

**QINETIQ LIMITED ('THE COMPANY')**  
**COMPANY NUMBER 3796233**  
**WRITTEN RESOLUTION OF THE COMPANY**  
**PURSUANT TO SECTION 288 OF THE COMPANIES ACT 2006**  
**PASSED ON 2<sup>ND</sup> AUGUST 2012**

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The following written resolution having been duly proposed by the directors of the Company was duly passed by the Company as a special resolution

**SPECIAL RESOLUTION**

**THAT** the articles of association attached to this resolution be and are hereby adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company

Signed 

Director/Secretary

for and on behalf of QinetiQ Limited



**No. 3796233**

**QinetiQ Limited**

**ARTICLES OF ASSOCIATION**

**(Adopted by Special Resolution passed on 2 August 2012)**

WEDNESDAY

21 AUGUST 2012  
COMPANIES HOUSE

#10

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**PART I**  
**INTERPRETATION AND LIMITATION OF LIABILITY**

**Exclusion of other regulations and defined terms**

- 1 (1) Neither the regulations contained in Table A to the Companies Act 1985 nor the regulations contained in the Companies (Model Articles) Regulations 2008 apply to the Company
- (2) In the articles, unless the context requires otherwise—
- "articles" means the Company's articles of association,
- "bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy,
- "Business Day" means a day (other than a Saturday, Sunday or public holiday) on which banks are open for the conduct of general banking business in England and Wales,
- "chairman" has the meaning given in article 12,
- "Company" means QinetiQ Limited,
- "Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company,
- "Compliance Principles" means the following principles
- (a) QinetiQ should provide, and should be perceived to provide, impartial scientific and technical advice and support to the Ministry of Defence,
  - (b) QinetiQ's support to the Ministry of Defence should be objective and it should observe the highest standards of integrity, fair dealing and ethical behaviour,
  - (c) QinetiQ should avoid or manage conflicts of interest in accordance with the generally applicable standard requirements of the Ministry of Defence from time to time in relation to conflicts of interest,
  - (d) QinetiQ should maintain the confidentiality of information belonging to the Ministry of Defence or others, in accordance with its legal obligations, and
  - (e) QinetiQ should comply with the security procedures and security requirements of the UK Government (including, but not limited to, the Ministry of Defence, from time to time,
- all in a manner consistent with, and with the overriding objective of protecting, the United Kingdom's defence and security interests from time to time and references to "QinetiQ" in this definition mean the Company and each other member of the QinetiQ Controlled Group, provided that in respect of members of the QinetiQ Controlled Group (other than the Company and its wholly-owned subsidiaries incorporated in the United Kingdom, in respect of which this proviso shall not apply and which shall be subject to an absolute obligation to adhere to the Compliance Principles as set out above) this shall only require the Company to do all that a reasonable person reasonably could do to exercise, or procure the exercise of, all rights, influence and control exercisable by it so as to ensure, as far as possible, that no such member shall conduct itself in a manner which (either alone or when taken together with any other action or inaction) would

result in the variation of any of the rights attached to the Special Share and/or a breach of the Compliance Principles,

"Compliance System" means

- (a) the roles and responsibility of the board of directors relating to the Compliance Principles and their application, and
- (b) a sound compliance management system of internal controls and processes for ensuring the effective application of the Compliance Principles by the QinetiQ Controlled Group,

"Control" means, in relation to any person (the "Controlled Person"), the ability of another person (the "Controller") to ensure that the activities and business of the Controlled Person are conducted in accordance with the wishes of the Controller, and a person shall be deemed to have Control of a body corporate or partnership if that person possesses or is entitled to acquire (i) the majority of the issued share capital in that body corporate, and/or (ii) the majority of the voting rights in that body corporate or partnership, and/or (iii) the right to receive the majority of the income of that body corporate or partnership on any distribution by it of all of its income or the majority of its assets on a winding up, and/or (iv) the rights to appoint a majority of the directors (or equivalent officers) to the board (or equivalent body) of that body corporate or partnership, and/or (v) the right as a general partner of a limited partnership to conduct ordinary matters connected with the business of that limited partnership, and "Controlled" and "Controlling" shall be construed accordingly,

"Crown" means one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Lords Commissioners of Her Majesty's Treasury, the Treasury Solicitor, any body corporate wholly owned by any of the foregoing or any other person acting on behalf of the Crown and "Crown representative" shall be construed accordingly,

"director" means a director of the Company, and includes any person occupying the position of director, by whatever name called,

"distribution recipient" has the meaning given in article 47,

"document" includes, unless otherwise specified, any document sent or supplied in electronic form,

"electronic form" has the meaning given in section 1168 of the Companies Act 2006,

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company,

"group" means the Company and its subsidiary undertakings from time to time,

"group undertaking" has the meaning given in section 1161(5) of the Companies Act 2006,

"hard copy form" has the meaning given in section 1168 of the Companies Act 2006,

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares,

"IAS 28" means International Accounting Standard 28 as published by the International Accounting Standards Board at the date of the adoption of these articles,

"IAS 31" means International Accounting Standard 31 as published by the International Accounting Standards Board[at the date of the adoption of these articles,

"instrument" means a document in hard copy form,

"Ministry of Defence" means the Secretary of State for Defence (acting as the Ministry of Defence) and any Permitted Transferee of the Ministry of Defence,

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006,

"paid" means paid or credited as paid,

"participate", in relation to a directors' meeting, has the meaning given in article 10,

"Permitted Transferee" means, unless otherwise agreed in writing between the Company and the Ministry of Defence, any Crown representative,

"proxy notice" has the meaning given in article 62,

"QinetiQ Consolidated Group" means

- (a) the Company and any entity which is its subsidiary or holding company, or any entity which is a subsidiary of that holding company, and
- (b) an arrangement of an entity within (a) which under IAS 31 would be accounted for as a joint venture, whether or not such arrangement is itself an entity,

"QinetiQ Controlled Group" means those entities and/or arrangements which are

- (a) a member of the QinetiQ Consolidated Group,
- (b) an associate under IAS 28 of a member of the QinetiQ Consolidated Group, or
- (c) an entity Controlled by another entity or arrangement within (a) or (b) above,

"shareholder" means a person who is the holder of a share,

"shares" means shares in the Company,

"special resolution" has the meaning given in section 283 of the Companies Act 2006,

"Special Share" means the special rights redeemable preference share of £1 issued in the Company's share capital,

"Special Shareholder" means any holder of the Special Share from time to time,

"Strategic Assets" means any assets which the Special Shareholder has agreed from time to time with the Company in writing as being assets of strategic importance which, in the case of those Strategic Assets comprising land, includes the buildings and other structures thereon and will be deemed to include (if not specified) the benefits as legal rights and legal easements of all rights of way, privileges, easements, quasi-rights and quasi-easements (including, without prejudice to the generality of the foregoing, rights of access and rights for



services) (together "ancillary rights") as from time to time reasonably required for the use and enjoyment of the same (but for the purposes of the Options and Pre-Emption Right (each as defined in article 29) including (if not specified as aforesaid) only those ancillary rights reasonably required for such use and enjoyment at the time of exercise of the relevant Option or Pre-Emption Right in relation to those Strategic Assets) or (in either such case) as otherwise may specifically be agreed in writing between the Special Shareholder and the Company in relation to any specific Strategic Asset as being the ancillary rights to be included in that Strategic Asset,

"subsidiary" has the meaning given in section 1159 of the Companies Act 2006,

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law,

"UK Government" means the Government of the United Kingdom of Great Britain and Northern Ireland, and

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that for the purposes of articles 24 to 34 (*Special Share*) and the definitions of "Permitted Transferee" and "Strategic Assets", "writing" shall exclude any information sent or supplied in electronic form

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the Company

- (3) Except where otherwise expressly stated, a reference in these articles to any primary or delegated legislation or legislative provision includes a reference to any modification or re-enactment of it for the time being in force
- (4) In these articles
  - (a) References to "other" and "otherwise" shall not be construed *eiusdem generis* where a wider construction is possible,
  - (b) References to a power are to a power of any kind, whether administrative, discretionary or otherwise, and
  - (c) References to a committee of the directors are to a committee established in accordance with these articles, whether or not comprised wholly of directors
- (5) The headings are inserted for convenience only and do not affect the construction of these articles

### **Liability of members**

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

**PART 2**  
**DIRECTORS**  
**DIRECTORS' POWERS AND RESPONSIBILITIES**

**Directors' general authority**

- 3      Subject to the articles, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company

**Shareholders' reserve power**

- 4      (1)      The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action
- (2)      No alteration of the articles and no such special resolution invalidates anything which the directors have done before the passing of the resolution

**Directors may delegate**

- 5      (1)      Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—
- (a)      to such person or committee,
- (b)      by such means (including by power of attorney),
- (c)      to such an extent,
- (d)      in relation to such matters or territories, and
- (e)      on such terms and conditions,
- as they think fit
- (2)      If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated
- (3)      The directors may revoke any delegation in whole or part, or alter its terms and conditions

**Committees**

- 6      (1)      Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors
- (2)      The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them

**DECISION-MAKING BY DIRECTORS**

**Directors to take decisions collectively**

- 7      (1)      The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8
- (2)      Unless otherwise determined by ordinary resolution the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than two

### **Unanimous decisions**

- 8       (1)       A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter. For this purpose, it is not necessary for the appointor of an alternate director to indicate that he shares a common view with the other directors if the alternate director, which he has appointed, indicates that he shares a common view with the other directors
- (2)       Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing. For this purpose, it is not necessary for the appointor of an alternate director to sign the written resolution or otherwise indicate his agreement in writing if the alternate director, which he has appointed, signs the written resolution or otherwise indicates his agreement in writing
- (3)       References in this article to eligible directors are to directors who would have been entitled to vote on the matter and whose vote would have been counted had it been proposed as a resolution at a directors' meeting
- (4)       A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting

### **Calling a directors' meeting**

- 9       (1)       Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the Company secretary (if any) to give such notice
- (2)       Notice of any directors' meeting must indicate—
- (a)       its proposed date and time,
- (b)       where it is to take place, and
- (c)       if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting
- (3)       It shall not be necessary to give notice to a director who is absent from the United Kingdom at the time notice of the meeting is given. Notice of a directors' meeting must be given to each director, who is entitled to receive notice, but need not be in writing
- (4)       Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it

### **Participation in directors' meetings**

- 10      (1)       Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
- (a)       the meeting has been called and takes place in accordance with the articles, and
- (b)       they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting

- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is

#### **Quorum for directors' meetings**

- 11 (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two
- (3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—
  - (a) to appoint further directors, or
  - (b) to call a general meeting so as to enable the shareholders to appoint further directors

#### **Chairing of directors' meetings**

- 12 (1) The directors may appoint a director to chair their meetings
- (2) The person so appointed for the time being is known as the chairman
- (3) The directors may terminate the chairman's appointment at any time
- (4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it

#### **Casting vote**

- 13 (1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote
- (2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes

#### **Conflicts of interest**

- 14 (1) Provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office—
  - (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested,
  - (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is interested, and
  - (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any parent undertaking or subsidiary undertaking of the Company, or any subsidiary undertaking of any parent undertaking of the Company, or any body

corporate in which any such parent undertaking or subsidiary undertaking is interested,

and (i) he shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such undertaking or body corporate, (ii) he shall not infringe his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company as a result of any such office or employment or any such transaction or arrangement or any interest in any such undertaking or body corporate, (iii) he shall not be required to disclose to the Company, or use in performing his duties as a director of the Company, any confidential information relating to such office or employment if to make such a disclosure or use would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with such office or employment, (iv) he may absent himself from discussions, whether in meetings of the directors or otherwise, and exclude himself from information, which will or may relate to such office, employment, transaction, arrangement or interest, and (v) no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit

(2) For the purposes of this article—

- (a) a director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a director, officer or employee of any parent undertaking or subsidiary undertaking of the Company, or any subsidiary undertaking of any parent undertaking of the Company,
- (b) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified,
- (c) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his,
- (d) a director need not disclose an interest if it cannot reasonably be regarded as likely to give rise to a conflict of interest, and
- (e) a director need not disclose an interest if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware)

(3) The directors may (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation) authorise, to the fullest extent permitted by law—

- (a) any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties), and

- (b) a director to accept or continue in any office, employment or position in addition to his office as a director of the Company and, without prejudice to the generality of paragraph 14(3)(a), may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises,

provided that the authorisation is effective only if (i) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director, and (ii) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted

- (4) In relation to any such matter, office, employment or position that has been so authorised (subject to such terms and conditions, if any, as the directors may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation or the permissions set out below)—
  - (a) the director shall not be required to disclose to the Company, or use in performing his duties as a director of the Company, any confidential information relating to such matter, or such office, employment or position if to make such a disclosure or use would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with such matter, or that office, employment or position,
  - (b) the director may absent himself from discussions, whether in meetings of the directors or otherwise, and exclude himself from information, which will or may relate to that matter, or that office, employment or position, and
  - (c) a director shall not, by reason of his office as a director of the Company, be accountable to the Company for any benefit which he derives from any such matter, or from any such office, employment or position
- (5) A director who has duly declared his interest (so far as he is required to do so) may vote at a meeting of the directors or of a committee of the directors on any resolution concerning a matter in which he is interested, directly or indirectly. If he does, his vote shall be counted, and whether or not he does, his presence at the meeting shall be taken into account in calculating the quorum
- (6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive
- (7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes

#### **Records of decisions to be kept**

- 15 The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors

### **Directors' discretion to make further rules**

- 16 Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors

### **APPOINTMENT OF DIRECTORS**

#### **Methods of appointing directors**

- 17 (1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—
- (a) by ordinary resolution, or
  - (b) by a decision of the directors
- (2) In any case where, as a result of death, the Company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director
- (3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder
- (4) A member or members holding a majority in nominal value of the issued shares in the Company may appoint any person who is willing to act, and is permitted by law to do so, to be a director, either to fill a vacancy or as an additional director. Any such appointment shall be effected by a notice in writing signed by, or on behalf of, the member or members concerned and delivered to the registered office of the Company or delivered at a meeting of the directors or a general meeting of the Company

#### **Termination of director's appointment**

- 18 A person ceases to be a director as soon as—
- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law,
  - (b) a bankruptcy order is made against that person,
  - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts,
  - (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,
  - (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have,
  - (f) notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms,
  - (g) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated, and

- (h) a member or members holding a majority in nominal value of the issued shares in the Company gives notice to remove that person from his position as a director, such notice to be in writing signed by, or on behalf of, the member or members concerned and delivered to the registered office of the Company or delivered at a meeting of the directors or a general meeting of the Company

#### **Directors' remuneration**

- 19 (1) Directors may undertake any services for the Company that the directors decide
- (2) Directors are entitled to such remuneration as the directors determine—
  - (a) for their services to the Company as directors, and
  - (b) for any other service which they undertake for the Company
- (3) Subject to the articles, a director's remuneration may take any form
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day
- (5) Unless the directors decide otherwise, directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested
- (6) The directors may provide benefits, whether by the payment of a pension, allowance or gratuities, or any death, sickness or disability benefits or by insurance or otherwise, for any director or former director, who holds or has held any office or employment with the company, predecessor in business of the company or with any undertaking which is or has been a group undertaking in relation to the company and for any member of this family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (before as well as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit

#### **Directors' expenses**

- 20 The Company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—
  - (a) meetings of directors or committees of directors,
  - (b) general meetings, or
  - (c) separate meetings of the holders of any class of shares or of debentures of the Company,or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company

#### **ALTERNATE DIRECTORS**

##### **Appointment and removal of alternate directors**

- 21 (1) Any director may appoint as an alternate any other director, or any other person approved by resolution of the directors, to
  - (a) exercise that director's powers, and
  - (b) carry out that director's responsibilities,



in relation to the taking of decisions by the directors in the absence of the alternate's appointor

- (2) Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors
- (3) The notice must
  - (a) identify the proposed alternate, and
  - (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice

#### **Rights and responsibilities of alternate directors**

- 22 (1) An alternate director has the same rights, in relation to any directors' meeting and all meetings of committees of directors of which his appointor is a member or directors' written resolution, as the alternate's appointor
- (2) Except as the articles specify otherwise, alternate directors
  - (a) are deemed for all purposes to be directors,
  - (b) are liable for their own acts and omissions,
  - (c) are subject to the same restrictions as their appointors, and
  - (d) are not deemed to be agents of or for their appointors
- (3) A person who is an alternate director but not a director
  - (a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and
  - (b) may sign a written resolution (but only if it is not signed or to be signed by that person's appointor)

No alternate may be counted as more than one director for such purposes
- (4) A director who is also an alternate director has an additional vote on behalf of each appointor who is—
  - (a) not participating in a directors' meeting, and
  - (b) would have been entitled to vote if they were participating in it
- (5) An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company

#### **Termination of alternate directorship**

- 23 (1) An alternate director's appointment as an alternate terminates—
  - (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate,
  - (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,

- (c) on the death of the alternate's appointor,
- (d) when the alternate's appointor's appointment as a director terminates, or
- (e) when a member or members holding a majority in nominal value of the issued shares in the company gives notice to remove that person from his position as an alternate director, such notice to be in writing signed by, or on behalf of, the member or members concerned and delivered to the registered office of the company or delivered at a meeting of the directors or a general meeting of the company

### PART 3 SPECIAL SHARE

#### **Special Share held by the Crown**

- 24 The Special Share may only be issued to, held by and transferred to the Crown (or as it directs) The directors must register any transfer of the Special Share within 7 days

#### **Variation of rights attaching to the Special Share**

- 25 Amendment of the effect of, or removal of the following provisions of, these articles will be deemed to be a variation of the rights attaching to the Special Share and requires the written consent of the Special Shareholder
- (a) in article 1 the definitions of "Compliance Principles", "Compliance System", "Control", "Crown", "QinetiQ Consolidated Group", "QinetiQ Controlled Group", "Special Share", "Special Shareholder" and "Strategic Assets",
  - (b) articles 24 to 34 (*Special Share*), and
  - (c) any other reference in these articles to the Ministry of Defence, to the Special Share or to the Special Shareholder

#### **Special Shareholder rights**

- 26 The Special Shareholder has the following rights
- (a) to require the Company to implement and maintain (as from the date of adoption of these articles) a Compliance System, so as to make at all times effective its and each member of the QinetiQ Controlled Group's application of the Compliance Principles, in a manner acceptable to the Special Shareholder,
  - (b) to refer matters to the board of directors for its consideration in relation to the application of the Compliance Principles,
  - (c) to require the board of directors to take action to rectify any omission in the application of the Compliance Principles, if the Special Shareholder is of the opinion that such steps are necessary to protect the defence or security interests of the United Kingdom, and
  - (d) to demand a poll at any of the Company's meetings (even though it may have no voting rights except those given to it under articles 24 to 34),

provided that in respect of members of the QinetiQ Controlled Group (other than the Company and its wholly-owned subsidiaries incorporated in the United Kingdom, in respect of which this proviso shall not apply and which shall be subject to an absolute obligation to comply with such rights) this shall only require the Company to do all that a reasonable person reasonably could do to exercise, or procure the exercise of, all rights,

influence and control exercisable by it so as to ensure, as far as possible, that no such member shall conduct itself in a manner which (either alone or when taken together with any other action or inaction) would result in the variation of any of the rights attached to the Special Share and/or a breach of the Compliance Principles

### **Redemption of the Special Share**

- 27 (1) The Special Shareholder may, subject to the provisions of the Companies Acts, require the Company to redeem the Special Share at par (such sum being payable on redemption) at any time by serving written notice on the Company and delivering the relevant share certificate to the Company
- (2) Save as described in paragraph (1) of this article, the Special Share is not redeemable in any other way

### **Special Shareholder written consent**

- 28 The written consent of the Special Shareholder is also required before the following events can take place
- (a) (subject to article 29) the disposal or destruction of, or voluntary closure of or cessation of any operations conducted by means of, all or any part of, a Strategic Asset by the Company or any other member of the QinetiQ Controlled Group (other than disposal of all or any part of a Strategic Asset by the Company or any other member of the QinetiQ Controlled Group in accordance with article 29 (8)), and
- (b) the entering into of any agreement by, or the permitting of, any member of the QinetiQ Controlled Group to undertake any of the matters restricted by paragraph (a) of this article

### **Strategic Assets**

- 29 (1) In this article 29
- "Completion" means the date of completion of the sale and purchase of the Selected Strategic Assets pursuant to the exercise of the Options (as described in article 29(2)) or either of them or (as applicable) of the exercise of the Pre-Emption Right (as described in article 29(3)),
- "Consideration" means the value of the Selected Strategic Assets as determined in accordance with agreements in writing between the Company and the Special Shareholder from time to time,
- "Relevant Date" means any date that
- (a) the Company and/or any other member of the QinetiQ Controlled Group with a subsisting interest in the relevant Strategic Asset (as appropriate) goes into liquidation (whether compulsory or voluntary) or the Company and/or any other member of the QinetiQ Controlled Group with a subsisting interest in the relevant Strategic Asset (as appropriate) has an administrator appointed or a receiver or manager, or administrative receiver is appointed over the whole or any part of the assets or undertaking of the Company and/or any other member of the QinetiQ Controlled Group with a subsisting interest in the relevant Strategic Asset (as appropriate), or a petition is presented or a shareholders' resolution passed for the liquidation or administration of the Company and/or any other member of the QinetiQ Controlled Group with a subsisting interest

in the relevant Strategic Asset (as appropriate), or any steps are taken by the Company and/or any other member of the QinetiQ Controlled Group with a subsisting interest in the relevant Strategic Asset (as appropriate) with a view to proposing or agreeing (under any enactment or otherwise) any kind of composition, scheme, compromise or arrangement involving the Company and/or any other member of the QinetiQ Controlled Group with a subsisting interest in the relevant Strategic Asset (as appropriate) and its creditors generally (including, for the avoidance of doubt, a proposal for a company voluntary arrangement under the Insolvency Act 1986 or scheme of arrangement under the Companies Acts) and in this paragraph (a) references to the Company and/or any other member of the QinetiQ Controlled Group are in each case to them whether or not having a subsisting interest in the relevant Strategic Asset, or

- (b) the Special Shareholder determines that circumstances have arisen which it considers constitute unacceptable ownership, influence or control over the Company and/or any other member of the QinetiQ Consolidated Group which has a subsisting interest in a Strategic Asset contrary to the defence or security interests of the United Kingdom, or
- (c) the Special Shareholder receives notice pursuant to agreements in writing between the Company and the Special Shareholder from time to time or otherwise determines that a Company which was a member of the QinetiQ Controlled Group and which has a subsisting interest in a Strategic Asset has ceased to be a member of the QinetiQ Controlled Group without the prior written consent of the Special Shareholder, and

"Selected Strategic Assets" means such of the Strategic Assets as the Special Shareholder has notified the Company, in its written notification to the Company (pursuant to article 29(2) or 29(3), as being those Strategic Assets which the Special Shareholder wishes to acquire pursuant to its exercise of the Options (as described in article 29(2) or either of them or (as appropriate) the exercise of the Pre-Emption Right (as described in article 29(3))

- (2) Without prejudice to the Special Shareholder's rights under articles 28(a) and 28(b), the Special Shareholder has an option to purchase any Strategic Asset comprising land (including the buildings and other structures situated thereon) and also an option to purchase any Strategic Asset not comprising land (each an "Option" and together the "Options") The Options are, subject to the provisions of article 29(14), exercisable by written notice served by the Special Shareholder on the Company at any time within 90 days from a Relevant Date
- (3) Without prejudice to the Special Shareholder's rights under articles 28(a) and 28(b), the Special Shareholder has the right to purchase any Strategic Assets which the Company wants to sell or otherwise dispose of at any time (the "Pre-Emption Right")
- (4) If and on each occasion that the Company wishes to sell or otherwise dispose of any Strategic Asset, the Company must give the Special Shareholder written notice that it does The notice must specify the Strategic Assets proposed to be sold or disposed of (together with the prices (if any) which have been offered to the Company for such Strategic Assets) and the nature of the proposed disposal (the "Proposed Disposal") and offer to sell the same to the Special Shareholder for the Consideration and with limited title guarantee free of all liens, charges and

encumbrances and on the further terms set out in this article 29 (as if the same had been set out in such notice) (an "Offer Notice")

- (5) The Company may at any time after it has given an Offer Notice but before the Pre-Emption Right has ceased to be exercisable as hereinafter provided give the Special Shareholder a further notice specifying any changes to the Proposed Disposal or to the Disposal Terms (as defined in article 29(6)) as particularised in the Offer Notice or (as the case may be) in the Disposal Terms since giving of the Offer Notice or particulars of the Disposal Terms (a "Revision Notice")
- (6) Following receipt of an Offer Notice or a Revision Notice, if the Special Shareholder shall by written notice to the Company so require (an "Information Request"), the Company shall within 21 days of receipt of an Information Request provide to the Special Shareholder in writing such information and documents with regard to the relevant Proposed Disposal as may be specified in the Information Request ("Disposal Terms")
- (7) The Pre-Emption Right is exercisable by written notice of acceptance in respect of any of the specified Strategic Assets, served by the Special Shareholder on the Company at any time before the "Last Exercise Date", being the latest of
  - (a) ninety days after the receipt of the Offer Notice by the Special Shareholder,
  - (b) (if the Special Shareholder has made an Information Request within thirty days of receipt of the Offer Notice or a Revision Notice by the Special Shareholder) thirty five days after the receipt by the Special Shareholder of the Disposal Terms, and
  - (c) if a Revision Notice has been given, thirty five days after receipt of the Revision Notice by the Special Shareholder,and the Company will be bound to sell and the Special Shareholder will be bound to purchase the Selected Strategic Assets on the terms of the Offer Notice as varied or supplemented by any Revision Notice
- (8) If and to the extent that the Pre-Emption Right is not exercised before the Last Exercise Date or if the Special Shareholder shall give the Company written notice that the Special Shareholder does not wish to exercise the Pre-Emption Right on that occasion, the Company will be free to sell or otherwise dispose of the Strategic Assets specified in the Offer Notice (as varied or supplemented by any Revision Notice) by way of the Proposed Disposal and in accordance with the Offer Notice (as varied or supplemented by any Revision Notice) and any Disposal Terms (and not further or otherwise)
- (9) If the relevant sale or disposal by the Company is not completed within the period of 180 days commencing on the receipt of the relevant Offer Notice by the Special Shareholder, the provisions of this article 29 will thereafter have effect in relation to the relevant Strategic Assets as if no Offer Notice had been served in respect thereof
- (10) Upon service of a written notice exercising the Options or either of them, the Company will be bound to sell with limited title guarantee free of all liens, charges and encumbrances the Selected Strategic Assets to the Special Shareholder and the Special Shareholder will be bound to purchase the same for the Consideration

- (11) Completion of the sale and purchase of the Selected Strategic Assets will take place at such time and place as the Special Shareholder may specify on (i) the date ninety days following exercise of the Options or either of them or (as applicable) the Pre-Emption Right, or if not a Business Day on the first such day thereafter or at the option of the Special Shareholder or (ii) such earlier date as the Special Shareholder may specify. Upon Completion, the Company must deliver or procure the delivery to the Special Shareholder (or its nominee) of the Selected Strategic Assets in a form and substance satisfactory to the Special Shareholder and otherwise in such manner as the Special Shareholder may direct, and
- (a) if the amount of the Consideration has been determined on or before Completion the Special Shareholder must pay to the Company the Consideration in same day funds to such bank account as the Company may specify, or
  - (b) if the amount of the Consideration has not been determined on or before Completion, the Company must, in any event, deliver or transfer (as the case may be) the Selected Strategic Assets and the Special Shareholder must, within 20 Business Days after the amount of the Consideration has been determined, pay the Consideration to the Company in accordance with paragraph (a) of this article, or
  - (c) if the Special Shareholder fails to make due and punctual payment of the Consideration or any amount payable by it in respect of Value Added Tax in accordance with paragraphs (a) or (b) of this article (whichever shall apply) the Special Shareholder shall pay interest thereon (or on the unpaid part) from the date 30 Business Days after the due date for payment until payment 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 may nominate for this purpose, such interest to run from day to day
- (12) The Consideration payable by the Special Shareholder is exclusive of Value Added Tax. Where and to the extent properly chargeable, Value Added Tax will be added to the Consideration and shall be payable by the Special Shareholder. Value Added Tax shall be dealt with in accordance with agreements in writing between the Company and the Special Shareholder.
- (13) The Company must, at the request and expense of the Special Shareholder execute such documents and do such acts and things as the Special Shareholder may reasonably request for the purpose of vesting the Selected Strategic Assets in the Special Shareholder (or its nominee) and for giving the Special Shareholder the full benefit of this article 29.
- (14) The Option to purchase any Strategic Asset comprising land is exercisable (in accordance with its terms) at any time during such period as is permitted by law for the time being. The Option to purchase any Strategic Asset not comprising land is exercisable (in accordance with its terms) during the period ending on the expiration of twenty-one years from the death of the survivor of the descendants now living of Her Majesty Queen Elizabeth II.
- (15) The Company must maintain, repair, rebuild, renew and/or replace (as may from time to time be necessary) any Strategic Assets to the standard from time to time specified by, and to the satisfaction of, the Special Shareholder in accordance

with agreements in writing from time to time between the Company and the Special Shareholder

### **Third party rights**

- 30 The rights of any third parties who contract with the Company will not be affected by any breach of article 26(a)

### **Special Shareholder voting rights**

- 31 If an attempt is made to change any of the provisions set out in article 25, to engage in any activity in breach of article 26 or to approve any of the events listed in article 28, on an ordinary resolution the Special Shareholder will have no less than one vote more than the total number of all other votes cast and, on a special resolution, it will have no less than one vote more than 25 per cent, of the total votes cast

### **Application of Compliance Principles**

- 32 (1) In relation to each entity or arrangement which is a member of the QinetiQ Controlled Group at the date of adoption of these articles, the Company will in relation to itself and any of its wholly-owned subsidiaries incorporated in the United Kingdom (and, in relation to any other member of the QinetiQ Controlled Group, will do all that a reasonable person reasonably could do to) exercise, or procure the exercise of, all rights, influence and control exercisable by it so as to ensure, as far as possible, that no such member shall conduct itself in a manner which (either alone or when taken together with any other action or inaction) would result in the variation of any of the rights attached to the Special Share and/or a breach of the Compliance Principles
- (2) The Company will in relation to any of its wholly-owned subsidiaries incorporated in the United Kingdom (and, in relation to any other member of the QinetiQ Controlled Group, will do all that a reasonable person reasonably could do to) procure that any entity or arrangement which becomes a member of the QinetiQ Controlled Group after the date of adoption of these articles is established on terms which give the directors the right to require that the entity or arrangement conducts itself in accordance with articles 24 to 34 (*Special Share*) and the Company will in relation to any of its wholly-owned subsidiaries incorporated in the United Kingdom (and, in relation to any other member of the QinetiQ Controlled Group, will do all that a reasonable person reasonably could do to) exercise, or procure the exercise of, all rights, influence and control exercisable by it so as to ensure, as far as possible, that no such member shall conduct itself in a manner which (either alone or when taken together with any other action or inaction) would result in the variation of any of the rights attached to the Special Share and/or a breach of the Compliance Principles
- (3) The Company shall not place work with a member of the QinetiQ Consolidated Group over which it does not have Control in order to avoid, or in an effort to avoid, the application of the Compliance Principles to that work

### **Failure to comply with Special Shareholder rights**

- 33 Failure to comply with any of the rights contained in articles 24 to 34 (*Special Share*) will be deemed to be a variation of the Special Shareholder's rights

### **Only Special Shareholder may exercise rights**

- 34 Only the Special Shareholder has rights under articles 24 to 34 (*Special Share*) and these rights are in addition to any rights contained elsewhere in these articles

## **PART 4**

### **SHARES AND DISTRIBUTIONS**

#### **SHARES**

### **All shares to be fully paid up**

- 35 (1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue
- (2) This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum

### **Powers to issue different classes of share**

- 36 (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the Company may issue further classes of shares with such rights or restrictions as may be determined by ordinary resolution
- (2) The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares
- (3) In the event that rights and restrictions attaching to shares are determined by ordinary resolution or by the directors pursuant to this article, whose rights and restrictions shall apply, in particular in place of any rights or restrictions that would otherwise apply by virtue of the Companies Act 2006 in the absence of any provisions in the articles of a company, as if those rights and restrictions were set out in the articles

### **Exclusion of pre-emption rights**

- 37 Sections 561 and 562 of the Companies Act 2006, in relation to all allotments by the Company of equity securities, are hereby excluded

### **Payment of commissions on subscription for shares**

- 38 (1) The Company may pay any person a commission in consideration for that person—
- (a) subscribing, or agreeing to subscribe, for shares, or
- (b) procuring, or agreeing to procure, subscriptions for shares
- (2) Any such commission may be paid—
- (a) in cash, or in fully paid shares or other securities, or partly in one way and partly in the other, and
- (b) in respect of a conditional or an absolute subscription Company not bound by less than absolute interests
- 39 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it



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### **Share certificates**

- 40      (1)      The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds
- (2)      Every certificate must specify—
- (a)      in respect of how many shares, of what class, it is issued,
- (b)      the nominal value of those shares,
- (c)      that the shares are fully paid, and
- (d)      any distinguishing numbers assigned to them
- (3)      No certificate may be issued in respect of shares of more than one class
- (4)      If more than one person holds a share, only one certificate may be issued in respect of it
- (5)      Certificates must—
- (a)      have affixed to them the Company's common seal, or
- (b)      be otherwise executed in accordance with the Companies Acts

### **Replacement share certificates**

- 41      (1)      If a certificate issued in respect of a shareholder's shares is—
- (a)      damaged or defaced, or
- (b)      said to be lost, stolen or destroyed,
- that shareholder is entitled to be issued with a replacement certificate in respect of the same shares
- (2)      A shareholder exercising the right to be issued with such a replacement certificate—
- (a)      may at the same time exercise the right to be issued with a single certificate or separate certificates,
- (b)      must return the certificate which is to be replaced to the Company if it is damaged or defaced, and
- (c)      must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide

### **Share transfers**

- 42      (1)      Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor
- (2)      No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share
- (3)      The Company may retain any instrument of transfer which is registered
- (4)      The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it
- (5)      The directors may refuse to register the transfer of any share (other than the Special Share), and if they do so, the instrument of transfer must be returned to

the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent

#### **Transmission of shares**

- 43
- (1) If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share
  - (2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—
    - (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
    - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had
  - (3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares

#### **Exercise of transmittees' rights**

- 44
- (1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish
  - (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it
  - (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred

#### **Transmittees bound by prior notices**

- 45
- If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members

### **DIVIDENDS AND OTHER DISTRIBUTIONS**

#### **Procedure for declaring dividends**

- 46
- (1) The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends
  - (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors
  - (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights
  - (4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it

- (5) If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights

#### **Payment of dividends and other distributions**

- 47 (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide,
  - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide,
  - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide, or
  - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share, or
  - (b) if the share has two or more joint holders, whichever of them is named first in the register of members, or
  - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee

#### **No interest on distributions**

- 48 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—
- (a) the terms on which the share was issued, or
  - (b) the provisions of another agreement between the holder of that share and the Company

#### **Unclaimed distributions**

- 49 (1) All dividends or other sums which are—
- (a) payable in respect of shares, and
  - (b) unclaimed after having been declared or become payable, may be invested or otherwise made use of by the directors for the benefit of the Company until claimed

- (2) The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it
- (3) If-
  - (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
  - (b) the distribution recipient has not claimed it,
 the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company

#### **Non-cash distributions**

- 50 (1) Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company)
  - (2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—
    - (a) fixing the value of any assets,
    - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients, and
    - (c) vesting any assets in trustees
- Waiver of distributions**
- 51 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—
    - (a) the share has more than one holder, or
    - (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise, the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share

### **CAPITALISATION OF PROFITS**

#### **Authority to capitalise and appropriation of capitalised sums**

- 52 (1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution—
  - (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of any of the Company's reserves, or funds including but not limited to the share premium account, capital redemption reserve, merger reserve or revaluation reserve, and
  - (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions
- (2) Capitalised sums must be applied—

- (a) on behalf of the persons entitled, and
  - (b) in the same proportions as a dividend would have been distributed to them
- (3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct
- (4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct
- (5) Subject to the articles the directors may—
  - (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another,
  - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments), and
  - (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article

## PART 5

### DECISION-MAKING BY SHAREHOLDERS

#### ORGANISATION OF GENERAL MEETINGS

##### **Attendance and speaking at general meetings**

- 53
- (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting
  - (2) A person is able to exercise the right to vote at a general meeting when—
    - (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
    - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting
  - (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it
  - (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other
  - (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them

### **Quorum for general meetings**

- 54 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. One qualifying person, other than the Special Shareholder or a person acting as proxy or corporate representative for the Special Shareholder, is quorum.

### **Chairing general meetings**

- 55 (1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- (2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—
- (a) the directors present, or
- (b) (if no directors are present), the meeting,
- must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
- (3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

### **Attendance and speaking by directors and non-shareholders**

- 56 (1) Directors may attend and speak at general meetings, whether or not they are shareholders.
- (2) The chairman of the meeting may permit other persons who are not—
- (a) shareholders of the Company, or
- (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

### **Adjournment**

- 57 (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—
- (a) the meeting consents to an adjournment, or
- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) When adjourning a general meeting, the chairman of the meeting must—
- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
  - (a) to the same persons to whom notice of the Company's general meetings is required to be given, and
  - (b) containing the same information which such notice is required to contain
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place

## VOTING AT GENERAL MEETINGS

### **Voting: general**

- 58 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles

### **Votes of the members**

- 59 Subject to any rights or restrictions attached to any shares, on a show of hands, every member (other than the Special Shareholder) who is present in person or by proxy or (being a corporation) by a duly authorised corporate representative shall have one vote (provided that if he is present in more than one capacity he shall not have more than one vote on a show of hands), and on a poll every member (other than the Special Shareholder) shall have one vote for every share of which he is the holder

### **Errors and disputes**

- 60 (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid
- (2) Any such objection must be referred to the chairman of the meeting, whose decision is final

### **Poll votes**

- 61 (1) A poll on a resolution may be demanded—
- (a) in advance of the general meeting where it is to be put to the vote, or
  - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared
- (2) A poll may be demanded by—
- (a) the chairman of the meeting,
  - (b) the directors,
  - (c) two or more persons having the right to vote on the resolution, or
  - (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution, or

- (e) the Special Shareholder, in accordance with article 26
- (3) A demand for a poll may be withdrawn if—
  - (a) the poll has not yet been taken, and
  - (b) the chairman of the meeting consents to the withdrawal
- (4) Polls must be taken immediately and in such manner as the chairman of the meeting directs

#### **Content of proxy notices**

- 62
- (1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which—
    - (a) states the name and address of the shareholder appointing the proxy,
    - (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed,
    - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine, and
    - (d) is delivered to the Company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate
  - (2) The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes
  - (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions
  - (4) Unless a proxy notice indicates otherwise, it must be treated as—
    - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
    - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself

#### **Delivery of proxy notices**

- 63
- (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person
  - (2) An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given
  - (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates
  - (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf



### **Amendments to resolutions**

- 64 (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—
- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
  - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution

## **PART 6**

### **ADMINISTRATIVE ARRANGEMENTS**

#### **Means of communication to be used**

- 65 (1) Subject to the articles, anything sent or supplied by or to the Company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being
- (3) A director may agree with the Company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours

#### **When notice or other communication deemed to have been received**

- 66 (1) Any notice, document or information sent or supplied by the company to the members or any of them
- (a) by post, shall be deemed to have been received 24 hours after the time at which the envelope containing the notice, document or information was posted unless it was sent by second class post, or there is only one class of post, or it was sent by air mail to an address outside the United Kingdom, in which case it shall be deemed to have been received 48 hours after it was posted. Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that the notice, document or information was sent,

- (b) by being left at a member's registered address, or such other postal address as notified by the member to the company for the purpose of receiving company communications, shall be deemed to have been received on the day it was left,
- (c) by electronic means, shall be deemed to have been received 24 hours after it was sent. Proof that a notice, document or information in electronic form was addressed to the electronic address provided by the member for the purpose of receiving communications from the company shall be conclusive evidence that the notice, document or information was sent, and
- (d) by making it available on a website, shall be deemed to have been received on the date on which notification of availability on the website is deemed to have been received in accordance with this article or, if later, the date on which it is first made available on the website

#### **Company seals**

- 67
- (1) Any common seal may only be used by the authority of the directors
  - (2) The directors may decide by what means and in what form any common seal is to be used
  - (3) Unless otherwise decided by the directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature
  - (4) For the purposes of this article, an authorised person is—
    - (a) any director of the Company,
    - (b) the Company secretary (if any), or
    - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied

#### **No right to inspect accounts and other records**

- 68
- Except as provided by law or authorised by the directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a shareholder

#### **Provision for employees on cessation of business**

- 69
- The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary

### **DIRECTORS' INDEMNITY AND INSURANCE**

#### **Indemnity**

- 70
- (1) Subject to paragraph (2), a relevant director of the Company or an associated company may be indemnified out of the Company's assets against—
    - (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company,

- (b) any liability incurred by that director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the Company or an associated company,

including by funding any expenditure incurred or to be incurred by him in connection with any liability referred to in this paragraph (1)

- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law
- (3) In this article-
  - (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
  - (b) a "relevant director" means any director or former director of the Company or an associated company

#### **Insurance**

- 71 (1) The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant director in respect of any relevant loss
- (2) In this article—
- (a) a "relevant director" means any director or former director of the Company or an associated company,
  - (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company, and
  - (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate

#### **MISCELLANEOUS**

##### **Change of name**

- 72 (1) The Company's name may be changed by—
- (a) a decision of the directors, or
  - (b) a member or members holding a majority in nominal value of the issued shares in a Company giving notice to change the name, such notice to be given in writing signed by, or on behalf of, the member or members concerned and delivered to the registered office of the Company or delivered at a meeting of the directors or a general meeting of the Company

##### **Winding up**

- 73 If the Company is wound up, the liquidator may, with the sanction of a special resolution by the Company and any other sanction required by law, divide among the members in

specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.