any establishment of the Ministry of Defence.

- (B) Whether or not any of the trades, businesses or activities referred to in Clause (A) above are carried on by the Company or by any other person, to carry on the business of supplying to, providing to or procuring for any person, any personnel in connection with or in support of any of any of the trades, businesses or activities referred to in Clause (A) above as carried on by such person (as well as any other trade, business or activity carried on by such person) and for the purposes thereof to employ persons, receive persons on attachment or secondment or loan or engage persons as consultants or as apprentices or trainees.
- (C) Whether or not any of the trades, businesses or activities referred to in Clause (A) above are carried on by the Company or by any other person, to enter into a licence or similar arrangement with the Secretary of State for Defence or any other person under which the Secretary of State for Defence or such other person makes available to the Company certain plant, machinery and buildings situated at H.M. Naval Base, Rosyth and to make available by sub-licence or otherwise such plant, machinery and buildings to any other person carrying on any of the trades, businesses or activities referred to in Clause (A) above.
- (GG) (i) To grant pensions, annuities, or other allowances, including allowances on death, to any directors, officers or employees or former directors, officers or employees of the Company or any company which at any time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company or of any predecessor in business of any of them, and to any individual who is or has at any time been in the Civil Service of the Crown and rendering services in the Dockyard at Rosyth, and to the relations, connections or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the Company or who the Company considers have any moral claim on the Company or to their relations, connections or dependants, and for the purposes of providing any such pensions, annuities or other allowances to establish and contribute to any retirement benefit or life assurance schemes, funds and trusts, including any such schemes, funds and trusts or arrangements in connection with such schemes, funds and trusts under which any sums or assets which are paid or transferred, or become payable or transferable to the Company in reduction or elimination of a

surplus existing during the continuance of, or upon the winding up of, such schemes, funds or trusts, are payable to the Secretary of State for Defence; and

(ii) To establish or support any associations, institutions, clubs, schools, building and housing schemes, funds and trusts, and to make payments towards insurances or other arrangements likely to benefit any such persons referred to in paragraph (i) above or otherwise advance the interests of the Company or of its Members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of the Company or of its Members or for any national, charitable benevolent, educational, social, public, general or useful object."

2. THAT the Articles of Association of the Company be and are hereby amended as follows:-

(A) by the deletion in Article 1 of the words "Government Nominee", means the Secretary of State or his nominee, the Lords Commissioners of Her Majesty's Treasury or their nominee or any other Minister of the Crown or his nominee", and the substitution therefor of the following:-

"Government Nominee" means the Secretary of State for Defence or his nominee or nominees, the Lords Commissioners of Her Majesty's Treasury or their nominee or nominees or any other Minister of the Crown or his nominee or nominees."

(B) by the deletion in Article 1 of the words "the Term Contract" means any agreement for the time being in force to which the Secretary of State is a party of the kind referred to in Section 1(2) of the Dockyard Services Act 1986 providing for the management, operation and maintenance of the Royal Dockyard at Rosyth upon and subject to the terms and conditions therein contained as supplemented or renewed or amended from time to time", and the substitution therefor of the following:-

"the Term Contract" means the agreement dated 27th January 1987 made between (1) the Secretary of State, (2) Babcock THORN Limited, (3) Babcock International plc and (4) Thorn EMI plc providing for the management, operation and maintenance of the Royal Dockyard at Rosyth upon and subject to the terms and conditions therein contained as supplemented or renewed or amended from time to time."

(C) by the deletion in Article 2(E) of the words "Such fair value is to be fixed by a firm of chartered accountants nominated for this purpose by the Secretary of State, who shall act as experts and not as arbiters and their decision shall be final and binding." and the substitution therefor of the following:-

"Such fair value is to be agreed between the holders of the Non-Voting Ordinary Shares and the Special Shareholder or, failing agreement within 21 days of such conversion, such fair

value is to be fixed by a firm of chartered accountants nominated for this purpose by the Special Shareholder who shall act as experts and not as arbiters and their decision shall be final and binding PROVIDED ALWAYS THAT the Special Shareholder shall not be obliged to attempt to agree the fair value as aforesaid and shall at any time following such conversion be entitled to refer the matter for the decision of such firm of chartered accountants."

- (D) by the insertion in Article 2(G) of the words "shall previously have notified to the Directors by notice in writing served upon the Company at the Office or" after the words "as the Special Shareholder".
- (E) by the insertion in Article 2(I) of the words "less the amount, if any, payable to a Government Nominee in terms of Clause 3.1.1 of the Term Contract (hereinafter called "the Set Off")" after the words "paragraph (J) of this Article".
- (F) by the insertion in Article 2(J) of the words "less the Set Off" after the words "Special Shareholder shall nominate for this purpose" in the third sentence of Article 2(J), after the words "acknowledging receipt of the Price and interest" in the third sentence, and after the words "the Price and said interest" in the fifth sentence.
- (G) by the deletion of the last sentence of Article 2(J) and the insertion of the words "which shall hold the same in trust to pay the same to the Holder upon delivery by him of a receipt as so required but the Company shall not be accountable for any interest earned thereon in the meantime," immediately after the existing words "pay the Price and said interest less the Set Off to the Company" in the penultimate sentence.
- (H) by the insertion in Article 2(K) of the words "less the Set Off" immediately after the words "as defined in paragraph (E) of this Article".


CHAIRMAN

Dated 26th March, 1987

W501/25.03.87

ROSYTH ROYAL DOCKYARD PLC

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Standard House, Northumberland Avenue, London WC2 on 26th March, 1987 at 11.40 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions, which, as to Resolutions 2 and 3 will be proposed as Special Resolutions:-

ORDINARY RESOLUTION

1. THAT:-

(A) the proposed entering into by the Company of arrangements with, inter alia, the Secretary of State for Defence pursuant to or arising out of Section 1(2) of the Dockyard Services Act 1986 whereby:-

- (1) the Company is to become the employer of certain individuals in relation to Rosyth Royal Dockyard, and
- (2) the Company is to acquire from the Secretary of State for Defence rights in and over the Dockyard, each in the manner envisaged by the contract ("the Term Contract") dated 27th January, 1987 between the Secretary of State for Defence, Babcock THORN Limited ("the Contractor") and others, a copy of which was presented to the meeting, including the entering into and performance by the Company of the Licence, the Manpower Agreement and the Interim Trust Deed (all as referred to in the Term Contract), and the entering into and performance by the Company of certain ancillary agreements namely the Sub-Licence between the Company and the Contractor, and the Minute of Agreement between the Company, the Secretary of State for Defence, the Contractor and others (one of the terms of the Minute of Agreement being that the Company undertakes to pay to the Secretary of State on demand any sums or assets which are paid or transferred or which become payable or transferable to the Company in reduction or elimination of a surplus existing during the continuance of, or on the winding up of, the pension scheme there referred to.

is hereby approved, together with all other documents considered by the Directors to be incidental or desirable in connection with the foregoing all in such form as the Directors may approve.

(B) any Directors may vote and execute all other powers, duties and discretions in relation to (A) above, notwithstanding that he may be interested in the arrangements as being a servant of the Crown (whether or not under the direction of the Secretary of State for Defence) or an employee of the Contractor or companies which are substantial shareholders in the Contractor or companies which are in the same group of companies as substantial shareholders in the Contractor or may prospectively be interested in the pension scheme to be established under the Interim Trust Deed.

R7

SPECIAL RESOLUTIONS

2. THAT the Memorandum of Association of the Company be and is hereby amended E, the deletion of sub-clauses 4(A),(B),(C) and (GG) and the substitution therefor of each of the following respectively:-

- "(A) To carry on all and any of the trades, businesses or activities of modernising, refitting, repairing, overhauling and maintaining ships or vessels or aircraft of any description which may from time to time be situated at or in proximity to the Dockyard at Rosyth, and to carry on any trade, business or activity of any kind which may in the opinion of the Directors be necessary or desirable in connection with any of the foregoing, including, but without prejudice to the generality of the foregoing, to manufacture, produce, build, construct, design, supply, sell, repair, overhaul, maintain, exchange and deal in apparatus, appliances and equipment used on or in relation to or in support of the foregoing or which are capable of being used either on or directly or indirectly in relation to ships or vessels or aircraft of any description including the building, construction, design, supply, sale, repair, overhaul and maintaining of such ships and vessels, and to carry on any activity, trade or business of whatever kind at the request of or in support of H.M. Government or any department or establishment of H.M. Government or of the Ministry of Defence or any establishment of the Ministry of Defence.
- (B) Whether or not any of the trades, businesses or activities referred to in Clause (A) above are carried on by the Company or by any other person, to carry on the business of supplying to, providing to or procuring for any person, any personnel in connection with or in support of any of any of the trades, businesses or activities referred to in Clause (A) above as carried on by such person (as well as any other trade, business or activity carried on by such person) and for the purposes thereof to employ persons, receive persons on attachment or secondment or loan or engage persons as consultants or as apprentices or trainees.
- (C) Whether or not any of the trades, businesses or activities referred to in Clause (A) above are carried on by the Company or by any other person, to enter into a licence or similar arrangement with the Secretary of State for Defence or any other person under which the Secretary of State for Defence or such other person makes available to the Company certain plant, machinery and buildings situated at H.M. Naval Base, Rosyth and to make available by sub-licence or otherwise such plant, machinery and buildings to any other person carrying on any of the trades, businesses or activities referred to in Clause (A) above.
- (GG) (i) To grant pensions, annuities, or other allowances, including allowances on death, to any directors, officers or employees or former directors, officers or employees of the

Company or any company which at any time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company or of any predecessor in business of any of them, and to any individual who is or has at any time been in the Civil Service of the Crown and rendering services in the Dockyard at Rosyth, and to the relations, connections or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the Company or who the Company considers have any moral claim on the Company or to their relations, connections or dependants, and for the purposes of providing any such pensions, annuities or other allowances to establish and contribute to any retirement benefit or life assurance schemes, funds and trusts, including any such schemes, funds and trusts or arrangements in connection with such schemes, funds and trusts under which any sums or assets which are paid or transferred, or become payable or transferable to the Company in reduction or elimination of a surplus existing during the continuance of, or upon the winding up of, such schemes, funds or trusts, are payable to the Secretary of State for Defence; and

(ii) To establish or support any associations, institutions, clubs, schools, building and housing schemes, funds and trusts, and to make payments towards insurances or other arrangements likely to benefit any such persons referred to in paragraph (i) above or otherwise advance the interests of the Company or of its Members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of the Company or of its Members or for any national, charitable benevolent, educational, social, public, general or useful object."

3. THAT the Articles of Association of the Company be and are hereby amended as follows:-

(A) by the deletion in Article 1 of the words " "Government Nominee", means the Secretary of State or his nominee, the Lords Commissioners of Her Majesty's Treasury or their nominee or any other Minister of the Crown or his nominee", and the substitution therefor of the following:-

" "Government Nominee" means the Secretary of State ~~for Defence~~ or his nominee or nominees, the Lords Commissioners of Her Majesty's Treasury or their nominee or nominees or any other Minister of the Crown or his nominee or nominees."

(B) by the deletion in Article 1 of the words "the "Term Contract" means any agreement for the time being in force to which the Secretary of State is a party of the kind referred to in Section 1(2) of the Dockyard Services Act 1986 providing for the management, operation and maintenance of the Royal Dockyard at Rosyth upon and subject to the terms and conditions therein contained as supplemented or renewed or amended from time to time", and the substitution therefor of the following:-

"the "Term Contract" means the agreement dated 27th January 1987 made between (1) the Secretary of State, (2) Babcock THORN Limited, (3) Babcock International plc and (4) Thorn EMI plc providing for the management, operation and maintenance of the Royal Dockyard at Rosyth upon and subject to the terms and conditions therein contained as supplemented or renewed or amended from time to time."

- (C) by the deletion in Article 2(E) of the words "Such fair value is to be fixed by a firm of chartered accountants nominated for this purpose by the Secretary of State, who shall act as experts and not as arbiters and their decision shall be final and binding." and the substitution therefor of the following:-

"Such fair value is to be agreed between the holders of the Non-Voting Ordinary Shares and the Special Shareholder or, failing agreement within 21 days of such conversion, such fair value is to be fixed by a firm of chartered accountants nominated for this purpose by the Special Shareholder who shall act as experts and not as arbiters and their decision shall be final and binding PROVIDED ALWAYS THAT the Special Shareholder shall not be obliged to attempt to agree the fair value as aforesaid and shall at any time following such conversion be entitled to refer the matter for the decision of such firm of chartered accountants."

- (D) by the insertion in Article 2(G) of the words "shall previously have notified to the Directors by notice in writing served upon the Company at the Office or" after the words "as the Special Shareholder".
- (E) by the insertion in Article 2(I) of the words "less the amount, if any, payable to a Government Nominee in terms of Clause 3.1.1 of the Term Contract (hereinafter called "the Set Off")" after the words "paragraph (J) of this Article".
- (F) by the insertion in Article 2(J) of the words "less the Set Off" after the words "Special Shareholder shall nominate for this purpose" in the third sentence of Article 2(J), after the words "acknowledging receipt of the Price and interest" in the third sentence, and after the words "the Price and said interest" in the fifth sentence.
- (G) by the deletion of the last sentence of Article 2(J) and the insertion of the words "which shall hold the same in trust to pay the same to the Holder upon delivery by him of a receipt as so required but the Company shall not be accountable for any interest earned thereon in the meantime," immediately after the existing words "pay the Price and said interest less the Set Off to the Company" in the penultimate sentence.
- (H) by the insertion in Article 2(K) of the words "less the Set Off" immediately after the words "as defined in paragraph (E) of this Article".

BY ORDER OF THE BOARD

Harry Byrd
.....
Secretary

Dated the 26th day of March, 1987

Registered Office:

Main Office Block,
H.M. Naval Base,
Rosyth,
Fife

NOTE: A member entitled to vote at the Meeting convened by the Notice set out above is entitled to appoint a proxy to attend and, in a poll, vote in his place. A proxy need not be a member of the Company.

DEVONPORT ROYAL DOCKYARD PLC

FORM OF CONSENT TO SHORT NOTICE

We, the undersigned, being all the members of the Company having the right to attend and vote at the Extraordinary General Meeting proposed to be held on 26th March, 1987 HEREBY AGREE to the Meeting being called and to the Resolutions set out in the Notice of Meeting being proposed and passed thereat, as to Resolutions 2 and 3 as Special Resolutions, notwithstanding that shorter notice than that specified in the Companies Act 1985 or in the Company's Articles of Association has been given.

..... *Michael J. Harte*
Dr M.J. HARTE

..... *John Thomas*
A.G. MAXFIELD

..... *D.T. Piper*
D.T. PIPER

DEVONPORT ROYAL DOCKYARD PLC

FORM OF CONSENT OF THE SPECIAL SHAREHOLDER

I, the undersigned, being the Special Shareholder of the Company HEREBY AGREE to the Extraordinary General Meeting proposed to be held on 26th March 1987 being called and to the Resolutions set out in the Notice of Meeting being proposed and passed thereat, as to Resolutions 2 and 3 as Special Resolutions, notwithstanding that (a) Resolution 2 effects amendments to the Memorandum of Association of the Company, (b) Resolution 3 effects amendments to the Articles of Association of the Company and (c) shorter notice than that specified in the Companies Act 1985 or in the Company's Articles of Association has been given.

..... *B.M. Day*
B.M. DAY
Special Shareholder

W288/19.03.87

The Companies Act 1985

PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

(amended by Special Resolution passed
on 26th March, 1987)

and

ARTICLES OF ASSOCIATION

(amended by Special Resolution passed
on 26th March, 1987)

of

ROSYTH ROYAL DOCKYARD PLC

Incorporated on 20th November, 1986

BRODIES W.S.
15 Atholl Crescent
Edinburgh
EH3 8HA
Ref:JM

SIMMONS & SIMMONS
14 Dominion Street,
London EC2M 2RJ

Ref:- 5/E.02563/ROB R590/17.10.86

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Company No. 101959

THE COMPANIES ACT 1985
ROSYTH ROYAL DOCKYARD PLC

At an Extraordinary General Meeting of the Company duly convened and held at Standard House, Northumberland Avenue, London WC2 on 7th January, 1987 at 2.30 p.m. the following Resolution was duly passed as a Special Resolution:-

RESOLUTION

THAT:-

(A) The Directors be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 to exercise for the period ending on the date of the first Annual General Meeting all the powers of the Company to allot and to make offers or agreements to allot relevant securities up to the aggregate nominal amount of £49,993.

(B) The Directors be empowered to allot and to make offers or agreements to allot equity securities pursuant to and during the period of the said authority as if Section 89(1) of the said Act did not apply to any such allotment.

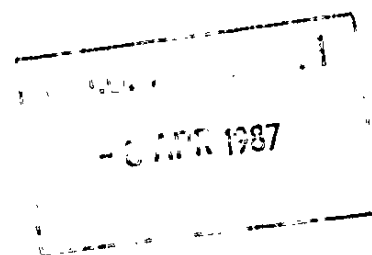
(C) For the purposes of this Resolution:-

- (i) the said authority and the said power shall allow and enable the Directors to make offers or agreements which would or might require the making of allotments after the expiry of the said period; and
- (ii) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meaning.

MICHAEL J. HARTE
CHAIRMAN

DATED 7th January, 1987

(v)





**CERTIFICATE THAT A PUBLIC COMPANY
IS ENTITLED TO DO BUSINESS AND TO BORROW**

Company Number

101959

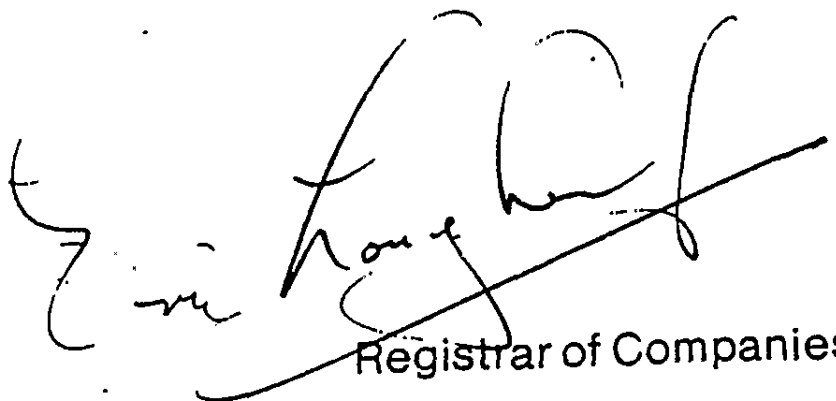
I hereby certify that

ROSYTH ROYAL DOCKYARD PLC

having complied with the conditions of section 117 of the
Companies Act 1985 is entitled to do business and to borrow.

Signed at Edinburgh

21 January 1987



Registrar of Companies



CERTIFICATE OF INCORPORATION OF A PUBLIC LIMITED COMPANY

Company Number

101959

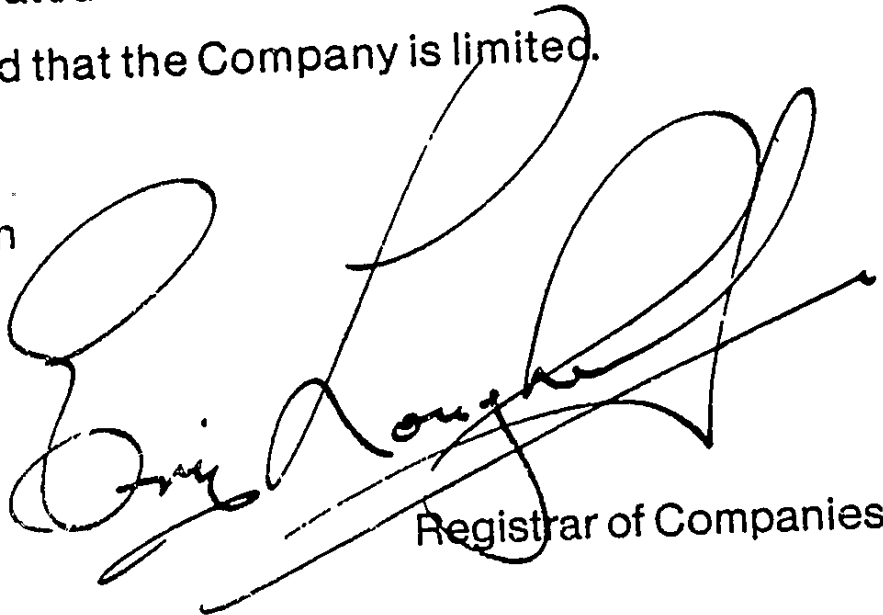
I hereby certify that

ROSYTH ROYAL DOCKYARD PLC

**is this day incorporated under the Companies Act 1985 as a
public company and that the Company is limited.**

Signed at Edinburgh

20 November 1986



Registrar of Companies

**CERTIFIED A
TRUE COPY**

BRODIES, W.S.

THE COMPANIES ACT 1985
PUBLIC COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
(as amended by a Special Resolution passed on
26th March, 1987)

- of -

ROSYTH ROYAL DOCKYARD PLC

-
1. The name of the Company shall be ROSYTH ROYAL DOCKYARD PLC.
 2. The Company is to be a public company.
 3. The registered office of the Company will be situate in Scotland.
 4. The objects for which the Company is established are*:-
 - (A) To carry on all and any of the trades, businesses or activities of modernising, refitting, repairing, overhauling and maintaining ships or vessels or aircraft of any description which may from time to time be situated at or in proximity to the Dockyard at Rosyth, and to carry on any trade, business or activity of any kind which may in the opinion of the Directors be necessary or desirable in connection with any of the foregoing, including, but without prejudice to the generality of the foregoing, to manufacture, produce, build, construct,

* Clause (A), (B), (C) and (GG) were substituted for the previously existing provisions by Special Resolution passed on 26th March, 1987.

design, supply, sell, repair, overhaul, maintain, exchange and deal in apparatus, appliances and equipment used on or in relation to or in support of the foregoing or which are capable of being used either on or directly or indirectly in relation to ships or vessels or aircraft of any description including the building, construction, design, supply, sale, repair, overhaul and maintaining of such ships and vessels, and to carry on any activity, trade or business of whatever kind at the request of or in support of H.M. Government or any department or establishment of H.M. Government or of the Ministry of Defence or any establishment of the Ministry of Defence.

(B) Whether or not any of the trades, businesses or activities referred to in Clause (A) above are carried on by the Company or by any other person, to carry on the business of supplying to, providing to or procuring for any person, any personnel in connection with or in support of any of any of the trades, businesses or activities referred to in Clause (A) above as carried on by such person (as well as any other trade, business or activity carried on by such person) and for the purposes thereof to employ persons, receive persons on attachment or secondment or loan or engage persons as consultants or as apprentices or trainees.

(C) Whether or not any of the trades, businesses or activities referred to in Clause (A) above are carried on by the Company or by any other person, to enter into a licence or similar arrangement with the Secretary of State for Defence or any other person under which the Secretary of State for Defence or such other person makes available to the Company certain plant, machinery and buildings situated at H.M. Naval Base, Rosyth and to make available by sub-licence or otherwise such

plant, machinery and buildings to any other person carrying on any of the trades, businesses or activities referred to in Clause (A) above.

(D) To carry out research, investigation, development and experimental work and testing and analysis of every description in relation to any of the above-mentioned objects and in connection with the foregoing, to establish and maintain research stations, laboratories, ranges, testing facilities and establishments and generally to act as researchers and developers.

(E) To carry on all and any of the trades or businesses of naval, hydraulic, electrical, mechanical, electronic, micro-electronic, computer, civil and chemical engineers and to manufacture, produce, build, refurbish, repair, construct, design, supply, sell, repair and deal in power, electronic, telegraphic, telephonic, computing, control, measurement, test, radar, communications, navigational, industrial, naval, nuclear, steam, diesel, gas turbine, business, electrical, electronic, micro-electronic, micro-processing, mechanical, metallurgical, biological, domestic, chemical, weapon and scientific apparatus, appliances and equipment of every description and all kinds of components, accessories and sub-assemblies therefor.

(F) To carry on all and any of the trades or businesses of shipwrights, welders, caulkers, riveters, burners, drillers, painters, masons, joiners, sailmakers, slingers, scaffolders, cleaners, coppersmiths, plumbers, sheet metal workers, boat builders, finishers, mast makers, upholsterers, carpenters, model makers, pattern makers, polishers, foundrymen, sawmillers, fitters, turners or boilermakers in any field in which the Company may be engaged and to support and maintain mechanical factories, pipe, boiler and plate shops, smitheries, joiners shops, boat houses, sawmills, mast houses, upholstery, novel or composite

materials and paint shops, sail and colour lofts, foundries, internal combustion engine, turbine, refrigeration, domestic and auxiliary repair shops, lagging, weapon, radio and electrical shops, drydocks and slips.

(G) To design, build, construct, erect, instal, equip, improve, develop, administer, manage, maintain, alter, enlarge, service, repair and replace any buildings, works, plant, machinery, factories, wharves, jetties, roads, warehouses, depots, offices, laboratories and other buildings, structures and facilities of all kinds which in the opinion of the Directors are necessary or convenient for the purposes of the Company's business or which are likely to be required by the customers of the Company or for sale, letting on hire to or in return for any consideration from any person and to contribute to or assist in or carry out any part of such operation.

(H) To design, develop, vend, grant licences in respect of or otherwise turn to account computer software, computer data, computer systems and data storage and retrieval systems of every description.

(I) To carry out any management, planning, scheduling, costing, estimating, negotiating, budgeting, overseeing, programming, staffing, recruiting, supervising, co-ordinating, specifying and validating or other business or administrative function which may in the opinion of the Directors be necessary or desirable in connection with any of the trades or businesses or other activities referred to in any of the foregoing sub-clauses.

(J) To buy, sell, hire, design, manufacture, exchange, let on hire, lease, import, export, repair, alter and otherwise deal in apparatus, plant, machinery, fittings, furnishings, tools, materials, products, substances, appliances, apparatus and things of all kinds

capable of being used for the purposes of the above-mentioned businesses or any of them or likely to be required by the customers of the Company.

(K) To co-ordinate the administration of such companies as shall for the time being be subsidiary companies or under the control of the Company.

(L) To acquire and assume for any estate or interest and to take options over and to construct, develop or exploit any property, heritable or moveable, real or personal, and rights or privileges of any kind and the whole or any part of the undertaking, assets and liabilities of any person and to act and carry on business as a holding company.

(M) To manufacture, process, import, export, transport, distribute and deal in and store any products, goods and other things and to carry on the business of manufacturers, processors, importers, exporters, transporters, distributors and storers of and dealers in any products, goods and other things.

(N) To carry on any business involving the ownership or possession of land or other immovable property or buildings or structures thereon and to build, construct, erect, install, enlarge, alter, maintain, pull down, remove or replace any buildings, works, plant and machinery and to carry on business as builders, contractors and engineers.

(O) To provide services of all descriptions and to carry on business as advisers, consultants, managers, brokers and agents of any kind.

(P) To advertise, market and sell the services and products of the Company and of any other person and to design, write, print and publish sales and marketing information, literature and material of every description whether in relation to the services and products of the Company or of any other person and to carry on the business of

advertisers or advertising agents or of a marketing and selling organisation or of a printing or publishing organisation or of a supplier, wholesaler, retailer, merchant or dealer of any kind.

(Q) To provide technical, cultural, artistic, educational, entertainment or business material, facilities or services and to carry on any business involving any such provision.

(R) To lend money, and grant or provide credit and financial accommodation, to any person.

(S) To invest money of the Company in any investments and securities (including land of any tenure in any part of the world and shares, stocks or securities of any other company) and to hold, sell or otherwise deal with such investments.

(T) To purchase, subscribe for, or otherwise acquire and hold shares, stocks or other interests in, or obligations of any other company.

(U) To acquire and carry on any business carried on by a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company.

(V) To enter into any arrangements with any government or other authority, international, supreme, municipal, local or otherwise, or person and to obtain from any such government or authority or person any legislation, orders, rights, privileges, franchises and concessions and to carry out, exercise and comply with the same and to take all necessary and proper steps in Parliament or with any government or other authority, international, supreme, municipal, local or otherwise for the purpose of carrying out, extending or varying the objects and powers of the Company, or altering its constitution, and to oppose any proceedings or

applications which are, in the opinion of the Directors, likely directly or indirectly to prejudice the Company's interests.

(W) To borrow and raise money and accept money on deposit upon such terms and on such security as may in the opinion of the Directors be expedient and in particular by the issue or deposit of notes, debentures or debenture stock (whether perpetual or not) and to secure or discharge any debt or obligation in any manner and in particular (but without prejudice to the generality of the foregoing) by mortgage, charge or lien upon all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by the creation and issue of securities.

(X) To enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgage, charge or lien upon all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by both such methods or in any other manner, the performance of any obligations or commitments of, and the repayment or payment of the principal amounts of and any premiums, interest, dividends and other moneys payable on or in respect of any securities or liabilities of, any person, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company.

(Y) To acquire an interest in, amalgamate or enter into partnership or any profit sharing arrangement with, and to co-operate or participate in any way with, and assist or subsidise any person.

(2) To accept, draw, make, create, issue, execute, discount, endorse, negotiate and deal in bills of exchange, promissory notes, bills of lading, scrip warrants and other instruments and securities, whether negotiable or otherwise.

(AA) To apply for and take out, purchase or otherwise acquire any designs, trade marks, patents, patent rights, inventions, secret processes, licences, concessions and the like, conferring an exclusive or non-exclusive or limited right of user or any secret or other information as to any invention which in the opinion of the Directors is capable of being used for any of the purposes of the Company or the acquisition of which is in the opinion of the Directors likely, directly or indirectly, to benefit the Company, and to use, exercise, develop, grant licences in respect of, vend or otherwise turn to account any rights and information so acquired.

(BB) To sell, exchange, mortgage, charge, let on rent, share of profit, royalty or otherwise, grant licences, easements, options, servitudes and other rights over, and in any other manner deal with, or dispose of, all or any part of the undertaking, property and assets (present and future) of the Company for any consideration and in particular (without prejudice to the generality of the foregoing) for any securities and to promote, finance or assist any other person, firm or company for the purpose of acquiring all or any part of the property, rights or undertaking or assuming the liabilities of the Company or for any other purpose which in the opinion of the Directors is likely, directly or indirectly, to benefit the Company.

(CC) To issue and allot securities of the Company, with or without preferred or deferred rights in respect of dividend or repayment of capital or otherwise, for cash or in payment or part payment for any real

or personal property purchased or otherwise acquired by the Company or any services rendered to the Company or as security for any obligation or amount (even if less than the nominal amount of such securities) or for any other purpose and to accept payment for any property or rights sold or otherwise disposed of or dealt with or for any obligations undertaken by the Company, either in cash, by instalments or otherwise, or in shares of any company with or without deferred or preferred rights in respect of dividend or repayment of capital or otherwise, or by means of a mortgage or by debentures or debenture stock of any company or partly in one mode and partly in another, and generally on such terms as the Directors may determine and to hold, deal with or dispose of any consideration so received.

(DD) To issue, place, underwrite, or guarantee the subscription of, or concur or assist in the issuing or placing, underwriting, or guaranteeing the subscription of shares, notes, debentures, debenture stock, bonds, stocks and securities of any company at such times and upon such terms and conditions as to remuneration and otherwise as the Directors may agree.

(EE) To give any remuneration or other compensation or reward for services rendered or to be rendered in placing or procuring subscriptions of, or otherwise assisting in the issue of, any securities of the Company or in or about the formation of the Company or the conduct or course of its business and to establish or promote, or concur or participate in establishing or promoting, any company, fund or trust, and to subscribe for, underwrite, purchase or otherwise acquire securities of any company, fund or trust and to carry on the business of company, fund, trust or business promoters or managers and of underwriters or dealers in securities, and to act as director of and as secretary, manager,

registrar or transfer agent for any other company and to act as trustees of any kind and to undertake and execute any trust.

(FF) To pay all the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and incorporation of the Company.

(GG) (i) To grant pensions, annuities, or other allowances, including allowances on death, to any directors, officers or employees of the Company or any company which at any time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company or of any predecessor in business of any of them, and to any individual who is or has at any time been in the Civil Service of the Crown and rendering services in the Dockyard at Rosyth, and to the relations, connections or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the Company or who the Company considers have any moral claim on the Company or to their relations, connections or dependants, and for the purposes of providing any such pensions, annuities or other allowances to establish and contribute to any retirement benefit or life assurance schemes, funds and trusts, including any such schemes, funds and trusts or arrangements in connection with such schemes, funds and trusts under which any sums or assets which are paid or transferred, or become payable or transferable to the Company in reduction or elimination of a surplus existing during the continuance of, or upon the winding up of, such schemes, funds or trusts, are payable to the Secretary of State for Defence; and

(ii) To establish or support any associations, institutions, clubs, schools, building and housing schemes, funds and trusts, and to make payments towards insurances or other arrangements likely to benefit

any such persons referred to in paragraph (i) above or otherwise advance the interests of the Company or of its Members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of the Company or of its Members or for any national, charitable benevolent, educational, social, public, general or useful object.

(HH) To establish and contribute to any scheme or schemes for the purchase or subscription by trustees of shares in the Company to be held for the benefit of the Company's employees, or any scheme for the grant of options to employees for the purchase or subscription of shares in the Company, and to lend money to the Company's employees to enable them to purchase or subscribe for shares in the Company and to formulate and carry into effect any scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of officers or ex-officers (including Directors and ex-Directors), employees or ex-employees of the Company or of any subsidiary, allied or associated company or of the predecessors in business of all or any of them or the families, dependents or connections of such persons.

(II) To undertake and execute any trusts the undertaking whereof is desirable in the opinion of the Directors, and either gratuitously or otherwise.

(JJ) To subscribe or guarantee money for charitable or benevolent objects or for any exhibition, musical, artistic, dramatic or sporting activity or for any useful object of a public or general nature.

(KK) To cease carrying on, liquidate or wind up any business or activity of the Company, and to cancel any registration of and to wind up or procure the dissolution of the Company in any state or territory.

(L) To distribute any of the property of the Company or any proceeds of sale or disposition of any property of the Company among its creditors and Members in specie or kind.

(MM) To do all or any of the things or matters aforesaid in any part of the world either itself or through the medium of any subsidiary of associated companies or otherwise and either as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.

(NN) To carry on any other business or activity and do anything of any nature which in the opinion of the Directors is or may be capable of being conveniently carried on or done in connection with or as ancillary to any of the businesses of the Company, or likely directly or indirectly to enhance the value of or render more profitable all or any part of the Company's undertaking property or assets or otherwise to advance the interests of the Company or of its Members.

(OO) To do all such other things as in the opinion of the Company are or may be incidental or conducive to the attainment of the above objects or any of them.

And it is hereby declared that "company" in this clause, except where used in reference to this Company, shall include any partnership, association or other body of persons, whether incorporated or not incorporated, and whether formed, incorporated, domiciled or resident in the United Kingdom or elsewhere, "person" shall include any company as well as any other legal or natural person, "securities" shall include any fully, partly or nil paid share, stock, unit, debenture, debenture or loan stock, deposit receipt, bill, note, warrant, coupon, right to subscribe or convert, or similar right or obligation, "and" and "or" shall mean "and/or" where the context so permits, "other" and "otherwise"

shall not be construed *eiusdem generis* where a wider construction is possible, and the objects specified in the different paragraphs of this clause shall not, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company and that where there are references in this clause to matters of opinion such matters are to be determined by the Directors or by any persons to whom any such power of decision has been delegated by the Directors in accordance with the Articles of Association of the Company.

5. The liability of the Members is limited.

6. The share capital of the Company is £50,001, divided into 50,000 Ordinary Shares of £1 each and one Special Share of £1.

WE, the several persons whose names and addresses 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 (in words)
A.G. MAXFIELD "Stormer Hill", North Road, Bath, Avon BA2 6HY Civil Servant	ONE
DEREK PIPER 6 Ravensbourne Road, East Twickenham, Middx TW1 2DH (Civil Servant)	ONE
B.M. DAY As nominee for the Secretary of State for Defence 2 Farmleigh Grove, Walton-on-Thames, Surrey KT12 5BU Civil Servant	ONE

Dated the 11th day of November 1986

Witness to the above Signatories:

A.P. NEIL
Solicitor
Simmons & Simmons
14 Dominion Street
LONDON EC2

THE COMPANIES ACT 1985
PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
(as amended by Special Resolution passed on
26th March, 1987)

- of -

ROSYTH ROYAL DOCKYARD PLC

INTERPRETATION

1. In these Articles unless the context otherwise requires:

"these Articles" means these Articles of Association in their present form or as from time to time altered;

the "Board" means the Board of Directors of the Company or the Directors present at a meeting of Directors at which a quorum is present;

the "Companies Acts" means every statute from time to time in force concerning companies insofar as the same applies to the Company;

"debenture" and "debenture holder" shall include debenture stock and debenture stockholder respectively;

"dividend" includes bonus;

"Executive Director" means an Executive Chairman, Chief Executive Director, Joint Chief Executive Director, Managing Director, Joint

Managing Director or Assistant Managing Director or a Director who is the holder of any other employment or executive office with the Company;

"Government Nominee" means the Secretary of State or his nominee or nominees, the Lords Commissioners of Her Majesty's Treasury or their nominee or nominees or any other Minister of the Crown or his nominee or nominees;

"Member" means a member of the Company;

the "Non-Voting Ordinary Shares" means the Non-Voting Ordinary Shares in the capital of the Company referred to in Article 2;

the "Office" means the registered office of the Company;

"paid up" means paid up or credited as paid up;

the "Register" means the Register of Members of the Company;

the "Seal" means the common seal of the Company;

the "Secretary" includes a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary;

the "Secretary of State" means the Secretary of State for Defence or any person for the time being authorised by him;

the "Securities Seal" means an official seal of the Company kept under section 40 Companies Act 1985;

the "Special Share" means the Special Share in the capital of the Company referred to in Article 2;

the "Special Shareholder" means the Government Nominee who is for the time being the registered holder of the Special Share;

"Stock Exchange Nominee" has the meaning given in The Stock Exchange (Completion of Bargains) Act 1976;

the "Term Contract" means the agreement dated 27th January 1987 made between (1) the Secretary of State, (2) Babcock THORN Limited, (3)

Babcock International plc and (4) Thorn EMI plc providing for the management, operation and maintenance of the Royal Dockyard at Rosyth upon and subject to the terms and conditions therein contained as supplemented or renewed or amended from time to time;

"Transfer Office" means the place where the Register of Members is kept;

the "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland;

references to writing shall include typewriting, printing, lithography, photography and (subject as mentioned in Article 135) other modes of representing or reproducing words in a legible form; and any words or expressions defined in the Companies Acts in force at the date when these Articles or any part thereof are adopted shall bear the same meaning in these Articles or such part (as the case may be);

where for any purpose an ordinary resolution of the Company is required, a special or extraordinary resolution shall also be effective; and

no regulation set out in any schedule to any statute concerning companies shall apply as regulations or articles of the Company.

SHARE CAPITAL

2. (A) The authorised share capital of the Company at the date of the adoption of this Article is £50,001 divided into 50,000 Ordinary Shares of £1 each and one Special Share of £1.

(B) If a Notifiable Event (as hereinafter defined) occurs, the Special Shareholder may at any time thereafter in his absolute discretion and without giving any reason therefor serve upon the Company at the Office a notice in writing requiring all the Ordinary Shares for the time

being in the allotted or issued capital of the Company to be converted into Non-Voting Ordinary Shares of the same nominal amount.

(C) Forthwith upon service of such notice, the Ordinary Shares of the Company for the time being allotted or issued shall stand converted into, and be re-designated as, Non-Voting Ordinary Shares in the capital of the Company of the same nominal amount having attached thereto the rights and privileges and being subject to the restrictions set out or referred to in paragraph (D) of this Article.

(D) The rights, privileges and restrictions attaching to the Non-Voting Ordinary Shares shall be the same as those attaching to the Ordinary Shares in the capital of the Company save as follows:-

(i) Voting

The holders of the Non-Voting Ordinary Shares are not entitled to receive notice of or to attend or vote at any general meeting of the Company.

(ii) Redemption

The Company may at its option subject to the Companies Acts and without obtaining the consent or sanction of the holders of the Non-Voting Ordinary Shares at any time and from time to time redeem all or any of the Non-Voting Ordinary Shares then in issue at the price (as hereinafter defined) upon giving to the registered holders of such share or shares not less than 28 days' previous notice in writing of its intention so to do fixing a time and place for such redemption.

(iii) Cancellation

The Company may subject to the Companies Acts and without obtaining the consent or sanction of the holders of the Non-Voting Ordinary Shares cancel all or any of the Non-Voting

Ordinary Shares on payment of the Price (as hereinafter defined).

(E) For the purpose of this Article:-

"Notifiable Event" means:-

- (i) a default by the Company in the observance of any of the special rights attached to the Special Share and the issue by the Secretary of State of a certificate stating that such event is to be regarded as a Notifiable Event for the purposes of this Article; or
 - (ii) the termination of the Term Contract (including, without limitation, due to expiry thereof by effluxion of time) or the occurrence of circumstances which lead the Secretary of State to believe in his entire discretion that the Term Contract is terminable and in either case the issue by the Secretary of State of a certificate stating that such event is to be regarded as a Notifiable Event for the purposes of this Article
- PROVIDED ALWAYS that:-

- (a) no certificate for the purposes of either of sub-paragraphs (i) or (ii) above shall be required to contain any reasons; and
 - (b) any such certificate shall be conclusive evidence for all purposes that circumstances have arisen entitling the Secretary of State to issue such certificate and accordingly any such certificate shall be binding and the validity thereof shall not be called into question by any person in any proceedings or otherwise howsoever; and
- the "Price" means in respect of each Non-Voting Ordinary Share the fair value of such share as if it had not been converted into a

Non-Voting Ordinary Share. Such fair value is to be agreed between the holders of the Non-Voting Ordinary Shares and the Special Shareholder or, failing agreement within 21 days of such conversion, such fair value is to be fixed by a firm of chartered accountants nominated for this purpose by the Special Shareholder who shall act as experts and not as arbiters and their decision shall be final and binding PROVIDED ALWAYS THAT the Special Shareholder shall not be obliged to attempt to agree the fair value as aforesaid and shall at any time following such conversion be entitled to refer the matter for the decision of such firm of chartered accountants.

(F) Any exercise of or failure to exercise or delay in exercising the right of the Special Shareholder to serve a notice pursuant to paragraph (B) of this Article on the occurrence of any one or more Notifiable Events shall in no way constitute a waiver of or otherwise prejudice or affect his right to serve such notice on the occurrence of any other Notifiable Event or on any re-occurrence of that Notifiable Event or (in the case of any such delay as aforesaid) in relation to that Notifiable Event.

(G) At any time after any Ordinary Share shall have been converted into a Non-Voting Ordinary Share, the Directors may, and shall if the Special Shareholder so requests, serve upon the holder of such Share (such holder being hereinafter referred to as the "Holder") a notice requiring him to transfer such Share to such person as shall be specified in such notice and as the Special Shareholder shall previously have notified to the Directors by notice in writing served upon the Company at the Office or shall previously have approved in writing (such person being hereinafter referred to as the "approved transferee") within 24

hours from the time at which such notice is served or is deemed to be served by virtue of these Articles.

(H) If in any case a Holder having become bound to transfer any such Share in accordance with paragraph (G) of this Article shall make default in so doing, the Directors shall authorise some person to execute on behalf of such Holder any necessary transfer and shall thereupon cause the name of the approved transferee to be entered in the Register as the holder of such Share. After the name of the approved transferee shall have been entered in the Register in the exercise or purported exercise of the powers conferred by this Article, the title of the approved transferee to such Share shall not be affected by any irregularity or invalidity in the proceedings.

(I) As consideration for such transfer the Special Shareholder shall become bound to pay to the Holder the Price (as defined in paragraph (E) of this Article) of the Non-Voting Ordinary Share thereby transferred together with interest thereon in accordance with paragraph (J) of this Article less the amount, if any, payable to a Government Nominee in terms of Clause 3.1.1 of the Term Contract (hereinafter called "the Set Off").

(J) As soon as practicable after the determination of the Price for the Non-Voting Ordinary Share in question the Directors shall fix a date, time and place for the payment thereof and shall give notice thereof to the Holder and the Special Shareholder. Any such notice may be served on the Holder at his last registered address in accordance with these Articles as if he had not ceased to be a member of the Company. At the date, time and place fixed as aforesaid there shall be delivered to the Holder by the Special Shareholder or on his behalf a banker's draft for the Price and interest thereon from the date on which the Share in

question was transferred to the approved transferee down to but not including the date fixed as aforesaid at a rate equal to two per cent above the published base rate from time to time of such London clearing bank as the Special Shareholder shall nominate for this purpose less the Set Off against the delivery by or on behalf of the Holder to the Special Shareholder or as he may direct of a receipt executed under seal acknowledging receipt of the Price and interest less the Set Off as aforesaid in full and final satisfaction of all claims which the Holder may have in respect thereof. Interest on the Price shall cease to accrue from the date fixed as aforesaid. If the Holder shall fail to attend at the said date, time and place or to execute or deliver the said receipt as required by this paragraph, the Special Shareholder shall pay the Price and said interest less the Set Off to the Company which shall hold the same in trust to pay the same to the Holder upon delivery by him of a receipt as so required but the Company shall not be accountable for any interest earned thereon in the meantime.

(K) The holder of a Non-Voting Ordinary Share may at any time prior to the service of any notice in respect of such Share pursuant to paragraph (G) of this Article (but not thereafter) serve notice on the Company and the Special Shareholder requiring the Special Shareholder to purchase his Non-Voting Ordinary Share in consideration of the Price as defined in paragraph (E) of this Article less the Set Off. The service of any such notice pursuant to this paragraph (K) shall not restrict or prejudice in any way the ability of the Directors to serve a notice in respect of such Share pursuant to paragraph (G) of this Article. Upon receipt of any notice served pursuant to this paragraph (K) the Special Shareholder shall become bound to purchase such Share within seven days from the determination of the Price unless at any time from such receipt

until the expiry of such period any notice is served in respect of such Share pursuant to paragraph (G) of this Article in which event the notice served in respect of such Share under this paragraph (K) shall cease to have any effect.

REGISTERED OFFICE

3. The Office shall be at such place in Scotland as the Board shall from time to time appoint.

SHARE RIGHTS

4. Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

5. Subject to the Companies Acts and to Article 6, any preference shares may, with the sanction of a special resolution, be issued on terms that they are, or at the option of the Company are liable, to be redeemed. The terms and manner of redemption shall be provided for by alteration of these Articles.

SPECIAL RIGHTS

6. (A) The Special Share may be held only by and transferred only to a Government Nominee.

(B) Notwithstanding anything elsewhere contained in these Articles each of the following matters shall be deemed to be an alteration of the rights attaching to the Special Share and accordingly shall only be effective with the prior written consent of the Special Shareholder:-

(i) the purchase by the Company of any of its own shares;
(ii) the voluntary winding-up or dissolution of the Company;
(iii) any increase, reduction, consolidation, division, sub-division or other alteration in any of the authorised, allotted or issued share capital of the Company, the making of any calls on any shares, the forfeiture of any shares, the alteration or abrogation of any of the rights attached to any shares, the attachment of any rights to any shares and any alteration in the classification or denomination of any of the share capital of the Company (other than the conversion of any Ordinary Share into a Non-Voting Ordinary Share pursuant to the service of any notice by the Special Shareholder in accordance with paragraph (B) of Article 2 and the attachment of rights to the Special Share in consequence thereof in accordance with paragraph (E) of this Article);

(iv) any alteration to these Articles or to the Memorandum of Association of the Company; and

(v) the passing by the Company of any resolution at any general meeting convened without the prior written consent of the Special Shareholder by less notice than is required under the Companies Acts.

(C) The Special Shareholder shall be entitled to receive notice of and attend and speak at any general meeting of the Company or at any meeting of any class of shareholders of the Company but, save in the circumstances referred to in paragraph (E) of this Article, the Special Share shall carry no right to vote at any such meeting.

(D) On a distribution of capital in a winding-up of the Company, the Special Share 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.

(E) From and after the service of a notice by the Special Shareholder under Article 2(B), the Special Shareholder shall (whether present in person or by proxy) be entitled to one vote on a show of hands and to ten votes on a poll at any general meeting of the Company and at any such meeting the presence of the Special Shareholder in person or by proxy shall (notwithstanding the provisions of Article 56) constitute a quorum and he shall be entitled to propose any resolution which may be put to the meeting. The Special Shareholder shall also be entitled to appoint a chairman of any such meeting.

MODIFICATION OF RIGHTS

7. Subject to the Companies Acts, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares or, in the case of the Special Share, with the written consent of the Special Shareholder. To any such separate general meeting, all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one or more persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any meeting of such holders adjourned through want of a quorum one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum and, for the purposes of

this Article, one holder present in person or by proxy may constitute a meeting.

8. Subject to the provisions of Article 6, the special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking pari passu therewith.

SHARES

9. Except with the prior written consent of the Special Shareholder, the Company shall not grant any right to subscribe for or to convert any security into any shares in the Company and the Directors may not allot any shares in the Company nor grant any right to subscribe for or to convert any security into shares in the Company.

10. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Companies Acts.

11. Except as ordered by a Court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

CERTIFICATES

12. Every person whose name is entered as a holder of any share in the Register (except a Stock Exchange Nominee in respect of whom the Company

is not by law required to complete and have ready for delivery a certificate) shall be entitled, without payment, to receive within two months after allotment or lodgment of the transfer to him of the shares in respect of which he is so registered (or within such other period as the terms of issue shall provide) one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board may from time to time determine: Provided always that the Company shall not be bound to issue more than one certificate in respect of a share held jointly by several persons and delivery thereof to one of several joint holders shall be sufficient delivery to all. A Member who has sold or transferred part of the shares comprised in his holding shall be entitled to a certificate for the balance without charge. Delivery of a certificate to the broker or agent acting in regard to the purchase, sale or transfer of shares to whom it relates shall be sufficient delivery to the purchaser, transferee, or, as the case may be, the Member. The Company shall in no case be bound to register more than four persons as the joint holders of any share.

13. If a share certificate is defaced, worn out, lost or destroyed it may be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of the costs and out-of-pocket expenses of the Company of investigating such evidence and preparing such indemnity as the Board may think fit and, in case of defacement or wearing out, on delivery of the old certificate to the Company.

14. Every certificate for shares or debentures or representing any other form of security (other than letters of allotment, scrip certificates and other like documents) shall, except to the extent that the terms and

conditions for the time being relating thereto otherwise provide, be issued under the Seal or the Securities Seal and (subject as hereinafter provided) shall bear the autographic signatures of at least one Director and of the Secretary or some other person appointed by the Board for the purpose, provided always that the Board may by resolution determine, either generally or in any particular case or cases, that any of such signatures as aforesaid need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.

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, called or payable at a date fixed by or in accordance with the terms of issue of such share in respect of such share; and, subject to the provisions of the Companies Act, the Company shall also have a first and paramount lien on every share (other than a fully paid share) standing registered in the name of a Member (whether singly or jointly with any other person or persons) for all the debts and liabilities of such Member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Member, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends payable thereon. The Board may at any time either generally or in any particular case waive any lien that has arisen, or declare any share to be wholly or in part exempt from the provisions of this Article.

16. The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable and until after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the share and default in payment shall have been made for fourteen days after the service of such notice.

17. The net proceeds of the sale by the Company of any shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable and any residue shall (upon surrender to the Company for cancellation of the certificate for the share sold and subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the holder of the share immediately before such sale. For giving effect to any such sale, the Board may authorise some person to transfer the share sold to or in accordance with the directions of the purchaser thereof. Subject to Article 35, the purchaser shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

CALLS ON SHARES

18. The Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and not by the terms of issue thereof made payable at the date fixed by or in accordance with such terms of issue, and each Member shall (subject to the Company

23. The Board may, on the issue of shares, differentiate between the

... to be paid and the times

serving upon him at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine. A Member shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

19. A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

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

21. If a sum called in respect of a share or an instalment thereof shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding (unless the Company by ordinary resolution shall otherwise direct) 25 per cent per annum, as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

22. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any date fixed by or in accordance with such terms of issue, whether on account of the nominal value of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which, by the terms of issue, the same becomes payable and, in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum has become payable by virtue of a call duly made and notified.

23. The Board may, on the issue of shares, differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

24. The Board may, if it thinks fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him and, upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate, not exceeding (unless the Company by ordinary resolution shall otherwise direct) 12 per cent per annum as may be agreed upon between the Board and the Member paying such sum in advance. Except in a liquidation, sums paid in advance of calls shall not, until the same would but for such advance have become payable, be treated as paid up on the shares in respect of which they have been paid.

FORFEITURE OF SHARES

25. If a Member or a person entitled to a share by transmission fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment.

26. The notice shall name a further day (not being less than fourteen days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and,

in such case, references in these Articles to forfeiture shall include surrender.

27. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

28. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share or the person entitled to the share by transmission, as the case may be, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.

29. Until cancelled in accordance with the requirements of the Companies Acts a forfeited share shall be deemed to be the property of the Company and may, subject to the provisions of the Companies Acts and to the prior written consent of the Special Shareholder, be sold, re-allotted or otherwise disposed of either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Board shall think fit and, at any time before a sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the Board may think fit.

30. A person whose shares have been forfeited shall thereupon cease to be a member in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable

by him to the Company in respect of the share with interest thereon at the rate of 12 per cent. per annum (or such lower rate as the Board may determine) from the date of forfeiture until payment, and the Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited.

31. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale, re-allotment or other disposition thereof and subject to the prior written consent of the Special Shareholder the Board may authorise some person to transfer the share to the person to whom the same is sold, re-allotted or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the share. The person who becomes registered as the holder of the share shall be discharged from all calls made before such sale, re-allotment or disposal of the share.

32. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the person whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Companies Acts given or imposed in the case of past Members.

TRANSFER OF SHARES

33. (A) Subject to such of the restrictions of these Articles as may be applicable, any Member may transfer all or any of its shares by an instrument of transfer in the usual common form or in any other form which the Board may approve.

(B) Any authority to sign an instrument of transfer granted by a Member for the purpose of transferring shares which may be lodged, produced or exhibited with or to the Company at the Transfer Office shall, as between the Company and the grantor of such authority, be taken and deemed to continue and remain in full force and effect and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Transfer Office at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice, the Company shall be entitled to give effect to any instrument signed under the authority to sign and certified by any officer of the Company as being in order before the giving and lodging of such notice. The Company shall not be bound to allow the exercise of any act or matter by an agent for a Member, unless a duly certified copy of such agent's authority be deposited at the Transfer Office.

34. The instrument of transfer of a share shall be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. All instruments of transfer, when registered, may be retained by the Company.

35. (A) The Board may, in its absolute discretion and without assigning any reason therefor, decline to register any transfer of any Ordinary Share or Non-Voting Ordinary Share which is not a fully paid share.

(B) The Board shall decline to register any transfer of any Ordinary Share or Non-Voting Ordinary Share whether or not fully paid unless prior written consent to the transfer has been obtained from the Special Shareholder. The Board may not decline to register and shall register any transfer of the Special Share to a Government Nominee.

36. No transfer of any share shall be made to a minor, bankrupt or person who is mentally disordered or a patient for any purpose of any statute relating to mental health.

37. The Board may also decline to register any transfer unless:

(a) the instrument of transfer, duly stamped, is lodged with the Transfer Office or such other place as the Board may determine, accompanied by the certificate for the shares to which it relates, (except, if the transfer is made by a Stock Exchange Nominee, to the extent only that certificates have been issued to such nominee) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do, if not previously deposited with the Company);

(b) the instrument of transfer is in respect of only one class of share; and

(c) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

38. (A) If the Board declines to register a transfer it shall, within two months after the date on which the instrument of transfer was lodged, send to the transferee notice of the refusal.

(B) The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.

39. No fee shall be charged by the Company for registering any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, distringas or stop notice, order of court or other instrument relating to or affecting the title to any share, or otherwise making any entry in the Register relating to any share.

TRANSMISSION OF SHARES

40. In the case of the death of a Member, where the deceased was a joint holder, the survivor or survivors and, where he was a sole holder, the executors or administrators of the deceased shall be the only persons recognised by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.

41. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law may, subject as hereinafter provided and upon such evidence being produced as may from time to time be required by the Board as to his entitlement, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the holder thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a written notice signed by him stating that he so

elects. If he shall elect to have his nominee registered, he shall signify his election by signing an instrument of transfer of such share in favour of his nominee. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death or bankruptcy of the member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Member.

42. A person becoming entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law shall (upon such evidence being produced as may from time to time be required by the Board as to his entitlement) be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Member until he shall have become registered as the holder thereof. Provided always that the Board 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 sixty days, the Board may thereafter withhold payment of all dividends and other moneys payable in respect of the share until the requirements of the notice have been complied with.

STOCK

43. The Company may from time to time by ordinary resolution convert any fully paid up shares into stock and may reconvert any stock into fully paid up shares of any denomination. After the passing of any resolution

converting all the fully paid up shares of any class in the capital of the Company into stock any shares of that class which subsequently become fully paid up and rank pari passu in all other respects with such shares shall, by virtue of this Article and such resolution, be converted into stock transferable in the same units as the shares already converted.

44. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit. The Board may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of such minimum, but the minimum shall not, without the sanction of an ordinary resolution of the Company, exceed the nominal amount of each of the shares from which the stock arose.

45. The holders of stock shall, according to the amount of the stock held by them, have the same rights as regards dividends, voting at general meetings of the Company and other matters as if they held the shares from which the stock arose, but no such rights (except as to participation to dividends and in assets on a reduction of capital or a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such right.

46. All such of the provisions of these Articles as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" herein shall include "stock" and "stockholder" respectively.

INCREASE OF CAPITAL

47. Subject to such of the restrictions of these Articles as shall be applicable, the Company may from time to time by ordinary resolution

increase its capital by such sum to be divided into shares of such amounts and with such rights and privileges annexed thereto as the resolution shall prescribe.

48. Subject to the provisions of the Companies Acts and these Articles, the Company may, by the resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Acts) at a discount to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or may make any other provisions as to the issue of the new shares.

49. Subject to the provisions of these Articles, the new shares shall be subject to all the provisions of these Articles with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise.

ALTERATIONS OF CAPITAL

50. Subject to the provisions of Article 6, the Company may from time to time by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the Companies Acts) and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from the sub-division one or more of the shares may have any such preferred or other special rights over, or may have such qualified or deferred rights or be subject to any such restrictions as compared with, the other or others as the Company has power to attach to unissued or new shares;

(c) cancel any 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 authorised share capital by the amount of the shares so cancelled;

and may also by Special Resolution:-

(d) subject to any confirmation or consent required by law, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner.

Subject to compliance with the terms of any such resolution as is referred to in this Article, where any difficulty arises in regard to any consolidation and division under paragraph (a) of this Article, the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may subject to the prior written consent of the Special Shareholder authorise some person to transfer the shares representing fractions to the purchaser thereof, who 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 or invalidity in the proceedings relating to the sale.

GENERAL MEETINGS

51. The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Acts at such times and places as the Board shall appoint. Any general meeting of the Company other than an annual general meeting shall be called an extraordinary general meeting.

52. The Board may, whenever it thinks fit, and in accordance with the Companies Acts, convene an extraordinary general meeting.

NOTICE OF GENERAL MEETINGS

53. (A) An annual general meeting and a meeting called for the passing of a special resolution shall be called by not less than twenty-one days' notice in writing. Any other meeting shall be called by not less than fourteen days' written notice.

(B) The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, day and time of meeting and, in the case of special business, the general nature of that business.

(C) The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special or extraordinary resolution shall specify the intention to propose the resolution as a special or, as the case may be, extraordinary resolution.

(D) Subject to the provisions of the Companies Acts, notice of every general meeting shall be given in manner hereinafter mentioned to all Members other than such as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to each of the Directors and to the Auditors for the time being of the Company.

(E) In every notice convening a meeting, there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him and that a proxy need not be a Member.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Article, it shall be deemed to have been duly called if it is so agreed:-

(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat and by the Special Shareholder; and

(b) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right and by the Special Shareholder.

54. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send an instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice (other than the Special Shareholder) shall not invalidate the proceedings of that meeting. Any omission (whether accidental or not) to give or send, or any non-receipt of, any such notice or instrument as aforesaid to or by the Special Shareholder shall (unless the Special Shareholder agrees otherwise) invalidate the proceedings of the meeting in question.

PROCEEDINGS AT GENERAL MEETINGS

55. All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of:-

- (a) the declaration of dividends;
- (b) the consideration and adoption of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the accounts;
- (c) the election of Directors in place of those retiring by rotation or otherwise;

(d) the appointment of Auditors where special notice of the resolution for such appointment is not required by the Companies Acts; and

(e) the fixing, or the determining of the method of the fixing, of the remuneration of the Directors and of the Auditors.

56. No business, other than the appointment of a chairman, shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided by these Articles, at least two Members present in person or by proxy and entitled to vote shall be a quorum for all purposes. A corporation being a Member shall be deemed for the purpose of these Articles to be present in person if represented by proxy or in accordance with the provisions of the Companies Acts.

57. If within fifteen minutes after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to such other day (not being less than seven thereafter) and at such time and place as the chairman of the meeting may determine and, at any such adjourned meeting, the Members present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Notice of any meeting adjourned through want of a quorum shall state that the Members present in person or by proxy at the adjourned meeting (whatever the number of shares held by them) shall be a quorum.

58. Each Director shall be entitled to attend and speak at any general meeting of the Company.

59. The Chairman (if any) of the Board or, in his absence, the deputy Chairman (if any) shall preside as chairman at every general meeting. If there is no such Chairman or deputy Chairman, or if at any meeting

neither the Chairman nor the deputy Chairman is present within five minutes after the time appointed for holding the meeting, or if neither of them is willing or able to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present decline to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman of the meeting.

60. The chairman may with the consent of any 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, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

61. Whenever a meeting is adjourned, not less than seven days' notice in writing of the adjourned meeting shall be given.

VOTING

62. Subject to the provisions of Article 6 and to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member who is present in person (including any corporation represented by proxy or in accordance with the Companies Acts) at a general meeting of the Company shall have one vote, and on a poll every Member who is present in person or by proxy shall have one vote for every £1 in nominal amount of share capital of which he is the holder.

63. At any general meeting, a resolution put to the vote of the 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 demanded by:-

- (a) the chairman of the meeting; or
- (b) the Special Shareholder; or
- (c) at least two Members present in person or by proxy and entitled to vote; or
- (d) any Member or Members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Members having the right to attend and vote at the meeting; or
- (e) any Member or Members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll is demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

64. If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

65. 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 in such manner and either forthwith or at such time (being not later than three months after the date of the demand) and

place as the chairman shall direct. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll which is not taken forthwith.

66. 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 has been demanded, and it may be withdrawn with the consent of the chairman at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

67. On a poll, votes may be given either personally or by proxy.

68. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

69. In the case of an equality of votes at a general meeting, whether on a show of hands or a poll, the chairman of such meeting shall be entitled to an additional or casting vote.

70. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

71. A Member who is mentally disordered or a patient for the purpose of any statute relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such Court and such receiver, committee, curator bonis or other person may vote on a poll by

proxy, and may otherwise act and be treated as such Member for the purposes of general meetings.

72. No Member shall, unless the Board otherwise determines, be entitled to be present or vote at any general meeting or to exercise any privilege as a Member in relation to meetings of the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or if he or any person appearing to be interested in such shares has been duly served with a notice under the Companies Acts and is in default in supplying to the Company the information thereby required within the period specified in such notice. For the purpose of this Article, 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 Companies Acts which fails to establish the identities of those interested in the shares and if (after taking into account the said notification and any other relevant notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

73. If (i) any objection shall be raised to the qualification of any voter or (ii) any votes have been counted which ought not to have been counted or which might have been rejected or (iii) any votes are not counted which ought to have been counted, the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides

that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

74. (A) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

(B) A proxy need not be a Member. An instrument appointing a proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

75. The instrument appointing a proxy and (if granted by any Member other than the Special Shareholder and if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the Transfer Office (or at such other place in the United Kingdom as may be specified in the notice convening the meeting or in any document sent therewith) not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution.

76. Instruments of proxy shall be in any common form or in such other form as the Board may approve and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use

at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well as for any adjournment of the meeting as for the meeting to which it relates.

77. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Transfer Office (or such other place in the United Kingdom as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) one hour at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

78. Any corporation which is a Member may by instrument under seal or, in the case of the Secretary of State or any other Minister of the Crown, by instrument under seal or under the hand of the Secretary of State or such other Minister of the Crown (as the case may be) lodged at the Transfer Office or produced at the meeting or by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be

present in person at any such meeting if a person so authorised in present thereat.

APPOINTMENT AND REMOVAL OF DIRECTORS

79. Unless and until otherwise determined by ordinary resolution of the Company, the Directors shall be not less than two in number and there shall be no maximum number of Directors. Notwithstanding any other provision of these Articles no person shall be capable of being appointed or elected or re-appointed or re-elected as a Director unless the Company has received the prior written consent of the Special Shareholder to such appointment or election or re-appointment or re-election.

80. The Directors may give any person performing any duties on behalf of the Company such title as they think fit for such period as they think fit (which title may include, but shall not consist solely of, the word "Director") and may change any such title. Any such person (notwithstanding that the word "Director" may be included in his title) shall not (unless he has been appointed a Director of the Company in accordance with the provisions of the Companies Acts and these Articles) be a Director of the Company for any of the purposes of the Companies Acts or of these Articles or for any other purpose nor shall he have any powers of, or be entitled to any of the rights or privileges of, or be subject to any of the duties of, a Director.

81. No shareholding qualification for Directors shall be required.

82. Subject to the provisions of these Articles, without prejudice to the power of the Company in general meeting to appoint (with the prior written consent of the Special Shareholder) any person to be a Director the Board shall have power with the prior written consent of the Special Shareholder at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the

existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with these Articles. Any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

83. The Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with the Companies Acts, remove any Director before the expiration of his period of office and may (subject to the provisions of these Articles) with the prior written consent of the Special Shareholder by ordinary resolution appoint another person in his place. Any person so appointed shall be subject to retirement at the same time 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.

84. Subject, in the case of a Director who is over the age of 70, to a resolution (of which special notice has been given) being passed as required by any applicable provision of the Companies Acts, a retiring Director shall be eligible for re-appointment and shall be deemed to offer himself for re-appointment unless he gives to the Company notice in writing of a contrary intention or unless the Special Shareholder by written notice to the Company refuses consent to his re-appointment.

DISQUALIFICATION OF DIRECTORS

85. Without prejudice to the provisions for retirement by rotation hereinafter contained, the office of a Director shall be vacated:

- (a) if (not being an Executive Director whose contract of service precludes resignation) he resigns his office by written notice delivered to the Office or tendered at a meeting of the Board;
- (b) if (being an Executive Director) his appointment as an Executive Director is terminated and the Board resolve that his office is vacated;
- (c) if he becomes of unsound mind or a patient for the purpose of any statute relating to mental health and the Board resolves that his office is vacated;
- (d) if, without leave, he is absent from meetings of the Board (whether or not any alternate Director appointed by him attends) for twelve consecutive months and the Board resolves that, by reason of such absence, his office is vacated;
- (e) if he becomes apparently insolvent, is sequestered or enters into a trust deed with his creditors;
- (f) if he is prohibited by law from being a Director;
- (g) if he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to these Articles;
- (h) if he is requested to resign by a notice in writing signed by all the other Directors; or
- (i) if the Special Shareholder shall serve notice upon the Company at the Office stating that such Director is thereby removed from office.

ROTATION OF DIRECTORS

86. At every annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office.

A Director retiring at a meeting shall retain office until the close of the meeting.

87. The Directors to retire on each occasion shall be those who have been longest in office since their last election, but as between persons who became or were re-elected 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 a date not earlier than twenty-eight days before the date of the notice convening the annual general meeting, and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after such date but before the close of the meeting.

88. Subject to the provisions of these Articles and with the prior written consent of the Special Shareholder, the Company at the meeting at which a Director retires in manner aforesaid may fill the vacated office by electing a person thereto and in default the retiring Director shall, if willing to continue to act and if the Special Shareholder has given his prior written consent to the retiring Director so continuing to act, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.

89. Subject as aforesaid and with the prior written consent of the Special Shareholder, the Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with these Articles.

90. No person other than a Director retiring at the meeting shall, unless recommended by the Special Shareholder, or by the Board and previously approved by the Special Shareholder, be eligible for election to the office of Director at any general meeting unless, not less than six and not more than twenty-eight clear days before the day appointed for the meeting, there has been given to the Secretary notice in writing by some Member (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected provided that no such person shall be elected as aforesaid unless and until the prior written consent of the Special Shareholder has been given to such election.

REMUNERATION AND EXPENSES

91. The Directors shall be entitled to such remuneration as shall from time to time be determined by the Company in general meeting and such remuneration shall, subject to any special directions of the Company in general meeting, be divided among the Directors as they may by resolution determine or, failing such determination, equally except that, in such latter event, any Director holding office for less than a year shall only rank in such division in proportion to the period during which he has held office during such year.

92. Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who, by request, goes or resides abroad for any purposes of the

Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by, or pursuant to, any other Article.

EXECUTIVE DIRECTORS

93. The Board may from time to time appoint, with the prior written consent of the Special Shareholder, such persons as may be nominated from time to time by the Chairman of the Board as Executive Directors up to any maximum number of Directors fixed by or in accordance with these Articles and may remove the same or any of them and appoint another or others in their place.

94. An Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine (after consultation with the Special Shareholder) and either in addition to or in lieu of his remuneration as a Director.

ALTERNATE DIRECTORS

95. (A) Each Director shall have the power to appoint any person to be his alternate Director and may at his discretion remove such alternate Director. If such alternate Director is not another Director, such appointment unless previously approved by the Board and by the Special Shareholder shall have effect only upon and subject to it being so approved. Any appointment or removal of an alternate Director shall be effected by written notice signed by the appointor and delivered to the Office or tendered at a meeting of the Board. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or

of a committee of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director.

(B) Every person acting as an alternate Director shall (except as regards power to appoint an alternate and remuneration) be subject in all respects to the provisions of these Articles relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent mutatis mutandis as if he were a Director but shall not be entitled to receive from the Company any fee in his capacity as an alternate Director.

(C) Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote, if he is also a Director). The signature of an alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

(D) An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director provided that, if at any meeting any Director retires by rotation or

otherwise but is re-elected at the same meeting, any appointment made by him pursuant to this Article which is in force immediately before his retirement shall remain in force as though he has not retired.

DIRECTORS' INTERESTS

96. (A) A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

(B) A Director 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) A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested and, unless so required by the Board, shall not be liable to account to the Company or the Members for any remuneration, profits or other benefits received by him as a director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as he thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers

of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

(D) A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

(E) Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms thereof, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such case 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 (or the arrangement or variation of the terms thereof or the termination thereof) and except (in the case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director owns 1 per cent. or more within the meaning of paragraph (I) below.

(F) Subject to the provisions of the Companies Acts and to the next paragraph of this Article, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided,

nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

(G) A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows he is or has become interested. A general notice to the Board given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with such company or firm shall be sufficient declaration of interest under this Article in relation to any contract or arrangement so made; provided that no such notice shall be effective unless, either it is given at a meeting of the Board or the Director giving the same takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

(H) Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement in which he is to his knowledge materially interested, and if he shall do so his vote shall not be counted, but subject to the provisions of the Companies

Acts and in the absence of some other material interest, this prohibition shall not apply to any of the following matters namely:

- (i) any transaction for giving to such Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company;
- (ii) any transaction for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company in respect of which the Director has himself given an indemnity or that he has guaranteed or secured in whole or in part;
- (iii) any transaction by a Director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any such shares, debentures or other securities;
- (iv) any transaction in which such Director is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (v) any transaction concerning any other company (not being a company in which the Director owns 1 per cent. or more within the meaning of paragraph (I) below) in which he is interested, directly or indirectly, whether as an officer, shareholder, creditor or otherwise howsoever;
- (vi) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or

disability benefits scheme which relates both to directors and employees of the Company and does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom such scheme or fund relates; and

(vii) any arrangement for the benefit of employees under which the Director benefits in a similar manner as the employees and which does not accord to any Director as such any privilege not generally accorded to the employees to whom the arrangement relates.

(I) A company shall be deemed to be a company in which a Director owns 1 per cent. or more if and so long as (but only if and so long as) the Director together with any person connected with him within the meaning of the Companies Acts (a "connected person") is the holder of or beneficially interested in, either directly or indirectly, 1 per cent. or more of its ordinary share capital or of the voting rights available to members of such company. For the purpose of this paragraph, there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest; any shares comprised in a trust in which the Director's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in a recognised unit trust scheme in which the Director is interested only as a unit holder.

(J) Where a company in which a Director holds 1 per cent. or more is materially interested in a transaction then that Director shall also be deemed materially interested in such transaction.

(K) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director other than such chairman to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.

(L) The Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

(N) The word "transaction" in this Article shall include any transaction, contract, arrangement or agreement or any proposed transaction, contract, arrangement or agreement.

POWERS AND DUTIES OF THE BOARD

97. (A) The business of the Company shall be managed by the Board, which may pay all expenses incurred in forming and registering the Company and which may exercise all such powers of the Company as are not by the Companies Acts or by these Articles required to be

exercised by the Company in general meeting subject, nevertheless, to the provisions of the Companies Acts and of these Articles and to such regulations, being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

(B) The power of the Company to serve notices pursuant to Section 212 Companies Act 1985 shall be exercisable by either the Directors or the Special Shareholder or both.

98. (A) Subject as hereinafter provided and to the provisions of the Companies Acts the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

(B) The Directors shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as regards such subsidiaries as by such exercise they can secure) that the aggregate principal amount (including any fixed or minimum premium payable on final repayment) from time to time outstanding in respect of the aggregate borrowings by the Company shall not exceed a sum equal to twice the aggregate of the amount paid up or credited as paid up on the share capital of the Company

and the amount of the capital and revenue reserves (including share premium account, capital redemption reserve fund, unappropriated balance of profit and loss account and amounts set aside for taxation equalisation) of the Company all as shown by its then latest audited balance sheet but adjusted as may be appropriate in respect of any subsequent variation in the paid-up share capital or share premium account of the Company and amounts attributable to goodwill or other intangible assets. For the purposes of the said limit the issue of loan capital shall be deemed to constitute borrowing notwithstanding that the same may be issued in whole or in part for consideration other than cash.

(C) Notwithstanding the foregoing, no lender or other person dealing with the Company shall be concerned to see to, or inquire whether, the limit imposed by this Article is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

99. The Board may establish local boards, committees or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of such local boards, or to be managers or agents, and may fix their remuneration. The Board may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board, with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation shall be

subject to the prior written consent of the Special Shareholder and may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

100. The Board may, with the prior written consent of the Special Shareholder, by power of attorney appoint any company, firm or persons or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in, or exercisable by, the Board under these Articles) and for such period and subject to such conditions as it may think fit; and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

101. The Board may entrust to and confer upon any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

102. The Company may exercise the powers conferred by the Companies Acts with regard to having an official seal for use abroad, and such powers shall be vested in the Board.

103. Subject to the provisions of the Companies Acts, the Company may keep an overseas or local or other register in any place, and the Board

may make and vary such regulations as it may think fit respecting the keeping of any such register.

104. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

105. The Board shall cause minutes to be made in books provided for the purpose:-

- (a) of all appointments of officers made by the Board;
- (b) of the names of the Directors present at each meeting of the Board or committee of the Board; and
- (c) of all resolutions and proceedings at all meetings of the Company, of the holders of any class of shares in the Company, and of the Board and of any committee of the Board.

Any such minute of any meeting of the Board or of any committee appointed by the Board or of the Company shall be signed by the chairman of such meeting or by the chairman of the next succeeding meeting and, if purporting to be so signed, shall be sufficient evidence without any further proof of the facts therein stated.

106. The Board on behalf of the Company may, subject to the provisions of the Companies Acts, exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any Director or former Director or the relations, connections or dependants of any Director or former Director provided that no pension, annuity or other allowance benefit (except such as may be provided for by any other Article) shall be granted to a Director or former Director who has not been an Executive Director or held any other

office or place of profit under the Company (or to a person who has no claim on the Company except as a relation, connection or dependant of such a Director or former Director) without the approval of an ordinary resolution of the Company. A Director or former Director shall not be accountable to the Company or the Members for any benefit of any kind conferred under or pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.

PROCEEDINGS OF THE BOARD

107. (A) The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a Board meeting.

(B) A meeting of Directors or a committee of Directors may be validly held notwithstanding that such Directors may not be in the same place provided that

(i) they are in constant communication with each other throughout by telephone, television or other form of communication; and

(ii) all Directors entitled to attend such meeting so agree.

108. Notice of a Board meeting shall be deemed to be duly given to a Director if the same is given to him personally or by word of mouth or sent to him at his last-known address or any other address given by him to the Company for this purpose, provided that it shall not be necessary to give notice of a Board meeting to any Director who is for the time being absent from the United Kingdom. A Director may waive notice of any meeting either prospectively or retrospectively.

109. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. 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 other Director objects and if otherwise a quorum of Directors would not be present.

110. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director (notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director) may act for the purpose of appointing sufficient Directors to bring the Board up to the requisite number (subject to any appointee or appointees being previously approved in writing by the Special Shareholder) or of summoning general meetings of the Company but not for any other purpose.

111. The Board may elect a Chairman and deputy Chairman of its meetings and determine the period for which they are respectively to hold office. If no such Chairman or deputy Chairman is elected, or if at any meeting neither the Chairman nor the deputy Chairman is present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

112. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

113. The Board may delegate any of its powers, authorities and discretions (with or without power to sub-delegate) to committees, consisting of two or more Members of the Board and such other person or persons as it thinks fit, subject to any such person or persons being previously approved in writing by the Special Shareholder. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board and, subject thereto, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board.

114. A resolution in writing signed by all the Directors (or their duly appointed alternates) for the time being entitled to receive notice of a meeting of the Board, or by all the members of a committee for the time being, shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by one or more of the Directors or members of the committee concerned.

115. All acts done by the Board, by any committee or by any person acting as a Director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

SECRETARY

116. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Secretary so appointed may be removed by the Board.

117. A provision of the Companies Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

THE SEAL

118. The Board shall provide for the safe custody of the Seal and the Securities Seal (if any), which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf and every instrument to which the Seal shall be affixed shall (subject as otherwise provided in these Articles) be signed by one or more Directors and the Secretary or by two or more Directors. The Securities Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Such securities and documents, if sealed with the Securities Seal, shall not require to be signed.

DIVIDENDS AND OTHER PAYMENTS

119. Subject to the provisions of the Companies Acts, the Company in general meeting may from time to time declare dividends to be paid to the Members according to their rights and interests in the profits, but no dividend shall be declared in excess of the amount recommended by the Board.

120. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:-

(a) all dividends shall be declared and paid according to the

amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and

(b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

121. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the position of the Company; the Board may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates whenever such position, in the opinion of the Board, justifies such payment. A resolution of the Board declaring any interim dividend shall (once announced) be irrevocable and have the same effect in all respects as if such dividend had been declared upon the recommendation of the Board by an ordinary resolution of the Company.

122. (A) The Board may deduct from any dividend payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.

(B) The Board may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or that any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

123. No dividend or other moneys payable on or in respect of any share shall bear interest against the Company.

124. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his registered address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

125. Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, interest or other sum payable on, or in respect of, a share into a separate account shall not constitute the Company a trustee in respect thereof.

126. Any general meeting declaring a dividend may by ordinary resolution, upon the recommendation of the Board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and the Board shall give effect to such direction, and where any difficulty arises in regard to such distribution the Board may settle it as it thinks expedient, and in particular may issue fractional

certificates or authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution purposes of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board.

RESERVES

127. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which it may think it prudent not to distribute.

CAPITALISATION OF PROFITS

128. Subject to Article 6:-

(A) the Company in general meeting may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account or any capital redemption reserve fund and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be

applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution; provided that, for the purposes of this Article, a share premium account and a capital redemption reserve fund may only be applied in the paying up of unissued shares to be issued to such Members credited as fully paid; and

(B) the Company in general meeting may on the recommendation of the directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in paying up in full unissued shares to be allotted as fully paid bonus shares to those Members of the Company who would have been entitled to that sum if it were distributed by way of dividend (and in the same proportions) and the Directors shall give effect to such resolution.

129. Where any difficulty arises in regard to any distribution under the last preceding Article, the Board may settle the same as it thinks expedient and, in particular, may issue fractional certificates or, subject to the prior written approval of the Special Shareholder, authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in

order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

RECORD DATES

130. Notwithstanding any other provision of these Articles, the Company or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

ACCOUNTS

131. The Board shall cause proper accounting records to be kept in accordance with the Companies Acts.

132. The books of account shall be kept at the Office or, subject to the Companies Acts, at such other place or places as the Board may think fit and shall always be open to inspection by each Director. No Member (other than a Director or the Special Shareholder) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board.

133. A copy of every balance sheet and profit and loss account, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the Auditors' report, shall be sent to each person entitled thereto in accordance with the requirements of the Companies Acts, and copies shall also be sent in appropriate numbers to The Stock Exchange in accordance with the terms of any Listing Agreement for the time being binding on the Company.

AUDIT

134. Auditors shall be appointed and their duties regulated in accordance with the Companies Acts.

SERVICE OF NOTICES AND OTHER DOCUMENTS

135. Notwithstanding the provisions of Articles 136 to 140 (inclusive), any notice or other document (including a share certificate) required to be served on or delivered to the Special Shareholder by the Company or by any Member shall be delivered by hand to the Special Shareholder at his registered address as appearing in the register marked "The Secretary of State for Defence, Ministry of Defence, Whitehall, London" and shall be in writing (which for the avoidance of doubt shall not for this purpose include any mode of representing or reproducing words in a legible form other than by manuscript, typewriting, printing, lithography or photography) or in such other manner or to such other place as the Special Shareholder may from time to time designate for this purpose and shall not (unless the Special Shareholder agrees otherwise) be effective unless delivered in such manner as aforesaid.

136. Any notice or other document (including a share certificate) may be served on or delivered to any Member (other than the Special Shareholder) by the Company either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the Register or by delivering it to or leaving it at such registered address addressed as aforesaid. All notices or other documents served on or delivered to joint holders shall, unless such holders otherwise in writing direct, be served on or delivered to that one of the joint holders whose name stands first in the Register and such service or delivery shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

137. A Member described in the Register by an address not within the United Kingdom at which notices may be served upon him shall be entitled to have notices served upon him at such address but, save as aforesaid, no Member other than a member described in the Register by an address within the United Kingdom shall be entitled to receive any notice from the Company.

138. Subject to Article 135, any such notice or other document, if sent by post, shall be deemed to have been served or delivered on the day next after that on which the envelope containing the same is put in the post, if sent by first-class mail, and on the day next but one after that on which the envelope containing the same is put into the post, if sent by second-class mail, and, in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post. Subject as aforesaid, a notice or document given or served by exhibition or advertisement shall be deemed to be given or served on the day on which the same is first exhibited or advertised.

139. Subject to Article 135, any notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons

interested (whether jointly with or as claiming through or under him) in the share.

140. Subject to Article 135, if at any time by reason of the total 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, a general meeting may be convened by a notice advertised on the same day in at least two leading daily newspapers (at least one of which shall be a national 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. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days before the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

141. The signature to any notice required to be given by the Company may be written or printed.

DESTRUCTION OF DOCUMENTS

142. The Company may destroy:

- (a) all instruments of transfer of shares which have been registered at any time after the expiration of six years from the date of registration;
- (b) all share certificates and dividend mandates which have been cancelled or have ceased to have effect at any time after the expiration of one year from the date of such cancellation or cessation; and
- (c) all notifications of change of name or address after the expiration of one year from the date they were recorded.

It shall conclusively be presumed in favour of the Company that every entry in the Register which purports to have been made on the basis of an

instrument of transfer or other document so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:

- (i) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
- (ii) references to an instrument of transfer shall be deemed to include references to any document constituting the renunciation of an allotment of any shares in the Company by the allottee in favour of some other person;
- (iii) nothing contained 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 case where the conditions of proviso (i) above are not fulfilled; and
- (iv) references in this Article to the destruction of any document include references to its disposal in any manner.

SECRECY

143. No Member (other than the Special Shareholder which shall be so entitled) or general meeting or other meeting of Members shall be entitled to require discovery of or any information respecting any detail of the Company's trading, or any matter that is or may be in the nature of a trade secret, mystery of trade or secret process, or that may relate to the conduct of the business of the Company that in the opinion of the

Board it would be inexpedient in the interest of the Company to communicate to the public.

EMPLOYEES

144. The Board may by resolution exercise any power conferred by the Companies Acts to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or any part of the undertaking of the Company or that subsidiary.

WINDING UP

145. If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Acts, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such values as he deems fair upon any property to be divided as aforesaid and may determine how such 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 such assets in trustees upon such trusts for the benefit of the contributors as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other assets upon which there is any liability.

INDEMNITY

146. Every Director, Executive Director, Manager, Officer and Auditor of the Company shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, Executive Director, Manager, Officer or Auditor in defending any proceedings whether civil or criminal, in which judgment is given in his favour, or in which he is

acquired, or in connection with any application under the Companies Acts
in which relief from liability is granted to him by the Court.

G

COMPANIES FORM No. 353

353

Notice of place where register of members is kept or of any change in that place

Note: This notice is not required where the register is and has, since 1 July 1948, always been kept at the Registered Office

Please do not write in this margin

Pursuant to section 353 of the Companies Act 1985

Please complete legibly, preferably in black type, or bold block lettering

* Insert full name of company

To the Registrar of Companies

For official use

Company number

--	--	--	--	--	--

101959

Name of company

ROSYTH ROYAL DOCKYARD plc

gives notice that the register of members is [now] kept at:

ROSYTH ROYAL DOCKYARD
ROSYTH
FIFE
Postcode KY11 2YD

† delete as appropriate

Signed

John R. H. H. H.

[Director][Secretary]† Date

3rd June 1987

Presenter's name address and reference (if any):

For official use
General Section

Post room

5 JUN 1987	
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G

COMPANIES FORM No. 325

325

Notice of place where register of directors' interests in shares etc. is kept or of any change in that place

Note: This notice is not required where the register is and has always been kept at the Registered Office

Please do not
write in
this margin

Pursuant to section 325 of and Schedule 13 paragraph 27 to the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold black lettering

* insert full name
of company

To the Registrar of Companies

For official use Company number

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101959

Name of company

* ROSYTH ROYAL DOCKYARD plc

gives notice that the register of directors' interests in shares and/or debentures, which is kept by the company pursuant to section 325 of the above Act, is [now] kept at:

ROSYTH ROYAL DOCKYARD	
ROSYTH	
FIFE	
Postcode	KY11 2YD

* delete as
appropriate

Signed

J. R. H. H. H. H.

(Director)[Secretary]† Date

3rd June 1987.

Presentor's name
reference (if any):

and

For official Use

General Section

Post room