

Company No. 6083294

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES

RESOLUTION

of

BABCOCK (UK) HOLDINGS LIMITED

(the "Company")

14 June 2011

(the "Circulation Date")

We, the undersigned, being the person who at the circulation date of this resolution has the right to attend and vote at a general meeting of the Company, and holding all of the votes which may be cast at a general meeting of the Company, irrevocably agree to the following resolutions of the Company, the first resolution being proposed as a special resolution and the second resolution being proposed as an ordinary resolution, in accordance with Chapter 2 Part 13 of the Companies Act 2006:

SPECIAL RESOLUTION

1 THAT

- (a) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
- (b) the Articles of Association attached at schedule 1 of this resolution be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association

ORDINARY RESOLUTION

- 2 THAT the directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any securities into, shares up to an aggregate nominal amount of \$150,000,000 A Preference shares, \$500,000,000 B Preference shares and £1,000,000 Ordinary shares. This authorisation shall expire on the fifth anniversary of the passing of this resolution (save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted, or rights to be granted, after such expiry and the directors may allot shares or grant rights to subscribe for or to convert any security into shares, in pursuance of such offer or agreement as if the authorisations conferred hereby had not expired)

We further consent to every variation or abrogation of the rights attaching to any class of shares of which we are a holder involved in or proposed to be effected by the passing of the resolutions set out above

Please read the notes below before signifying your agreement





The Companies Act 2006

Articles of Association of Babcock (UK) Holdings Limited

Private company having a share capital
(Incorporated on 05 February 2007, as amended by a special resolution
passed on 14 June 2011)

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therewith as regards priority in respect of income, and in priority to any dividend or return of capital on any other class of shares, to a fixed cumulative preferential dividend on the capital for the time being paid up thereon at the rate of 4.94 per cent per annum (calculated on the basis of a 360 day year of twelve 30 day months) ("**A Preferred Dividend**") until 17 March 2018 ("**A Preference Redemption Date**"), such dividend to be payable by equal half-yearly instalments 17 September and 17 March in each year (save that where such payment date is not a Business Day the payment will be made on the following Business Day) in respect of the half-yearly period ending on those respective dates, the first payment to be made on 19 September 2011.

The B Preference Shares shall entitle the holders thereof, *pari passu* with the A Preference Shares and any further preference shares created to rank *pari passu* therewith as regards priority in respect of income, and in priority to any dividend or return of capital on any other class of shares, to a fixed cumulative preferential dividend on the capital for the time being paid up thereon at the rate of 5.64 per cent per annum (calculated on the basis of a 360 day year of twelve 30 day months) ("**B Preferred Dividend**") until 17 March 2021 ("**B Preference Redemption Date**"), such dividend to be payable by equal half-yearly instalments on 17 September and 17 March in each year (save that where such payment date is not a Business Day the payment will be made on the following Business Day) in respect of the half-yearly period ending on those respective dates, the first payment to be made on 19 September 2011

The Preference Shares shall not confer any further right of participation in the profits of the Company

(b) As Regards Capital

The Preference Shares shall entitle the holders thereof on a winding-up or on a reduction of capital involving a return of capital, *pari passu* with any further preference shares created to rank *pari passu* therewith as regards priority in respect of capital, and in priority to any return of capital on any other class of shares, to repayment of the capital paid up or credited as paid up thereon together with a sum equal to any arrears or accruals of the fixed cumulative preferential dividend thereon calculated down to the date of repayment whether or not such dividend shall have been declared or earned

(c) As Regards Voting

The Preference Shares shall not entitle the holders to receive notice of or to attend or vote at any general meeting of the Company unless either (i) at the date of the notice convening the meeting the dividend on the Preference Shares is six months in arrears (whether or not there were sufficient profits available out of which the dividend could have been paid) and for this purpose such dividend shall be deemed to be payable on 17 September and 17 March in each year (except where such payment date is not a Business Day in which case payment will be made on the following Business Day) the first of such dividends being payable on 19 September 2011 or (ii) the business of the meeting includes the consideration of a resolution for winding up the Company or for the appointment of an administrator or the approval of a voluntary arrangement or for a reduction in the capital or any resolution directly or adversely modifying or abrogating any of the special rights and privileges attached to the Preference Shares in which case the holders thereof shall only be entitled to receive notice of, attend and vote at the relevant meeting in respect of such resolution or resolutions

(d) Other Rights

that date, ipso facto and without any resolution of the Board or of the Company in general meeting (and notwithstanding anything contained in Model Articles 30 to 36 (inclusive) of the Model Articles) become a debt due from and immediately payable by the Company to the Preference Shareholders pro rata according to the number of Preference Shares held by each such holder.

3 7 In the event that the Company may lawfully pay a Relevant Dividend in full on the due date for payment under Article 3 1(a) but fails, in whole or in part, to do so then the following provisions shall apply:

- (a) interest at a rate per annum from time to time equal to the Default Rate shall be payable half-yearly on the 17 September and 17 March in each year (save that where such date is not a Business Day the payment will be made on the following Business Day) on any overdue balance of a Relevant Dividend until such overdue balance is repaid in full,
- (b) subject only to any principle of law, every sum which shall become payable by the Company on any date determined in accordance with Article 3 1(a) shall, on that date, ipso facto and without any resolution of the Board or of the Company in general meeting (and notwithstanding anything contained in Model Articles 30 to 36 (inclusive) of the Model Articles) become a debt due from and immediately payable by the Company to the Preference Shareholders pro rata according to the number of Preference Shares held by each such holder, and
- (c) the Company shall pay any overdue balance of the Relevant Dividend (whether in one or more instalments) together with any accrued interest calculated in accordance with Article 3 7(a) above as soon after the relevant Dividend Date as may then be consistent with any principle of law and such payment shall be made in priority to any dividend which shall have accrued on the same class of share in respect of a period subsequent to the relevant Dividend Date

3 8 The A Preference Shares shall, subject to any restrictions set out in the Act, be redeemed as follows

- (a) in their entirety on the A Preference Redemption Date, or
- (b) on, or immediately prior to, any prepayment or repayment of all, or a proportion of, the Series A Notes by Babcock International Group plc in accordance with the terms of the Note Purchase Agreement, in which case all, or the relevant proportion, of the A Preference Shares shall be redeemed.

3 9 The B Preference Shares shall, subject to any restrictions set out in the Act, be redeemed as follows

- (a) in their entirety on the B Preference Redemption Date, or
- (b) on, or immediately prior to, any prepayment or repayment of all, or a proportion of, the Series B Notes by Babcock International Group plc in accordance with the terms of the Note Purchase Agreement, in which case all, or the relevant proportion, of the B Preference Shares shall be redeemed

3 10 Where Preference Shares are to be redeemed in accordance with Article 3 8(b) or Article 3.9(b), the Company shall give to the holders of the Preference Shares falling to be redeemed prior notice in writing of the redemption (a "**Company Redemption Notice**"). The Company Redemption Notice shall specify the particular Preference Shares to be redeemed and the date fixed for redemption. The Company may withdraw the Company Redemption Notice only if they serve written notice of such withdrawal on the holders of the Preference Shares before the redemption takes place

3 11 The total amount payable on a redemption of the A Preference Shares ("**A Preference Share Redemption Amount**") shall be.

- (a) in the event of a redemption in accordance with Article 3 8(a) above, an amount equal to the total amount payable to the holders of the Series A Loan Notes on the Series A Loan Note Maturity Date in accordance with the terms of the Note Purchase Agreement, or
- (b) in the event of a redemption of all, or a proportion of, the A Preference Shares in accordance with Article 3 8(b), an amount equal to the total amount payable to the holders of the Series A Loan Notes on such prepayment or repayment in accordance with the terms of the Note Purchase Agreement,

and such amount shall, subject to the Company having sufficient profits available for distribution within the meaning of the Act ("**Available Profits**") or other monies which may be lawfully applied for such redemption, at that time become a debt due from and immediately payable by the Company to the holders of such Preference Shares

3 12 The total amount payable on a redemption of the B Preference Shares ("**B Preference Share Redemption Amount**") shall be

- (a) in the event of a redemption pursuant to Article 3 9(a) above an amount equal to the total amount payable to the holders of the Series B Loan Notes on the Series B Loan Note Maturity Date in accordance with the terms of the Note Purchase Agreement; or
- (b) in the event of a redemption of all, or a proportion of, the B Preference Shares pursuant to Article 3 9(b), an amount equal to the total amount payable to the holders of the Series B Loan Notes on such prepayment or repayment in accordance with the terms of the Note Purchase Agreement,

and such amount shall, subject to the Company having sufficient profits available for distribution within the meaning of the Act ("**Available Profits**") or other monies which may be lawfully applied for such redemption, at that time become a debt due from and immediately payable by the Company to the holders of such Preference Shares

3 13 In the event that, by reason of any principle of law, the Company is unable to pay the B Preference Share Redemption Amount and the A Preference Share Redemption Amount in accordance with Articles 3 11 or 3 12 above in full on the date fixed for redemption the following provisions shall apply:

- (a) the Company shall pay to the relevant holders (on account of the A Preference Share Redemption Amount or the B Preference Share Redemption Amount as applicable) the maximum sum (if any) which can then consistently with any such principle of law properly be paid by the Company Such sum shall be divided among the relevant holders pro rata to the number of A Preference Shares or B Preference Shares held by each such holder,
- (b) the Company shall pay the balance of the A Preference Share Redemption Amount or the B Preference Share Redemption Amount as applicable (whether in one or more instalments) as soon after the date fixed for redemption as may then be consistent with any principle of law; and
- (c) subject only to any such principle of law, every sum which shall become payable by the Company on any date determined in accordance with Articles 3 8 and 3 9 shall, on that date, ipso facto and without any resolution of the Board or of the Company in general meeting (and notwithstanding anything contained in Model Articles 30 to 36 (inclusive) of the Model Articles) become a debt due from and immediately

4 5 The chairman shall not have a casting vote and Model Article 13 shall not apply to the Company

4 6 A director may vote, at any meeting of the directors or of any committee of the directors, on any resolution, and may otherwise take, or take part in, any decision, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest or duty whatsoever (whether or not it may conflict with the interests of the Company), and if he shall vote on any such resolution (or take, or take part in, any such decision) his vote shall be counted, and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting This is subject to section 175 of the Act and to the other provisions of these articles

4 7 Model Article 14 (conflicts of interests) shall not apply to the Company

DIRECTORS' INTERESTS

5 1 Provided that he has disclosed to the directors the nature and extent of any interest of his in accordance with and to the extent required by the Act or the interest is deemed disclosed by article 5 2, 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 or any Group Company or any body corporate in which any Group Company is interested;

(c) may act, by himself or through a firm in which he is interested, in a professional capacity for the Company or any Group Company or any body corporate in which any Group Company is interested (otherwise than as auditor); and

(d) may hold any other place of profit with the Company (otherwise than as auditor) in conjunction with his office as the directors may determine,

and (i) he shall not, by reason of his office or the fiduciary relationship thereby established, be accountable to the Company for any remuneration or other benefit which he or any other person derives from any such office or employment or from any such transaction or arrangement or from acting in a professional capacity or from any interest in any such undertaking or body corporate, and (ii) no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or remuneration or other benefit; and (iii) receipt of any such remuneration or other benefit shall not constitute a breach of his duty under section 176 of the Act.

5 2 For the purposes of this article 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 Group Company in relation to the Company

DIRECTORS' CONFLICTS

6 1 For the purposes of section 175 of the Act, the directors may authorise any matter proposed to them which would, if not so authorised, constitute or give rise to an infringement of duty by a director under that section

6 2 Any authorisation of a matter pursuant to article 6 1 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised

APPOINTMENT AND REMOVAL OF DIRECTORS

The holder or holders for the time being of more than one-half of the issued ordinary shares of the Company shall have the power from time to time and at any time to appoint any person or persons as a director or directors either as additional directors or to fill any vacancy and to remove from office any director howsoever appointed. Any such appointment or removal shall be effected by a notice in writing signed by or on behalf of the member or members exercising the power and shall take effect upon lodgement at the registered office of the Company or upon presentation at a board meeting or general meeting of the Company, or upon such later date as may be specified in the notice. Model Article 18 (termination of directors' appointment) shall be construed accordingly.

ALTERNATE DIRECTORS

- 8.1 Any director (the **"appointor"**) may appoint as an alternate any other director, or any other person approved by a resolution or other decision 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.
- 8.2 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.
- 8.3 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.
- 8.4 An alternate director has the same rights, in relation to any directors' meeting, and all meetings of committees of directors of which the appointor is a member, or directors' written resolution, or other decision of the directors reached in accordance with Model Article 8, as the alternate's appointor. For the purposes of Model Article 8(1) and 8(2) (Unanimous decisions) if an alternate director indicates that he shares the common view, his appointor need not also indicate that he shares the common view and if a resolution is signed by an alternate director (or to which an alternate director has indicated his agreement in writing), it need not also be signed or so agreed to by his appointor.
- 8.5 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.
- 8.6 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

TRANSFER OF SHARES

The directors shall only have discretion to refuse to register a transfer of shares in the Company if any of the following conditions are not met

- (a) it is lodged at the registered office of the Company or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer,
- (b) it is in respect of only one class of shares, or
- (c) it is in favour of not more than four transferees

Model Article 26(5) (share transfers) shall not apply to the Company

DIVIDENDS

- 13 1 Model Article 30(2) (dividend not to exceed the amount recommended by the directors) shall not apply
- 13 2 In Model Article 34 (non-cash distributions) the words "on the recommendation" shall be replaced by the words "or by a resolution or other decision of"

DEEMED DELIVERY OF DOCUMENTS AND INFORMATION

- 14 1 Any notice, document or other information sent or supplied by the Company
 - (a) sent by post (whether in hard copy or electronic form) to an address in the United Kingdom (provided that the company is able to show that it (or the envelope) was properly addressed, prepaid and posted) shall be deemed to have been received by the intended recipient on the day following that on which it (or an envelope containing it) was put in the post if first class post was used or 48 hours after it was posted if first class post was not used,
 - (b) sent or supplied by electronic means, (provided that the company is able to show that it was properly addressed) shall be deemed to have been received by the intended recipient on the day on which it was sent or supplied,
 - (c) sent or supplied by means of a website, shall be deemed to have been received by the intended recipient
 - (i) when the material was first made available on the website, or
 - (ii) if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website;
 - (d) left at a shareholder's registered address or such other postal address as notified by the shareholder to the Company for the purpose of receiving company communications, shall be deemed to have been received on the day it was left
- 14.2 For the purposes of this Article, no account shall be taken of any part of a day that is not a working day
- 14 3 A shareholder whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notice may be given to him, or an address to which notices may be sent by electronic means, shall be entitled to have notices, documents or other information sent to him at that address, but otherwise

- 15 5 Without prejudice to any other provisions of these articles, the directors may exercise all the powers of the Company to establish, maintain, and contribute to any scheme for encouraging or facilitating the holding of shares in the Company or in any Associated Company by or for the benefit of current or former directors of the Company or any such body corporate or the spouses, civil partners, former spouses, former partners, families, connections or dependants of any such persons and, in connection with any such scheme, to establish, maintain and contribute to a trust for the purpose of acquiring and holding shares in the Company or any such body corporate and to lend money to the trustees of any such trust or to any individual referred to above
- 15 6 Model Articles 52 (indemnity) and 53 (insurance) shall not apply to the Company.