

Company No. 117121

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

RESOLUTIONS

of

SCOTTISH NUCLEAR LIMITED

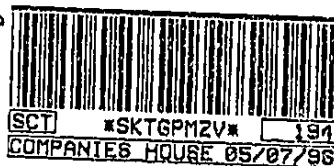
At an extraordinary general meeting of the Company held at 123, Pall Mall, London on Friday, 21 June 1996 at 5.00 pm the following resolutions were passed:

ORDINARY RESOLUTION

1. **THAT**, subject to and conditional upon the admission of the whole of the £700,000,000 in nominal amount of ordinary share capital issued or to be issued of British Energy plc to the Official List of the London Stock Exchange and such admission becoming effective no later than 14 August 1996 (or such later date as the Secretary of State for Trade and Industry and British Energy plc may agree), the directors be generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all or any powers of the Company to allot the special rights redeemable preference share of £1 in the capital of the Company for a period expiring at the conclusion of the next annual general meeting of the Company.

SPECIAL RESOLUTIONS

2. **THAT**, subject to and conditional upon the admission of the whole of the £700,000,000 in nominal amount of the ordinary share capital issued or to be



issued of British Energy plc to the Official List of the London Stock Exchange and such admission becoming effective no later than 14 August 1996 (or such later date as the Secretary of State for Trade and Industry and British Energy plc may agree), the directors were empowered pursuant to Section 95 of the Companies Act 1985 to allot the special rights redeemable preference share of £1 in the capital of the Company pursuant to the authority conferred by the resolution above as if Section 89(1) of the Companies Act 1985 did not apply to the allotment provided that such power shall expire on 31 December 1996.

3. **THAT**, new articles of association in the form produced to the meeting and initialled by the Chairman for the purposes of identification be adopted in substitution of the existing articles of association.



CHAIRMAN X

SC117121

[Signature]
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THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

NEW
ARTICLES OF ASSOCIATION
OF

SCOTTISH NUCLEAR LIMITED
(ADOPTED BY SPECIAL RESOLUTION PASSED ON 21 JUNE, 1996)

COMPANY NUMBER 117121

INCORPORATED IN SCOTLAND ON 1ST APRIL, 1989

C3:55055.1

[Signature]



Company number
117121

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

OF

SCOTTISH NUCLEAR LIMITED

(adopted by special resolution passed on June, 1996)

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 1935, 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 unless any transfer of posts out of Scotland is offset by the transfer to Scotland of posts of at least equivalent number and quality.

- (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.