

Company No. 117121

THE COMPANIES ACT 1985

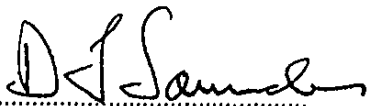
SPECIAL RESOLUTIONS  
of  
SCOTTISH NUCLEAR LIMITED  
(Passed on 29<sup>th</sup> March, 1996)

I, being the sole member of the Company HEREBY RESOLVE by written resolution as follows:

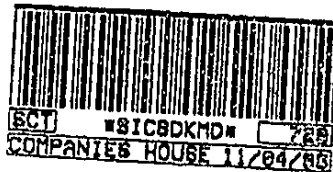
SPECIAL RESOLUTIONS

THAT subject to and conditional upon the agreement proposed to be made between (1) Her Majesty's Secretary of State for Trade and Industry (2) Her Majesty's Secretary of State for Scotland (3) Nuclear Electric plc (4) British Energy plc (5) AGR & PWR Co. Limited and (6) the Company on 31st March, 1996 becoming effective:

- (1) the authorised share capital of the Company be hereby increased from £100 to £101 by the creation of one special rights redeemable preference share of £1 having the rights and restrictions set out in the new Articles of Association proposed to be adopted by resolution (3) below;
- (2) the objects of the Company be altered by the deletion of the existing objects clause in the Memorandum of Association of the Company and the substitution of the objects clause set out in the printed document marked "A" attached hereto; and
- (3) the regulations set out in the printed document marked "B" attached hereto be adopted as the Articles of association of the Company in substitution for all existing Articles of Association of the Company.



For and on behalf of the  
Secretary of State for  
Trade and Industry



"A"

Company number  
117121

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

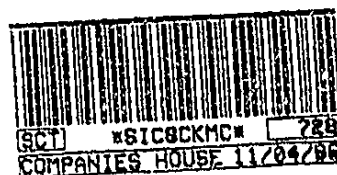
MEMORANDUM OF ASSOCIATION

OF

SCOTTISH NUCLEAR LIMITED

1. The Company's name is "SCOTTISH NUCLEAR LIMITED".
2. The Company's registered office is to be situated in Scotland.
3. The Company's objects are:
  - (A) To carry on all or any of the businesses of procurers, generators, suppliers, distributors, transformers, converters, transmitters, producers, manufacturers, processors, developers, storers, carriers, importers and exporters of, and dealers in, electricity, derived from whatever source including without limitation heat, solar, wind, hydro, wave, tidal, geothermal, biological and nuclear energy, or any other forms of energy, and any products derived from or connected with any of these activities, and in any manner whatsoever in the United Kingdom or elsewhere and for all purposes, and acquirers or suppliers of electricity or other sources or forms of energy from, and providers of bulk or other supplies thereof to, any person for own use, supply, distribution, transformation, conversion, transmission, processing, development, storing, carrying, importing and exporting, dealing or otherwise in the United Kingdom or elsewhere.
  - (B) To plan, locate, design, establish, build, construct, equip, operate, make, use, administer, manage and maintain, improve, enlarge, alter, repair, refurbish, replace and remove, shut down, decommission, make safe, dispose of in a safe manner, and carry out works in respect of, any generating station (including, without limitation to the generality of the foregoing, any nuclear power station or station powered by renewable sources of energy), sub-station, transformer station, pumping station, building, plant, equipment, electric main works and any facilities ancillary to the operation or use of any such station.

B



- (C) To construct, lay, place, operate, use, inspect, maintain, improve, enlarge, alter, protect, repair, replace and remove, and to carry on works in respect of, electric wires (including those overhead and underground), cables, lines, plant and equipment and facilities ancillary to the operation or use of a transmission network or distribution network, and to acquire, operate and maintain the consents, authorisations, wayleaves, easements and other rights capable or possibly capable of facilitating the aforesaid.
- (D) To acquire (whether by purchase, lease, concession, grant, hire or otherwise), establish, develop, exploit, operate and maintain land, airspace, foreshore, claims, wells, mines, licences, consents or authorisations, concessions, drilling and mining rights, exploration and production rights, and rights and interests of all descriptions in or relating to the same, which may seem to the Company capable or possibly capable of facilitating the procurement, generation, supply, distribution, transformation, conversion, transmission, production, manufacture, processing, development, storing, carrying, import and export of, or dealing in, electricity and any products derived from or connected with any of those activities, or of affording a supply of natural or other gas, petroleum or other hydro-carbons, coal and other minerals or uranium and other nuclear fuels, heat, solar, tidal, hydro, wind, wave, geothermal, biological and all other forms of energy, or of chemicals.
- (E) To install in any premises or place and to operate, use, inspect, maintain, repair, replace and remove heaters or other devices for assessing the quantity and/or quality of supplies of electricity, gas and other substances and forms of energy and for other purposes connected with such supplies.
- (F) To do anything that an electricity generator, electricity distributor, electricity supplier or electricity transmitter is empowered, permitted, authorised or required to do under or by virtue of the Electricity Act 1989, the Nuclear Installations Acts 1965 and 1969, the Radioactive Substances Act 1993, or any modification or re-enactment thereof for the time being in force, or any other enactment or under or by virtue of any licence granted under or pursuant to any such enactment and to apply for, hold and exploit any other licence or authorisation which may be granted to the Company pursuant to any statute or statutory instrument and to do any and all things which the Company is empowered, permitted, authorised or required to do thereunder.
- (G) To plan, locate, design, establish, build, construct, equip, operate, make, use, administer, manage and maintain, improve, enlarge, alter, repair, refurbish, replace and remove, shut down, decommission, make safe, dispose of in a safe manner, and carry out works in respect of, all assets employed on any electricity generation or transmission system and on any distribution or supply system, all facilities, including production, treatment, processing, conversion, loading and storing facilities (including nuclear processing plants, enrichment facilities and waste-storage facilities and underground and offshore storage facilities), refineries, buildings (including those which are part of combined heat and power schemes), offices, factories, works, warehouses, plants, platforms, derricks, transmission towers or pylons, rigs, wind structures, dams and associated structures, testing sites, offshore wave structures, installations (including without limitation solar power and geothermal installations), depots, distribution stations and sub-stations, pumping stations, compressor stations, laboratories, research stations, wharves, jetties, terminals, transport facilities, canals,

roads, railways, tunnels, airports and structures of all kinds, whether for the purposes of the Company or for sale or hire to, or in return for any consideration from, any person, and to purchase or otherwise acquire, lease, charter and take or let on hire any of the same, and contribute to, or assist in, or carry out any part of, any operation in respect of the same.

- (H) To carry on all or any of the businesses of suppliers, distributors, designers, developers, manufacturers, installers, fitters, repairers, maintainers, importers and exporters of and dealers in, electrical plant and machinery and all kinds of goods, equipment, fittings, machinery, materials and installations connected with the generation, transformation, transmission, supply, and use of electricity for domestic, industrial, commercial or other purposes, or for the conservation of electricity or other forms of energy.
- (I) To carry on all or any of the businesses of inspectors, maintainers, repairers, reconditioners, servicers, coaters, designers, developers, manufacturers, constructors, installers, layers, fitters, hirers, letters on hire, suppliers, distributors, importers and exporters of, and dealers in, generating station, sub-station and transformer station plant and equipment (including, without limitation, nuclear plant and equipment), transmission lines and cables, distribution lines and cables, pipes and pipe lines, equipment ancillary to the operation and use of generating stations, transmission and distribution lines and cables, pipes, pipe lines and any other conducting media, pylons, platforms, tunnels, overhead wires and electricity poles, dams and associated structures, wind stations (including wind "farms"), solar power and geothermal structures, tidal and wave power structures, platforms, derricks, rigs, terminals, and facilities of all kinds, tools and machinery, technical, engineering and other equipment, plant, components, accessories and supplies of every description.
- (J) To carry on all or any of the businesses of procurers, suppliers, distributors, producers, developers, manufacturers, purchasers, refiners, distillers, processors, converters, storers, carriers, importers and exporters, explorers, miners and prospectors for, and dealers in petroleum and other hydrocarbons, natural and other gases, coal and other minerals, uranium and other nuclear fuel raw materials, and any other energy raw materials, chemicals, and products derived from or connected with any of them (including processing and re-processing, irradiating, and storing and disposing of nuclear fuel, whether radioactive or not).
- (K) To carry on all or any of the businesses of consultants, advisers and suppliers of management, personnel, and training, design, construction, technical, scientific, engineering, environmental, decommissioning and any other services, whether generally or in respect of one or more of the types of business or activity which the Company or its subsidiaries has power to carry on, and to provide training and educational courses, instruction and materials, of every description for employees of the Company or its subsidiaries and for other persons.
- (L) To carry on all or any of the businesses of, and provide services associated with, engineers (including, without limitation, electrical, gas, petroleum, environmental, drilling, construction, mechanical, heating, ventilation, civil, nuclear, chemical, telecommunications, computer and data information engineers), environmental

biologists, physicists (including without limitation nuclear and health physicists), chemists, physicians and specialists in medicine, mechanics, technicians, geologists, draftsmen, designers, surveyors, architects and builders.

- (M) To carry on business as inventors, researchers and developers and to conduct, promote and commission, research and/or development of all kinds, whether related to the generation, production, transmission, supply or distribution of electricity or any form of energy or otherwise or the decommissioning, shut down or disposal in a safe manner of any type of plant, machinery, buildings and equipment used in connection with the generation, production, transmission, supply or distribution of electricity or any other form of energy, and to exploit and turn to account the results of any such research or research and development carried out by or for the Company.
- (N) To carry on all or any of the businesses of running, operating, managing or co-operating in projects or works designed to restore, preserve, improve and protect the environment and/or conserve energy.
- (O) Subject to such terms and conditions as the directors may think fit, to enter into, carry on and participate in financial transactions and operations of all kinds including, without limitation, swaps, options (including traded options), swap option contracts, forward exchange contracts, futures contracts, forward rate agreements, contracts for differences, caps, collars, floors and any other financial instruments (including hedging agreements of any kind) or any combination thereof or any option with respect to any such financial transaction or operation all or any of which may be on a fixed and floating basis and/or in respect of Sterling (and any other currency or basket of currencies including but not limited to European Currency Units (as the same may from time to time be designated or constituted)) or commodities of any kind and in the case of such financial transactions and operations they may be undertaken by the Company on a speculative basis or in connection with the management of financial risks relating to the Company or any other company, firm or person or otherwise on such terms as the directors may think fit and with or without security, and to undertake, carry on and execute all kinds of financial, commercial, trading, trust, agency and other operations.
- (P) To carry on any other trade or business which can in the opinion of the directors be advantageously carried on by the Company in connection with or ancillary to any of the businesses of the Company.
- (Q) To buy, sell, manufacture, repair, alter, improve, manipulate, prepare for market, let on hire, and generally deal in all kinds of plant, machinery, apparatus, tools, utensils, materials, produce, substances, articles and things for the purpose of any of the businesses specified in this clause 3, or which may be required by persons having, or about to have, dealings with the Company.
- (R) To build, construct, maintain, alter, enlarge, pull down, remove and replace any buildings, shops, factories, offices, works, machinery and engines, and to work, manage and control these things.

- (S) To enter into contracts, agreements and arrangements with any person for the carrying out by that person on behalf of the Company of any object for which the Company is formed.
- (T) To acquire, undertake and carry on the whole or any part of the business, property and liabilities of any person carrying on any business which may in the opinion of the directors be capable of being conveniently carried on, or calculated directly or indirectly to enhance the value of or make profitable any of the Company's property or rights, or any property suitable for the purposes of the Company.
- (U) To enter into any arrangement with a government or authority, whether national, international, supreme, municipal, local or otherwise, that may in the opinion of the directors be conducive to any object of the Company, and to obtain from that government or authority, any right, privilege or concession which in the opinion of the directors is desirable, and to carry out, exercise and comply with that arrangement, right, privilege or concession.
- (V) To apply for, purchase and by other means acquire, protect, prolong and renew any patent, patent right, brevet d'invention, licence, secret process, invention, trade mark, service mark, copyright, registered design, protection, concession and right of the same or similar effect or nature, and to use, turn to account, manufacture under and grant licences and privileges in respect of those things, and to spend money in experimenting with, testing, researching, improving and seeking to improve any of those things.
- (W) To acquire an interest in, amalgamate with and enter into partnership or any arrangement for the sharing of profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person, or with any employees of the Company. To lend money to, guarantee the contracts of, and otherwise assist that person or those employees, and to take and otherwise acquire an interest in that person's shares or other securities and to sell, hold, re-issue, with or without guarantee, and otherwise deal with those shares or other securities.
- (X) To lend money to, subsidise and assist any person, to act as agents for the collection, receipt and payment of money and generally to act as agents and brokers for and perform services for any person, and to undertake and perform sub-contracts.
- (Y) To enter into any guarantee or contract of indemnity or suretyship, and to provide security, including, without limitation, the guarantee and provision of security for the performance of the obligations of and the payment of any money (including, without limitation, capital, principal, premiums, dividends, interest, commissions, charges, discount and any related costs or expenses whether on shares or other securities) by any person including, without limitation, any body corporate which is for the time being the Company's holding company, the Company's subsidiary undertaking, a subsidiary undertaking of the Company's holding company or any person which is for the time being a member or otherwise has an interest in the Company or is associated with the Company in any business or venture, with or without the Company receiving any consideration or advantage (whether direct or indirect), and whether by personal covenant or mortgage, charge or lien over all or part of the Company's undertaking, property, assets or uncalled capital (present and future) or by other means. For the

purposes of this paragraph (Y) "guarantee" includes any obligation, however described, to pay, satisfy, provide funds for the payment or satisfaction of (including, without limitation, by advance of money, purchase of or subscription for shares or other securities and purchase of assets or services), indemnify against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any other person.

- (Z) To promote, finance and assist any person for the purpose of acquiring all or any of the property, rights and undertaking or assuming the liabilities of the Company, or for any other purpose which may in the opinion of the directors directly or indirectly benefit the Company, and in that connection to place, guarantee the placing of, underwrite, subscribe for, and otherwise acquire all or any part of the shares or other securities of a body corporate.
- (AA) To pay out of the funds of the Company all or any expenses which the Company may lawfully pay of or incidental to the formation, registration, promotion and advertising of and raising money for the Company and the issue of its shares or other securities, including, without limitation, those incurred in connection with the advertising and offering of its shares or other securities for sale or subscription, brokerage and commissions for obtaining applications for and taking, placing, underwriting or procuring the underwriting of its shares or other securities.
- (BB) To remunerate any person for services rendered or to be rendered to the Company, including without limitation by cash payment or by the allotment of shares or other securities of the Company, credited as paid up in full or in part.
- (CC) To purchase, take on lease, exchange, hire and otherwise acquire any real or personal property and any right or privilege over or in respect of it.
- (DD) To receive money on deposit on any terms the directors think fit.
- (EE) To invest and deal with the Company's money and funds in any way the directors think fit.
- (FF) To lend money and give credit with or without security.
- (GG) To borrow, raise and secure the payment of money in any way the directors think fit, including, without limitation, by the issue of debentures and other securities, perpetual or otherwise, charged on all or any of the Company's property (present and future) or its uncalled capital, and to purchase, redeem and pay off those securities.
- (HH) To remunerate any person for services rendered or to be rendered in placing, assisting and guaranteeing the placing and procuring the underwriting of any share or other security of the Company or of any person in which the Company may be interested or proposes to be interested, or in connection with the conduct of the business of the Company, including, without limitation, by cash payment or by the allotment of shares or other securities of the Company, credited as paid up in full or in part.

- (II) To subscribe for, acquire and hold (in each case absolutely or conditionally) shares, debentures and other securities of any person and to co-ordinate, finance and manage the business and operation of any person in which the Company has an interest.
- (JJ) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (KK) To sell, lease, exchange, let on hire and dispose of any real or personal property and the whole or part of the undertaking of the Company, for such consideration as the directors think fit, including, without limitation, for shares, debentures or other securities, whether fully or partly paid up, of any person, whether or not having objects (altogether or in part) similar to those of the Company. To hold any shares, debentures and other securities so acquired, and to improve, manage, develop, sell, exchange, lease, mortgage, dispose of, grant options over, turn to account and otherwise deal with all or any part of the property and rights of the Company.
- (LL) To adopt any means of publicising and making known the businesses, services and products of the Company as the directors think fit, including, without limitation, advertisement, publication and distribution of notices, circulars, books and periodicals, purchase and exhibition of works of art and interest and granting and making of prizes, rewards and donations.
- (MM) To support, subscribe to and contribute to any charitable or public object and any institution, society and club which may be for the benefit of the Company or persons who are or were directors, officers or employees of the Company, its predecessor in business, any subsidiary of the Company or any person allied to or associated with the Company, or which may be connected with any town or place where the Company carries on business. To subsidise and assist any association of employers or employees and any trade association. To grant pensions, gratuities, annuities and charitable aid and to provide advantages, facilities and services to any person (including any director or former director) who may have been employed by or provided services to the Company, its predecessor in business, any subsidiary of the Company or any person allied to or associated with the Company and to the spouses, children, dependants and relatives of those persons and to make advance provision for the payment of those pensions, gratuities and annuities by establishing or acceding to any trust, scheme or arrangement (whether or not capable of approval by the Commissioners of Inland Revenue under any relevant legislation) the directors think fit, to appoint trustees and to act as trustee of any trust, scheme or arrangement, and to make payments towards insurance for the benefit of those persons and their spouses, children, dependants and relatives.
- (NN) To establish and contribute to any scheme for the purchase or subscription by trustees of shares or other securities of the Company to be held for the benefit of the employees of the Company, any subsidiary undertaking of the Company or any person allied to or associated with the Company, to lend money to those employees or to trustees on their behalf to enable them to purchase or subscribe for shares or other securities of the Company and to formulate and carry into effect any scheme for sharing the profits of the Company with employees.



- (OO) To apply for, promote and obtain any Act of Parliament and any order or licence of any government department or authority (including, without limitation, the Department of Trade and Industry) to enable the Company to carry any of its objects into effect, to effect any modification of the Company's constitution and for any other purpose which the directors think fit, and to oppose any proceeding or application which may in the opinion of the directors directly or indirectly prejudice the Company's interests.
- (PP) To establish, grant and take up agencies, and to do all other things the directors may deem conducive to the carrying on of the Company's business as principal or agent, and to remunerate any person in connection with the establishment or granting of an agency on the terms and conditions the directors think fit.
- (QQ) To distribute among the shareholders in specie any of the Company's property and any proceeds of sale or disposal of any of the Company's property and for that purpose to distinguish and separate capital from profits, but no distribution amounting to a reduction of capital may be made without any sanction required by law.
- (RR) To purchase and maintain insurance for the benefit of any person who is or was an officer or employee of the Company, a subsidiary undertaking of the Company or a company in which the Company has or had an interest (whether direct or indirect) or who is or was trustee of any retirement benefits scheme or any other trust in which any officer or employee or former officer or employee is or has been interested, indemnifying that person against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against.
- (SS) To amalgamate with any other person and to procure the Company to be registered or recognised in any part of the world.
- (TT) Subject to the Act, to give (whether directly or indirectly) any kind of financial assistance (as defined in section 152(1)(a) of the Act) for any purpose specified in section 151(1) or section 151(2) of the Act.
- (UU) To do all or any of the things provided in any paragraph of this clause 3:
  - (i) in any part of the world;
  - (ii) as principal, agent, contractor, trustee or otherwise;
  - (iii) by or through trustees, agents, sub-contractors or otherwise; and
  - (iv) alone or with another person or persons.
- (VV) To do all things that are in the opinion of the directors incidental or conducive to the attainment of all or any of the Company's objects, or the exercise of all or any of its powers.

The objects specified in each paragraph of this clause 3 shall, except where otherwise provided in that paragraph, be regarded as independent objects, and are not limited or restricted by reference to or

inference from the terms of any other paragraph or the name of the Company. None of the paragraphs of this clause 3 or the objects or powers specified or conferred in or by them is deemed subsidiary or ancillary to the objects or powers mentioned in any other paragraph. The Company has as full a power to exercise all or any of the objects and powers provided in each such paragraph as if each paragraph contained the objects of a separate company.

In this clause 3, a reference to:

- (i) a "person" includes a reference to a body corporate, association or partnership whether domiciled in the United Kingdom or elsewhere and whether incorporated or unincorporated;
  - (ii) the "Act" is, unless the context otherwise requires, a reference to the Companies Act 1985, as modified or re-enacted or both from time to time;
  - (iii) a "subsidiary undertaking" is to be construed in accordance with section 258 of the Act; and
  - (iv) a "holding company" is to be construed in accordance with section 736 of the Act.
4. The liability of the Members is limited.
5. The Company's share capital is £100 divided into 100 Shares of £1 each.

WE, subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; And we agree to take the number of shares shown opposite our respective names.

Names and addresses of subscribers	Number of shares taken by each subscriber
Agnes Robson New St. Andrew's House Edinburgh Civil Servant	One
George Cartner Duke New St. Andrew's House Edinburgh Civil Servant	One

DATED this 20th day of March, 1989.

Witness to the above signatures:

LYNDA ANN TOWERS  
SOLICITOR  
NEW ST. ANDREW'S HOUSE  
EDINBURGH

Company number  
117121

THE COMPANIES ACT 1985  
PRIVATE COMPANY LIMITED BY SHARES  
NEW  
ARTICLES OF ASSOCIATION  
OF  
SCOTTISH NUCLEAR LIMITED

PRELIMINARY

1. Application of Table A

Except as otherwise provided in these articles, the regulations contained in Table A shall apply to the Company. For the purposes of these articles, Table A means Table A in the Schedule to the Companies (Tables A to F) Regulations 1985, as the same was in force on the date of incorporation of the Company. No regulations other than such regulations and these articles shall apply to the Company.

2. Interpretation

(1) In these articles:

British Energy	...	means British Energy plc incorporated in Scotland with registered number 162273;
Special Share		means the one special rights redeemable preference share of £1 in the capital of the Company;
Special Shareholder	...	means the holder for the time being of the Special Share; and

Statutes

...

means the Act and every other statute, statutory instrument, regulation or order for the time being in force concerning companies registered under the Act.

- (2) Unless the contrary intention appears, in these articles words importing the singular number include the plural number and vice versa, words importing one gender include any gender and words importing persons include bodies corporate and unincorporated associations.
- (3) Headings to these articles are inserted for convenience only and shall not affect construction.
- (4) Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose.

#### PRIVATE COMPANY

- 3. The Company is a private company limited by shares and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

#### SHARE CAPITAL

- 4. The authorised share capital of the Company at the date of adoption of these articles is £101 divided into 100 ordinary shares of £1 each and one special rights redeemable preference share of £1.
- 5.
  - (1) Subject to the provisions of the Statutes, the directors shall have general and unconditional authority to allot (with or without conferring a right of renunciation), grant options over, offer or otherwise deal with or dispose of any unissued shares of the Company (whether forming part of the original or any increased share capital), or rights to subscribe for or convert any security into shares, to such persons, at such times and generally on such terms and conditions as the directors may decide but no share may be issued at a discount.
  - (2) The directors shall have general and unconditional authority, pursuant to section 80 of the Act, to exercise all powers of the Company to allot relevant securities for a period expiring on the fifth anniversary of the date of adoption of these articles unless previously renewed, varied or revoked by the Company in general meeting.
  - (3) The maximum amount of relevant securities which may be allotted pursuant to the authority conferred by paragraph (2) above is the amount of the authorised but as yet unissued share capital of the Company at the date of adoption of these articles.
  - (4) By the authority conferred by paragraph (2) above, the directors may before the authority expires make an offer or agreement which would or might require relevant securities of the Company to be allotted after it expires and may allot relevant securities in pursuance of that offer or agreement.

- (5) Any exercise by the directors of the authority granted to them by this article is subject to the directors being satisfied that British Energy, if and for so long as it is a member of the Company and if and for so long as such provisions are applicable to British Energy, has obtained the consent required in relation to such exercise as is referred to in article 15(2) (and in particular paragraphs (f) and (g) thereof) of its articles of association as in force on the date of adoption of these articles.

#### SOLE MEMBER

6. If and so long as the Company has only one member all the provisions of these articles shall apply with any necessary modification (unless the provision expressly provides otherwise).

#### TRANSFERS

7. (1) The directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of an ordinary share to any person, whether or not it is a fully paid share or a share on which the Company has lien.
- (2) Notwithstanding the provisions of paragraph (1) above, the registration of the transfer of any share of the Company shall be subject to the directors being satisfied that British Energy, if and for so long as it is a member of the Company and if and for so long as such provisions are applicable to British Energy, has obtained the consent required in relation to such transfer as is referred to in article 15(2) (and in particular paragraph (h) thereof) of its articles of association as in force on the date of adoption of these articles.

#### THE SPECIAL SHARE

8. (1) The Special Share may only be issued to, held by and transferred to one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury or any other person acting on behalf of the Crown.
- (2) Notwithstanding any provision in these articles to the contrary, each of the following matters shall be deemed to be a variation of the rights attaching to the Special Share and shall accordingly be effective only with the consent in writing of the Special Shareholder and without such consent shall not be done or caused to be done:
- (a) the amendment or removal or alteration of the effect of (which, for the avoidance of doubt, shall include the ratification of any breach of) all or any of the following:
    - (i) in article 2 (Interpretation), the definition of "Special Share" and "Special Shareholder";
    - (ii) this article;
  - (b) (i) the disposal by the Company of any one or more of the nuclear power stations owned by the Company and known as Hunterston B and Torness (each a "Station" as more particularly defined in paragraph (3) below); and/or

- (ii) prior to the permanent closure of a Station, the disposal, whilst such Station continues to be capable of generating electricity, of any asset forming part of such Station which is necessarily required for such Station to generate electricity in accordance with the requirements from time to time of the relevant regulatory authorities (save, for the avoidance of doubt, where any such asset is or is to be replaced with an equivalent asset);
  - (c) the transfer out of Scotland of any of the headquarters functions of the Company carried out in Scotland on 30th June, 1996.
- (3) For the purpose of paragraph 2(b) above:
 

"disposal" shall include any sale, feu, gift, lease, licence, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other alienation or disposition to a third party;

"Station" means:

  - (i) in respect of Hunterston B, the land described in Part I of and the nuclear installations described in Part II of Schedule 1 to the nuclear site licence No.Sc11 dated 25th March, 1996;
  - (ii) in respect of Torness, means the land described in part I of and the nuclear installations described in Part II of Schedule 1 to the nuclear site licence No.Sc10 dated 25th March, 1996.
- (4) Notwithstanding any other provision of these articles to the contrary, the Special Shareholder shall be entitled to receive notice of, and to attend and speak at, any general meeting or any separate meeting of the holders of any class of shares, but the Special Share shall carry no right to vote nor any other rights at any such meeting.
- (5) In a distribution of capital on a winding up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid 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, and no right to participate in the profits, of the Company.
- (6) The Special Shareholder may, after consulting the Company and subject to the provisions of the Act, require the Company to redeem the Special Share at par at any time after 30th September, 2006 by giving notice to the Company and delivering to it the relevant share certificate. Upon redemption of the Special Share the provisions of this article shall cease to have effect.

#### GENERAL MEETINGS

- 9. (1) No business shall be transacted at any meeting unless a quorum is present. One person present, being entitled to vote upon the business to be transacted and being a member, shall constitute a quorum. Regulation 40 of Table A shall not apply.

- (2) A general meeting or a meeting of any class of members of the Company may consist of a conference between members some or all of whom are in different places provided that each member who participates is able:

- (a) to hear each of the other participating members addressing the meeting; and
- (b) if he so wishes, to address all of the other participating members simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when these articles are adopted or not) or by a combination of those methods.

- (3) A quorum is deemed to be present if those conditions are satisfied in respect of at least the number of members required to form a quorum. Subject to the provisions of the Statutes, all business transacted in this way by the members or by any class of members of the Company is for the purposes of these articles deemed validly and effectively transacted at a general meeting or a meeting of any class of members of the Company.

- (4) A meeting held in this way is deemed to take place at the place where the largest group of participating members is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

- (5) A resolution put to the vote of a meeting shall be decided by each member indicating to the chairman (in such manner as the chairman may direct) whether the member votes in favour of or against the resolution or abstains. Regulation 46 of Table A shall be amended accordingly.

- (6) References in this article to members shall include their duly appointed proxies and, in the case of corporate members, their duly authorised representatives.

10. Regulation 37 of Table A shall be modified by the deletion of the words "eight weeks" and the substitution for them of the words "28 days".

#### NOTICE OF GENERAL MEETINGS

11. (1) An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or an elective resolution must be called by at least 21 clear days' notice. All other extraordinary general meetings must be called by at least 14 clear days' notice but a general meeting, other than a meeting called for the passing of an elective resolution, may be called by shorter notice if it is so agreed:

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote at that meeting; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being (i) a majority together holding not less than such percentage in nominal value of the shares giving that right as has been determined by elective resolution of the members in accordance with the



Act, or (ii) if no such elective resolution is in force, a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

- (2) The notice must specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, must specify that the meeting is an annual general meeting. Subject to the provisions of these articles and to any restrictions imposed on any shares, the notice must be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

#### PROCEEDINGS AT GENERAL MEETINGS

12. A poll may be demanded by the chairman or by any member present in person or by proxy and entitled to vote and regulation 46 of Table A shall be modified accordingly.

#### SHAREHOLDERS' RESOLUTIONS

13. A resolution in writing signed by or on behalf of each member of the Company who would have been entitled to vote on it if it had been proposed at a general meeting or at a meeting of any class of members of the Company at which he was present in person or by proxy shall be as valid and effectual as if it had been passed at a general meeting or at such class meeting (as the case may be) duly convened and held. The resolution may be contained in one document or in several documents in like form each stating the terms of the resolution accurately and signed by or on behalf of one or more of the members. This article is in addition to, and not limited by, the provisions in sections 381A, 381B and 381C of the Act. Regulation 53 of Table A shall not apply.

#### VOTES OF MEMBERS

14. (1) A proxy appointed by a member of the Company under section 372 of the Act may vote on a show of hands as well as on a poll, but no person present shall be entitled to more than one vote on a show of hands except as provided in regulation 50 of Table A. Regulation 54 of Table A shall be amended accordingly.
- (2) Regulation 57 of Table A shall be modified by the inclusion after the word "shall" of the phrase ", unless the directors otherwise determine,".
- (3) Regulation 59 of Table A shall be modified by the addition at the end of the following sentence: "Deposit of an instrument of proxy does not preclude a member from attending and voting at the meeting or at any adjournment of it.".
- (4) An instrument appointing a proxy must be in writing in any usual form or in any other form which the directors may approve and must be executed by or on behalf of the appointor.
- (5) Regulation 62 of Table A shall be modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or by facsimile transmission to", by the substitution in paragraph (a) of the words "at any time" in place of "not less than 48 hours" and by the substitution in paragraph (b) of the words "at any time" in place of "not less than 24 hours".

## DIRECTORS

15. (1) The holder or holders of more than half in nominal value of the shares giving the right to attend and vote at general meetings of the Company may appoint any person as a director of the Company and may remove any director from office. Any appointment or removal under this article shall be by notice in writing signed by such holder or holders and, in the case of a body corporate holding any of those shares, the signature of any officer or other duly appointed representative shall suffice. Any appointment or removal shall take effect when it is lodged at the office or produced at any meeting of the directors or on such later date (if any) specified in the notice.
- (2) The directors shall not be subject to retirement by rotation. Regulations 73 to 80 (inclusive) and the last sentence of regulation 84 of Table A shall not apply.
- (3) The Company may by ordinary resolution appoint any person who is willing to act to be a director either to fill a vacancy or as an additional director.
- (4) The directors may appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director and any such person shall not be required to retire from office at the annual general meeting next following his appointment.
- (5) No director shall vacate his office or be ineligible for re-appointment as a director, nor shall any person be ineligible for appointment as a director, by reason only of his having attained a particular age.
- (6) No special notice is required of any resolution appointing or approving the appointment of such a director nor is any notice required to state the age of the person to whom the resolution relates. Section 293 of the Act shall not apply to the Company.

## ALTERNATE DIRECTORS

16. (1) In addition to the persons mentioned in regulation 65 of Table A, any director may appoint a director of any holding company of the Company or any person approved by a majority of the other directors to act as an alternate director.
- (2) An alternate director who is absent from the United Kingdom shall be entitled to receive notice of all meetings of directors and meetings of committees of directors and regulation 66 of Table A shall be modified accordingly.
- (3) 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, but he shall count as only one for the purpose of determining whether a quorum is present. The last sentence of each of regulations 88 and 89 of Table A shall not apply.
- (4) Any person appointed as an alternate director shall vacate his office as an alternate director if the director by whom he has been appointed ceases to be a director or removes him or on the happening of any event which, if he is or were a director, causes or would cause him to vacate that office. Regulation 67 of Table A shall not apply.

- (5) Regulation 68 of Table A shall be modified by the addition at the end of the following sentence: "Any such notice may be left at or sent by post or facsimile transmission to the office or another place designated for the purpose by the directors."
- (6) An alternate director shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of the director appointing him. Regulation 69 of Table A shall not apply.

#### DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 17. The office of a director shall be vacated if:
  - (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
  - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
  - (c) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; or
  - (d) he resigns his office by notice to the Company; or
  - (e) he is for more than six consecutive months absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) has not during that period attended any such meetings instead of him, and the directors resolve that his office be vacated; or
  - (f) he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors; or
  - (g) he is removed from office by notice given by a member or members under article 15(1).

Regulation 81 of Table A shall not apply.

#### DELEGATION OF DIRECTORS' POWERS

- 18. Regulation 72 shall be modified by the addition at the end of the regulation of the following sentence: "Where a provision of these articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision must be construed as permitting the exercise of the power, authority or discretion by the committee."

#### REMUNERATION OF DIRECTORS

- 19. The directors may grant special remuneration to any director who performs any special or extra services to or at the request of the directors. Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise, and shall be such

reasonable amount as the directors may decide in addition to any remuneration provided for by or pursuant to any other article or regulation applicable to the Company.

#### POWERS OF DIRECTORS

20. (1) The powers of the directors mentioned in regulation 87 of Table A shall be exercisable as if the word "executive" (which appears before the word "office") were deleted.
- (2) Without prejudice to any other of their powers, the directors may exercise any of the powers conferred by the Statutes 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 part of the undertaking of the Company or any of its subsidiaries.
- (3) If and for so long as British Energy is a member of the Company and if and for so long as such provisions are applicable to British Energy, the directors shall exercise their powers in relation to the amendment of these articles or the issue or transfer of the Company's shares only after they are satisfied that British Energy will not be, by reason of any action of or omission by the Company, in breach of any of the provisions of article 15(2)(f), (g) or (h) of its articles of association as in force on the date of adoption of these articles by reason of not having obtained any consent required thereby.

#### PROCEEDINGS OF DIRECTORS

21. Regulation 88 of Table A shall be modified by the exclusion of the third sentence and the substitution for it of the following sentences: "A director absent or intending to be absent from the United Kingdom may request the directors that notices of board meetings shall during his absence be given to him (or his alternate) at an address or to a telephone or facsimile number given by him to the Company for this purpose, but if no such request is made 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 the requirement that notice be given to him of a board meeting, either prospectively or retrospectively."
22. Provided that any director discloses his interest in accordance with section 317 of the Act, a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in respect of which he has, directly or indirectly, an interest or duty. Provided as aforesaid the director must be counted in the quorum present at a meeting when any such resolution is under consideration and if he votes his vote must be counted. Regulations 94 to 96 (inclusive) of Table A shall not apply.
23. (1) A meeting of the directors or of a committee of the directors may consist of a conference between directors and any alternate directors, some or all of whom are in different places provided that each director who participates is able:
  - (a) to hear each of the other participating directors addressing the meeting; and
  - (b) if he so wishes, to address all of the other participating directors simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when these articles are adopted or not) or by a combination of such methods.

- (2) A quorum is deemed to be present if those conditions are satisfied in respect of at least the number of directors required to form a quorum.
- (3) A meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

#### SEAL

- 24. (1) The Company may exercise the powers conferred by the Statutes with regard to having official seals and those powers shall be vested in the directors.
- (2) The directors shall provide for the safe custody of every seal of the Company.
- (3) A seal shall be used only by the authority of the directors or a committee but that authority may consist of an instruction or approval given by letter, facsimile, telegram, telex or telephone by a majority of the directors or of the members of a committee.
- (4) The directors may determine who shall sign any instrument to which a seal is affixed, either generally or in relation to a particular instrument or type of instrument, and may also determine, either generally or in any particular case, that such signatures shall be dispensed with or affixed by some mechanical means.
- (5) Unless otherwise decided by the directors:
  - (a) certificates for shares, debentures or other securities of the Company issued under seal need not (subject to the provisions of the relevant instrument) be signed or, if signed, a signature may be applied by mechanical or other means or may be printed; and
  - (b) every other instrument to which a seal is affixed shall be signed by at least one director and the secretary or by at least two directors.
- (6) Regulation 6 of Table A shall be amended accordingly. Regulation 101 of Table A shall not apply.

#### NOTICES

- 25. (1) The Company may give any notice to a member either personally or by sending it by prepaid first class post (where available) or facsimile transmission to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders.
- (2) Regulation 112 of Table A shall not apply.

## 26. (1) Proof that:

- (a) an envelope containing a notice was properly addressed, prepaid and posted (by first class post, where available); or
- (b) a facsimile transmission setting out the terms of a notice was properly addressed and despatched

shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiry of 24 hours after the envelope containing it was posted or, in the case of facsimile transmission, when despatched.

## (2) Regulation 115 of Table A shall not apply.

## INDEMNITY

## 27. Subject to the provisions of the Statutes, but without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a director, alternate director or secretary of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the proper execution of his duties or the proper exercise of his powers, authorities and discretions including, without prejudice to the generality of the foregoing, a liability incurred:

- (a) defending proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without a finding or admission of material breach of duty on his part; or
- (b) in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

Regulation 118 of Table A shall not apply.

## 28. The directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is or was:

- (a) a director, alternate director, secretary or auditor of the Company or of a company which is or was a subsidiary undertaking of the Company or in which the Company has or had an interest (whether direct or indirect); or
- (b) trustee of a retirement benefits scheme or other trust in which a person referred to in the preceding paragraph is or has been interested,

indemnifying him against liability for negligence, default, breach of duty or breach of trust or other liability which may lawfully be insured against by the Company.