

COMPANY NO 177777

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION
OF

BRITISH AIRWAYS Plc

At the General Meeting of the above named Company duly convened and held at Waterside, PO Box 365, Harmondsworth, UB7 0GB on 20 June 2011, the following Resolution was duly passed as a Special Resolution:-

THAT

- (i) that the Articles of Association of the Company set out in the document produced to the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, all existing articles of association.

Signed



Alan Buchanan
Company Secretary
20 June 2011

Date

TUESDAY



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COMPANY NO 177777

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION
OF

BRITISH AIRWAYS Plc

At the Separate Class Meeting of A1 ordinary shares of £259,771,984/896,700 (the amount of two hundred and fifty-nine million seven hundred and seventy-one thousand nine hundred and eighty-four divided by eight hundred and ninety-six thousand seven hundred pounds) each in the capital of British Airways Plc (the "**Company**") duly convened and held at Waterside, PO Box 365, Harmondsworth, UB7 0GB on 20 June 2011, the following Resolution was duly passed as a Special Resolution -

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- (i) that the Articles of Association of the Company set out in the document produced to the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, all existing articles of association

Signed



Alan Buchanan
Company Secretary

Date

20 June 2011



COMPANY NO 177777

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION
OF

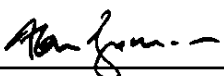
BRITISH AIRWAYS Plc

At the Separate Class Meeting meeting of the holders of A2 ordinary shares of £115,077,695/397,232 (the amount of one hundred and fifteen million seventy-seven thousand six hundred and ninety-five divided by three hundred and ninety-seven thousand two hundred and thirty-two pounds) each in the capital of British Airways Plc (the "**Company**") duly convened and held at Waterside, PO Box 365, Harmondsworth, UB7 0GB on 20 June 2011, the following Resolution was duly passed as a Special Resolution -

THAT

- (i) that the Articles of Association of the Company set out in the document produced to the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, all existing articles of association

Signed



Alan Buchanan
Company Secretary

Date

20 June 2011



COMPANY NO· 177777

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION
OF

BRITISH AIRWAYS Plc

At the Separate Class Meeting meeting of the holders of B ordinary shares of £1 each in the capital of British Airways Plc (the "**Company**") duly convened and held at Waterside, PO Box 365, Harmondsworth, UB7 0GB on 20 June 2011, the following Resolution was duly passed as a Special Resolution -

THAT

- (i) that the Articles of Association of the Company set out in the document produced to the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, all existing articles of association

Signed



Alan Buchanan
Company Secretary

Date

20 June 2011



No. 1777777

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(as most recently amended by a Special Resolution
passed on 20 June 2011)

of

BRITISH AIRWAYS Plc

Incorporated the 13th day of December 1983

1777777

1777777 HOUSE

A handwritten signature in black ink, consisting of a series of loops and strokes, likely representing the name of a company officer or director.

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Interpretation and Limitation of Liability**1. Exclusion of other regulations and defined terms**

- (1) No regulations or model articles contained in any statute or subordinate legislation, including those contained in Table A or the Model Articles, apply to the company
- (2) In these articles, unless the context requires otherwise

"A1 Shareholder" means the holder, from time to time, of the A1 Shares,

"A1 Shares" means the A1 ordinary shares of £259,771,984/896,700 (the amount of two hundred and fifty-nine million seven hundred and seventy-one thousand nine hundred and eighty-four divided by eight hundred and ninety-six thousand seven hundred pounds) each in the capital of the company having the rights and being subject to the restrictions set out in these articles,

"A2 Shareholder" means the holder, from time to time, of the A2 Shares,

"A2 Shares" means the A2 ordinary shares of £115,077,695/397,232 (the amount of one hundred and fifteen million seventy-seven thousand six hundred and ninety-five divided by three hundred and ninety-seven thousand two hundred and thirty-two pounds) each in the capital of the company having the rights and being subject to the restrictions set out in these articles,

"A Director" has the meaning given in article 23,

"affiliate", in relation to a shareholder, means any body corporate over which that shareholder has control, and control in relation to a body corporate means the ability of any person to ensure that the activities and business of that body corporate are conducted in accordance with the wishes of that person. A person shall be deemed to have control of a body corporate if it possesses or is entitled to acquire the majority of the issued share capital or the voting rights in that body corporate or the right to receive the majority of the income of that body corporate on any distribution by it of all of its income or the majority of its assets on a winding up,

"alternate director" has the meaning given in article 27,

"appointor" has the meaning given in article 27,

"articles" means these articles of association,

"Assurances Agreement" means the agreement relating to certain assurances entered into between the company, IAG and Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora dated 19 October 2010 (as amended and restated from time to time),

"Assurances Committee" has the meaning given in the Assurances Agreement,

"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,

"BA Share Incentive Schemes" means the British Airways Share Option Plan, the British Airways Plc Long Term Incentive Plan 1996, the British Airways Deferred Share Plan 2005 and the British Airways Performance Share Plan 2005,

"B Director" has the meaning given in article 23(2),

"B Shareholder" means LDC (NCS) Limited or such other holder, from time to time, of the B Shares,

"B Shares" means the B ordinary shares of £1 each in the capital of the company having the rights and being subject to the restrictions set out in these articles,

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for business (other than solely for trading and settlement in euro) in London and Madrid,

"capitalised sum" has the meaning given in article 54,

"CEO" means the director who is the chief executive officer of the company from time to time,

"Chairman" means the director who is the chairman of the company from time to time,

"chairman of the meeting" has the meaning given in article 58,

"Combined Group" means IAG, the company, IB Opco Holding, S.L., Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora and their respective subsidiaries and subsidiary undertakings and **"member of the Combined Group"** shall be construed accordingly,

"Companies Acts" means every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the company,

"Conflict" has the meaning given in article 16,

"conflicts of interest" include a conflict of interest and duty and a conflict of duties and **"interest"** includes both direct and indirect interests,

"contract" in article 15 includes any transaction or arrangement (whether or not constituting a contract),

"C Shareholder" means the holder, from time to time, of the C Shares,

"C Shares" means the C ordinary shares of £1 each in the capital of the company having the rights and being subject to the restrictions set out in these articles,

"Deed of Adherence" means a deed of adherence to the Subscription Agreement in the form set out in the Schedule 2 of that agreement,

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

"Disposal", in relation to a B Share, means the disposal of any interest in such B Share including, without limitation

- (i) any sale, assignment or transfer,
- (ii) creating or permitting to subsist any pledge, charge, mortgage, lien or other security interest or encumbrance other than any lien pursuant to law or the Trust Deed,
- (iii) creating any trust or conferring any interest other than in accordance with the Trust Deed,
- (iv) any agreement, arrangement or understanding in respect of votes or the right to receive dividends other than an agreement, arrangement or understanding set out in the Subscription Agreement or the Trust Deed,
- (v) the renunciation or assignment of any right to subscribe or receive a B Share or any legal or beneficial interest in a B Share,
- (vi) any agreement to do any of the above, and
- (vii) the transmission of a B Share by operation of law,

but excluding a redemption of the B Shares by the company in accordance with article 40,

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

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

"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 company" means a subsidiary undertaking or parent undertaking of the company or a subsidiary undertaking of any parent undertaking of the company,

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

"IAG" means International Consolidated Airlines Group S A,

"Initial Period" means the period of time beginning on and including the Merger Effective Date and ending on and including the fifth anniversary of the Merger Effective Date,

"instrument" means a document in hard copy form,

"I Opco" means Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora,

"I Opco National Control Structure" means the corporate structure of Iberia, Líneas Aereas de España, Sociedad Anonima Operadora that ensures that Spanish nationals hold, directly or indirectly, at least 50 1% of the voting rights in, and 50 1% of the nominal share capital of, Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora from time to time,

"Key UK National Shareholders" means the persons who are recorded in the UK National Register as being the five largest holders of UK National Shares as determined by the number of such shares held by them (whether directly, or indirectly through depositary interests) or in which such holders are otherwise interested and, for these purposes, any person who controls, is controlled by, or is under common control with, any other person shall, together with such other person, be treated as one holder and a person controls another person if it can secure that the affairs of that second person are conducted in accordance with its wishes,

"Merger Deed" means the public deed of merger entered into between BA Holdco S A, Iberia, Lineas Aéreas de España, SA and IAG in connection with the Spanish domestic merger whereby BA Holdco S A and Iberia, Líneas Aéreas de España, S A merges with and into IAG,

"Merger Effective Date" means the date on which the Merger Deed is filed for registration with the Madrid Mercantile Registry provided it is duly registered by the Madrid Mercantile Registry following such filing,

"Model Articles" means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2009/3229) as amended prior to the adoption of these articles;

"National Control Structure" means the corporate structure that ensures that United Kingdom Nationals hold at least 50 1% of the voting rights at a general meeting of the company attributable to the issued shares in the capital of the company from time to time, or that such voting rights are held for the benefit of United Kingdom Nationals,

"New B Shareholders" has the meaning given in article 38(4),

"Nominations Committee" has the meaning given in article 6(3),

"paid" means paid or credited as paid,

"participate", in relation to a directors' meeting, has the meaning given in article 11,

"Permitted Situation" has the meaning given in article 16,

"persons entitled" has the meaning given in article 54,

"proxy notice" has the meaning given in article 64,

"Senior B Director" means the B Director who is the Senior B Director, from time to time, in accordance with article 23(4),

"shareholder" or **"shareholders"** means the A1 Shareholder, the A2 Shareholder, the B Shareholder (if any B Shares are in issue), and the C Shareholder (if any C Shares are in issue),

"shareholder company" in relation to a director appointed by a shareholder, means the shareholder that appointed him and any affiliate of that shareholder (other than the company and any subsidiary undertaking of the company),

"shares" means the A1 Shares, the A2 Shares, the B Shares and the C Shares,

"Subscription Agreement" means the subscription agreement entered into by the company, IAG and LDC (NCS) Limited dated 19 October 2010,

"Surplus Assets" means the assets of the company, after payment of all of its debts and liabilities, available for distribution to the shareholders of the company,

"Table A" means Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) (as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No 1052), the Companies (Tables A to F) (Amendment) Regulations 2007 (SI 2007 No 2541) and the Companies (Tables A to F) (Amendment) (No 2) Regulations 2007 (SI 2007 No 2826)),

"transmittee" means a person entitled to a share by operation of law,

"Trust Deed" means the deed of trust entered into by IAG and LDC (NCS) Limited dated 19 October 2010,

"UK National Register" means the separate register maintained by the A1 Shareholder for the purposes of recording those shares in the A1 Shareholder which are held by United Kingdom Nationals (whether directly, or indirectly through a depositary interest) and those shares in which United Kingdom Nationals are otherwise interested,

"UK National Shares" means those issued ordinary shares in the capital of the A1 Shareholder that are from time to time recorded in the UK National Register,

"United Kingdom National" has the meaning given to it in section 105(1) of the Civil Aviation Act 1982 (as amended), 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

- (3) Unless the context otherwise requires, other words or expressions contained in the articles bear the same meaning as in the Companies Act 2006 as in force on the date when the articles become binding on the company

2. Liability of members

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

3. Directors' general authority

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

4. Altering the articles

- (1) These articles may not be altered without the approval of the A1 Shareholder and, if the B Shares are in issue, the B Shareholder
- (2) No alteration of the articles invalidates anything which the directors have done before the alteration was made

5. Directors may delegate

- (1) Subject to the articles, and except for the matters referred to in article 30 below, 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) Where a provision in the articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee
- (4) The directors may revoke any delegation in whole or part, or alter its terms and conditions

6. Committees

- (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
- (3) Where the directors establish a nominations committee (the "**Nominations Committee**") for the purpose of selecting and proposing persons to be Chairman and/or CEO, such committee shall consist of such persons as the A1 Shareholder shall specify (who must either be directors of the company or directors of the A1 Shareholder, provided that, to the extent that the B Shareholder has exercised its right to appoint one or more directors in accordance with article 23, at least one member shall be the Senior B Director)
- (4) The A1 Shareholder shall procure that the CEO is appointed as a member of the A1 Shareholder's executive management committee. The CEO shall, in his capacity as a member of such committee, have regard, *inter alia*, to the interests of the company

Decision-Making by Directors

7. Directors to take decisions collectively

- (1) Save to the extent provided otherwise in these articles, or in clause 34(C) of the Assurances Agreement, decisions of the directors must be made at a meeting by a majority decision of those present or represented by an alternate and entitled to vote on the relevant matter or made by a decision taken in accordance with article 8 in each case where each director shall have one vote

8. Unanimous decisions

- (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. If an alternate director indicates that he shares the common view, his appointor need not also indicate his agreement.
- (2) Such a decision may take the form of a resolution in writing, at least one copy of which has been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing. A resolution signed by an alternate director need not also be signed by or agreed to by his appointor.
- (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.

9. Considerations of Directors

- (1) In taking any decision, the directors shall comply with the fiduciary duties which they owe to the company under the Companies Acts. In particular, without prejudice to the generality of the foregoing, each director must exercise independent judgement and act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to
 - (a) the likely consequences of any decision in the long term
 - (b) the interests of the company's employees,
 - (c) the need to foster the company's business relationships with customers, suppliers and others,
 - (d) the impact of the company's operations on the community and the environment,
 - (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
 - (f) the need to act fairly as between members of the company
- (2) The A1 Shareholder may issue a recommendation to the board as to how any director should vote in respect of any resolution which is to be proposed to the board. Where the A1 Shareholder intends to issue such a recommendation, it shall first consult in good faith with the board of directors (or the Chairman and/or the CEO) as to the nature of such recommendation. Save in respect of any action or omission which is required to be approved by the directors pursuant to clause 3.4 of the Assurances Agreement before it can be taken or omitted to be taken as the case may be, each such director shall vote in accordance with any such recommendation at any directors' meeting at which the relevant resolution is proposed, provided that each such director is satisfied that to vote in accordance with such recommendation would not constitute a breach of article 9(1) above.

10. Calling a directors' meeting

- (1) Any three directors 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) Notice of a directors' meeting must be given to each director, but need not be in writing
- (4) Wherever practicable, at least five *business days'* notice of each meeting of the directors shall be given to each director and shall be accompanied by an agenda and a board paper setting out in such reasonable details as may be practicable in the circumstances the subject matter of the meeting. Breach of this article shall not affect the validity of any meeting of the directors which was otherwise validly convened
- (5) 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 either before or 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.

11. Participation in directors' meetings

- (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

12. Quorum for directors' meetings

- (1) Subject always to articles 12(4), 16(2) and 17(4) a quorum shall exist at any directors' meeting if at least five directors are present or represented by an alternate, including at least one B Director (to the extent that one or more B Directors have been appointed to the Board in accordance with article 23)
- (2) Subject always to articles 12(4), 16(2) and 17(4), if the total number of directors for the time being in office 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
- (3) Where a quorum is not present at any directors' meeting, such meeting must be held at least twenty-four hours after the original meeting was adjourned

- (4) Where any directors' meeting has been adjourned twice for lack of a quorum as a result of the fact that a B Director is not present or represented by an alternate at such meeting, any reconvened meeting must be held at least one week after the date on which the meeting was last adjourned and the B Shareholder must be given at least one week's notice in writing (the "**Meeting Notice**") of the date, time and location of such reconvened meeting. The B Shareholder may request that the reconvened meeting be held at a different time and date than that set out in the Meeting Notice provided that
- (a) such request is received by the company at least 48 hours prior to the date and time of the reconvened meeting as set out in the Meeting Notice, and
 - (b) the time and date requested by the B Shareholder is not more than one week following the time and date proposed in the Meeting Notice

At any such reconvened meeting the quorum shall be a majority of the directors, whether or not including a B Director

13. Chairing of directors' meetings

- (1) Subject to article 13(2), the Chairman shall chair all directors' meetings
- (2) 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 may appoint one of themselves to chair it.

14. Casting vote

- (1) Neither the Chairman nor any other director chairing the directors' meeting shall have a casting vote

15. Transactions or arrangements with the company

- (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 Companies Acts, a director notwithstanding his office
 - (a) may be a party to, or otherwise interested in, any contract 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 contract with, or otherwise interested in, any shareholder company, group company or in any body corporate promoted by the company, any shareholder company or any group company or in which the company, any shareholder company or any group company is interested,
 - (c) may act by himself or his firm in a professional capacity for the company (otherwise than as auditor)

(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, employee, shareholder or otherwise in any shareholder company or any group company, and
- (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 contract 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 contract of the nature and extent so specified

(3) Where a director is a director or other officer of, or employed or appointed by, a shareholder company or a group company, he

- (a) may in exercising his independent judgement take into account the success of that shareholder company or other group companies as well as the success of the company, and
- (b) shall in the exercise of his duties, where that other group company is a parent company or in the case of a shareholder company, have a duty of confidentiality to the parent company or shareholder company in relation to confidential information of the parent company or shareholder company, but he shall not be restricted by any duty of confidentiality to the company from providing information to any parent company or shareholder company

16. Conflicts of interest requiring directors' authorisation

- (1) The directors may, subject to the quorum and voting requirements set out in the articles, authorise any matter which would otherwise involve a director breaching his duty under the Companies Acts to avoid conflicts of interest ("**Conflict**")
- (2) Any director (including the relevant director) may propose that the relevant director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the directors shall be effected in the same way that any other matter may be proposed to and decided upon by the directors under the provisions of the articles save that the relevant director shall not count towards the quorum nor vote on any resolution giving such authority and save further that if there are insufficient directors eligible to vote and therefore to form a quorum, a quorum shall exist at the relevant directors' meeting with respect to the relevant decision if a majority (which may be one) of the directors eligible to vote are present or represented by an alternate.
- (3) Where the directors give authority in relation to a Conflict
 - (a) the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded), and
 - (b) the directors may revoke or vary such authority at any time but this will not affect anything done by the relevant director prior to such revocation in accordance with the terms of such authority

- (4) Where the directors give authority in relation to a Conflict or where any of the situations referred to in article 17(1) ("**Permitted Situation**") applies
- (a) the directors may (whether at the relevant time or subsequently) (i) require that the relevant director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the directors or otherwise) related to the Conflict or Permitted Situation, and (ii) impose upon the relevant director such other terms for the purpose of dealing with the Conflict as it may determine,
 - (b) the relevant director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict or Permitted Situation, and
 - (c) the directors may provide that where the relevant director obtains (otherwise than through his position as a director of the company) information that is confidential to a third party, the director will not be obliged to disclose that information to the company, or to use or apply the information in relation to the company's affairs, where to do so would amount to a breach of that confidence
- (5) A director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the company or the shareholders for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a director having any such interest.

17. Directors may vote when interested

- (1) Subject to article 17(4) and where applicable to disclosure in accordance with the Companies Acts or the articles and subject to any terms imposed by the directors in relation to any Conflict or Permitted Situation, a director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting shall be taken into account in ascertaining whether a quorum is present.
- (2) Subject to article 17(3), 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
- (3) 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
- (4) A director who is a director or other officer of, or employed or appointed by, a shareholder company, shall not be counted in the quorum (nor shall his presence be

required in order to constitute a quorum if it would otherwise be required under these articles), nor shall he be entitled to vote, in respect of any action by the company against a shareholder company or any action by a shareholder company against the company

18. Records of decisions to be kept

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

19. Directors' discretion to make further rules

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

20. Change of name

The company may change its name by a decision of the directors

Appointment of Directors

21 Nationality of directors

At all times, a majority in number of the directors must be United Kingdom Nationals. Accordingly, where a person who is not a United Kingdom National is proposed to be appointed as a director in accordance with these articles and the appointment of such person as a director would result in the majority of the directors on the Board not being United Kingdom Nationals, then such person shall not be appointed as a director and only a person who is a United Kingdom National may be appointed to take such position. In addition, where the removal of a director who is a United Kingdom National is proposed and the removal of such director would result in the majority of the directors on the Board not being United Kingdom Nationals, then such director shall not be removed unless such director is replaced by a person who is a United Kingdom National

22. Methods of appointing directors

- (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;
 - (b) by a decision of the directors, or
 - (c) by a notice of his appointment given in accordance with articles 23(2) or 23(5)

23 Right to appoint and remove directors

- (1) With effect from and including the 25 January 2011 (or such other dates as indicated below), the following persons shall be appointed as directors of the company for the Initial Period
- (a) Chairman initially Sir Martin Broughton,
 - (b) Chief Executive Officer initially Mr K Williams,
 - (c) Two executive directors initially Mr A. Crawley and Mr F van der Post,
 - (d) Group Chief Financial Officer initially Mr E Dupuy De Lome,
 - (e) I Opco Chief Executive Officer initially Mr R Sánchez-Lozano Turmo, and
 - (f) Three non-executive directors initially Ms A Reed, Mr K Smart and Mr G Patterson

and any other person who was at that time a director of the company shall cease to be a director As referred to above, Sir Martin Broughton shall be the Chairman and Mr K Williams shall be the CEO

- (2) Subject to article 23(10), the B Shareholder shall be entitled by notice in writing to the company and to the A1 Shareholder to appoint up to four directors (the "**B Directors**") and to remove any such appointee at any time Any B Director appointed by the B Shareholder shall be a United Kingdom National The appointment or removal takes effect immediately upon deposit of the notice with the company or on such later date (if any) specified in the notice The B Shareholder shall, prior to the service of any notice appointing or removing a director, consult, in good faith, with the A1 Shareholder as to such appointment or removal However, following such consultation any decision to appoint or remove any such director shall solely be made by the B Shareholder The directors referred to in article 23(1)(f) shall constitute the initial B Directors The B Shareholder shall not appoint more than three B Directors unless requested, in writing, to do so by two of the then appointed B Directors
- (3) Subject to article 23(10), where the B Shareholder is proposing to appoint any B Director(s) in accordance with article 23(2), it shall direct the B Directors (other than any B Director(s) which the B Shareholder is proposing to remove) to consider who should be appointed as B Director(s) by the B Shareholder and such B Directors (the "**Nominating Directors**") shall nominate a person to be so appointed Where such a nomination is made, the Nominating Directors shall provide to the B Shareholder the following information in respect of the nominee
- (i) a curriculum vitae of the nominee,
 - (ii) a written confirmation from the Nominating Directors confirming that they believe the person so nominated is suitable to be a Director of the company and explaining the reasons for such belief and confirming that nothing has come

to their attention which would, in the view of the Nominating Directors, make the person so nominated unsuitable to be a Director of the company, and

- (iii) a written notice from the Nominating Directors setting out the reference and other background checks which have been carried out in respect of the person so nominated, together with the results of such checks, which shall include a criminal record check, a credit reference check and a search of the disqualified directors register maintained by Companies House. In addition, the notice should provide a confirmation that the person so nominated is not, nor has in the past been, a director of a company which is, or was at the time at which such person was a director, both included in the FTSE 250 and the subject of any receivership, compulsory liquidation, creditors' voluntary liquidation or administration proceedings
- (4) The B Shareholder shall designate, by notice to the company from time to time, one of the B Directors as the Senior B Director. The first person listed in article 23(1)(f) shall be the initial Senior B Director. If no B Director is designated as the Senior B Director, then the B Director whose surname comes earliest in the alphabet shall be the Senior B Director. The Senior B Director shall be the deputy chairman of the company.
- (5) During the Initial Period and following the Initial Period, to the extent that any B Shares are in issue, the A1 Shareholder shall be entitled by notice in writing to the company and the B Shareholder to appoint up to five directors (the "**A Directors**") and to remove any appointee at any time, provided that, if any B Shares are in issue, then unless the shareholders agree otherwise, one A Director shall be the person who is the chief executive officer from time to time of Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora and one A Director shall be the person who is the chief financial officer from time to time of the A1 Shareholder. In addition, at least three of the A Directors shall be executive directors of the company. The appointment or removal takes effect immediately upon deposit of the notice with the company or on such later date (if any) specified in the notice. The directors referred to in article 23(1)(c), (d) and (e) shall constitute the initial A Directors.
- (6) There shall be a minimum of two and a maximum of eleven directors.
- (7) The appointment of the Chairman as chairman of the company and the CEO as chief executive officer of the company shall automatically determine if such person ceases to be a director but without prejudice to any claim for damages for breach of any contract of service between him and the company.
- (8) The A1 Shareholder may remove the Chairman and/or the CEO as directors at any time by giving notice in writing to the company and the B Shareholder to that effect. If any B Shares are in issue, the A1 Shareholder shall, for such period of time as is reasonable and practicable in the circumstances, consult with the Senior B Director (who shall have the opportunity to make representations during such consultation) prior to removing the Chairman and/or the CEO pursuant to this article 23(8). The Senior B Director may, at any time, inform the other B Directors of any matter discussed between him and the A1 Shareholder during such consultation.

- (9) If any B Shares are in issue, unless the A1 Shareholder and the B Shareholder agree otherwise, in the event of the position of Chairman and/or CEO being or becoming vacant, the following procedure shall apply with respect to the appointment of a new Chairman or CEO, as the case may be (the Chairman or CEO, as applicable, in this article 23(9) being referred to as the "**Relevant Director**")
- (a) The Nominations Committee to the extent not already in existence shall be established
 - (b) The Nominations Committee shall consider who should be appointed to be the Relevant Director. Each of the A1 Shareholder and the B Shareholder shall be entitled to make nominations to the Nominations Committee of potential appointees and, for the avoidance of doubt, if the position of the Chairman and/or the CEO is vacant as a result of the A1 Shareholder exercising its rights under article 23(8), then the B Shareholder may, if it chooses, nominate the person removed by the A1 Shareholder pursuant to article 23(8). The Nominations Committee shall nominate a person to be the Relevant Director, provided that it shall nominate a person to be the Relevant Director only if the A1 Shareholder has given its prior consent to such person being so nominated. The Nominations Committee shall give notice (the "**Nomination Notice**") to the A1 Shareholder and the B Shareholder of its nomination of the person to be the Relevant Director which notice shall be accompanied by
 - (i) a curriculum vitae of the person nominated to be the Relevant Director,
 - (ii) a written confirmation from the Nominations Committee confirming that they believe the person so nominated is suitable to be a Director, the Chairman or the CEO, as the case may be, of the company and explaining the reasons for such belief and confirming that nothing has come to their attention which would, in the view of the Nominations Committee, make the person so nominated unsuitable to be a Director, the Chairman or the CEO, of the company, and
 - (iii) a written notice from the Nominations Committee setting out the reference and other background checks which have been carried out in respect of the person so nominated, together with the results of such checks, which shall include a criminal record check, a credit reference check and a search of the disqualified directors register maintained by Companies House. In addition, the notice should provide a confirmation that the person so nominated is not, nor has in the past been, a director of a company which is, or was at the time at which such person was a director, both included in the FTSE 250 and the subject of any receivership, compulsory liquidation, creditors' voluntary liquidation or administration proceedings
 - (c) The B Shareholder may veto the appointment of any person nominated by the Nominations Committee pursuant to article 23(9)(b) by delivering a notice in writing within 5 Business Days of receipt by the B Shareholder of the relevant Nomination Notice to the A1 Shareholder stating that it is exercising its veto right in respect of the proposed appointee

- (d) If the veto right specified in article 23(9)(c) is duly exercised, unless and until the A1 Shareholder exercises its right set out in article 23(9)(e), the Nominations Committee may continue to propose other persons as the Relevant Director by serving a Nomination Notice on the A1 Shareholder and B Shareholder having followed the procedure set out in and in accordance with article 27(9)(b) and the B Shareholder may exercise its right of veto in respect of such person in accordance with article 23(9)(c)
- (e) Where any person proposed by the Nominations Committee to be the Relevant Director is vetoed by the B Shareholder pursuant to article 23(9)(c) or article 23(9)(d), the A1 Shareholder may convene a meeting of its shareholders to consider the approval of the relevant proposed appointee. At such meeting, any vote on a resolution shall be conducted by a poll and, in the event that the voting rights of the UK National Shares do not carry a majority of the total voting rights in the A1 Shareholder, then the voting rights in respect of the UK National Shares shall be treated as being magnified so that such shares shall, together, carry a majority of the voting rights in the A1 Shareholder. In effecting such magnification, each UK National Share may have a fractional number of votes per share and calculations of the relevant fraction shall be rounded up to the nearest 2 decimal places and the number of votes that they shall carry together shall be such number as is as close to 50% of the resulting number of votes after such magnification (rounded up to the nearest whole number) plus one vote as is reasonably practicable taking account of the provisions on fractions set out above. For example, if the A1 Shareholder has 799,999 ordinary shares in issue, with each share carrying one vote and 200,000 of such shares are UK National Shares, then the votes of each UK National Share will be magnified such that each such share shall be treated as carrying 3 votes to every one vote carried by the ordinary shares which are not UK National Shares such that the UK National Shares together carry 600,000 votes of the 1,199,999 votes available to be cast on that resolution.
- (f) In the event that, at a meeting duly convened by the A1 Shareholder pursuant to article 23(9)(e), the shareholders of the A1 Shareholder vote in favour of the person proposed by the Nominations Committee (taking into account the fact that the voting rights in respect of the UK National Shares shall be treated as having been magnified in accordance with article 23(9)(e)), then, with effect from the end of the relevant shareholders' meeting, that person shall be deemed to have been appointed as the Relevant Director. In the event that the shareholders of the A1 Shareholder do not vote in favour of the person proposed by the Nominations Committee (taking into account the fact that the voting rights in respect of the UK National Shares shall be treated as having been magnified in accordance with article 23(9)(e)), then such person will not be appointed as the Relevant Director and the Nominations Committee may nominate another person to be so appointed, in which case the B Shareholder shall have a right of veto in respect of such person which, if exercised, shall be exercised pursuant to article 23(9)(c) or article 23(9)(d).
- (g) If the veto rights specified in articles 23(9)(c), 23(9)(d) or 23(9)(f), as applicable, are not exercised by the B Shareholder with respect to a proposed appointee as the Relevant Director within 5 Business Days of receipt by the B Shareholder

of the relevant Nomination Notice then, on the day after such 5 Business Day period, such appointee shall be deemed to have been appointed as the Relevant Director

- (10) Where there are no B Directors appointed to the board, or where the B Shareholder is proposing to remove all of the B Directors in accordance with article 23(2), the following shall apply in relation to the appointment of any person as a B Director (the **"Relevant B Director"**)
- (a) The B Shareholder shall nominate a person to be the Relevant B Director and shall give notice (the **"B Shareholder Notice"**) of such nomination to the A1 Shareholder and the company. The appointment of the Relevant B Director shall take effect immediately upon deposit with the company or on such later date (if any) specified in the B Shareholder Notice, save where the B Shareholder Notice contains a request for the A1 Shareholder to convene a meeting of the shareholders of the A1 Shareholder in accordance with article 23(10)(b), in which case articles 23(10)(b) and 23(10)(c) shall apply
 - (b) If requested to do so by the B Shareholder in the relevant B Shareholder Notice, the A1 Shareholder shall convene a meeting of its shareholders to consider the approval of the person nominated by the B Shareholder pursuant to article 23(10)(a). At such meeting, any vote on a resolution shall be conducted by a poll and, in the event that the voting rights of the UK National Shares do not carry a majority of the total voting rights of the A1 Shareholder, then the voting rights in respect of the UK National Shares shall be treated as being magnified so that such shares shall, together, carry a majority of the voting rights in the A1 Shareholder. In effecting such magnification, each UK National Share may have a fractional number of votes per share and calculations of the relevant fraction shall be rounded up to the nearest 2 decimal places and the number of votes that they shall carry together shall be such number as is as close to 50% of the resulting number of votes after such magnification (rounded up to the nearest whole number) plus one vote as is reasonably practicable taking account of the provisions on fractions set out above. For example, if the A1 Shareholder has 799,999 ordinary shares in issue, with each share carrying one vote and 200,000 of such shares are UK National Shares then the votes of each UK National Share will be magnified such that each such share shall be treated as carrying 3 votes to every one vote carried by the ordinary shares which are not UK National Shares such that the UK National Shares together carry 600,000 votes of the 1,199,999 votes available to be cast on that resolution
 - (c) In the event that, at a meeting duly convened by the A1 Shareholder pursuant to article 23(10)(b), the shareholders of the A1 Shareholder vote in favour of the person nominated by the B Shareholder (taking into account the fact that the voting rights in respect of the UK National Shares shall be treated as having been magnified in accordance with article 23(10)(b)), then, with effect from the end of the relevant shareholders' meeting, that person shall be deemed to have been appointed as the Relevant B Director. In the event that the shareholders of the A1 Shareholder do not vote in favour of the person nominated by the B Shareholder (taking into account the fact that the voting rights in respect of the

UK National Shares shall be treated as having been magnified in accordance with article 23(10)(b)), then such person will not be appointed as the Relevant B Director and the B Shareholder may nominate another person to be so appointed, in which case the provisions of article 23(10)(a), 23(10)(b) and this article 23(10)(c) shall apply to any person so nominated

- (11) The B Shareholder shall serve a notice in writing on the A1 Shareholder and the company requesting the removal of the Chairman and/or CEO as directors if, at any time, three of the Key UK National Shareholders request the B Shareholder to do so. The B Shareholder shall be entitled to request, and shall not be required to serve the notice requesting the removal of the Chairman and/or the CEO as directors until it has received, confirmation from the A1 Shareholder that the persons who have requested that the B Shareholder serve such notice are Key UK National Shareholders. Following the service of such notice, the B Directors and the A1 Shareholder shall consult with each other for a reasonable period of time with a view to resolving the matter. In the event that, following such consultation, the A1 Shareholder agrees with the request to remove the Chairman or, as the case may be, the CEO, then the company shall, as soon as reasonably practicable following notice of such agreement being served by the A1 Shareholder on the company, remove the Chairman or, as the case may be, the CEO.
- (12) In the event that, following the consultation referred to in article 23(11) above, the A1 Shareholder does not agree with the request to remove the Chairman or, as the case may be, the CEO, then the A1 Shareholder shall convene a meeting of its shareholders to consider such request. At such meeting, any vote on a resolution shall be conducted by a poll and, in the event that the voting rights of the UK National Shares do not carry a majority of the total voting rights in the A1 Shareholder, then the voting rights in respect of the UK National Shares shall be treated as being magnified so that such shares shall, together, carry a majority of the voting rights in the A1 Shareholder. In effecting such magnification, each UK National Share may have a fractional number of votes per share and calculations of the relevant fraction shall be rounded up to the nearest 2 decimal places and the number of votes that they shall carry together shall be such number as is as close to 50% of the resulting number of votes after such magnification (rounded up to the nearest whole number) plus one vote as is reasonably practicable taking account of the provisions on fractions set out above. For example, if the A1 Shareholder has 799,999 ordinary shares in issue, with each share carrying one vote and 200,000 of such shares are UK National Shares, then the votes of each UK National Share will be magnified such that each such share shall be treated as carrying 3 votes to every one vote carried by the ordinary shares which are not UK National Shares such that the UK National Shares together carry 600,000 votes of the 1,199,999 votes available to be cast on that resolution.
- (13) In the event that, at a meeting duly convened by the A1 Shareholder pursuant to article 23(12), the shareholders of the A1 Shareholder vote in favour of the request to remove the Chairman or, as the case may be, the CEO (taking into account the fact that the voting rights in respect of the UK National Shares shall be treated as having been magnified in accordance with article 23(12)), then, with effect from the end of the relevant shareholder meeting, the relevant person shall be deemed to have been removed as a director of the company. In the event that the shareholders of the A1 Shareholder do not vote in favour of the request to remove the Chairman or, as the case may be, the CEO (taking into account the fact that the voting rights in respect of

the UK National Shares shall be treated as having been magnified in accordance with article 23(12)), then the relevant person will not be removed as a director of the company as a result of the process set out in article 23(11), 23(12) and this article 23(13)

- (14) The shareholders shall take all such action as may be reasonably necessary to ensure that the appointments and removals of directors take effect (and, subject to applicable law, only take effect) as provided in this article 23
- (15) This article 23 may not be altered unless all shareholders agree
- (16) Where the A1 Shareholder is intending to hold a meeting of its shareholders pursuant to articles 23(9)(e), 23(10)(b) or 23(12) it shall, prior to holding such meeting, notify the UK Civil Aviation Authority in writing that such meeting is to be held

24 Termination of director's appointment

A person ceases to be a director as soon as

- (a) that person ceases to be a director by virtue of article 23(1), 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, or
- (g) notice of his removal is given in accordance with article 23(2), 23(5) or 23(8), or he is removed in accordance with article 23(11) or 23(13)

25. Directors' remuneration

- (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,

save that, where a director receives remuneration for his services as director of another company which is a member of the Combined Group, he shall not also be entitled to receive remuneration for his services to the company as a director but, for the avoidance of doubt, will be entitled to receive remuneration for any other service which he undertakes for the company

- (3) Subject to the articles, a director's remuneration may take any form, provided that any non-executive director of the company may not receive as any part of the remuneration for his services to the company in his capacity as a non-executive director any shares in, or stock options over shares in, or amounts linked to the share values of, the company's ultimate parent company
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day
- (5) Directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company, any shareholder company, any group company or any other body corporate in which the company is interested, and the receipt of such benefit shall not disqualify any person from being a director of the company
- (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 company and for any member of his family (including a spouse or 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

26. Directors' expenses

- (1) 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

- (2) Subject to the Companies Acts, the directors shall have power to make arrangements to provide a director with funds to meet expenditure incurred or to be incurred by him for the purpose of the company or for the purpose of enabling him properly to perform his duties as an officer of the company or to avoid him incurring any such expenditure

Alternate Directors

27. Appointment and removal of alternate directors

- (1) Any director (other than an alternate director) (the "**appointor**") 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 (such person known as an "**alternate director**")
- (2) Any appointment or removal of an alternate director 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

28. Rights and responsibilities of alternate directors

- (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 resolutions, 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 appointor, and
 - (d) are not deemed to be agents of or for their appointor
- (3) Subject to the articles, a person who is an alternate director but not also a director
 - (a) may be counted as participating for the purposes of determining whether a quorum exists (but only if that person's appointor is not participating), and
 - (b) may sign or otherwise indicate his agreement to a written resolution (but only if it is not signed or to be signed or otherwise agreed by that person's appointor)

No alternate may be counted as more than one director for such purposes

- (4) Subject to the articles, a director who is also an alternate director has an additional vote on behalf of each appointor who

- (a) is not participating in a directors' meeting, and
- (b) would have been entitled to vote if he was participating in it,

and for the purposes of determining if a quorum is present, such an appointor shall be deemed to be present in relation to the director who is his alternate director

- (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

29. Termination of alternate directorship

- (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, or
 - (d) when the alternate's appointor's appointment as a director terminates

30. Board Reserved Matters

- (1) The management of the company shall be entrusted to the CEO, except in relation to the following matters which shall be reserved for the board of directors to decide
- (a) reporting to any general meeting,
 - (b) drafting the terms of, and proposing to any general meeting, the approval of the annual accounts, the management report and the proposal for the application of profits for each financial year,
 - (c) the appointment and dismissal of members of the safety review committee,
 - (d) approval of the business plan and annual budgets,
 - (e) approval of the corporate social responsibility policy,
 - (f) approval of the policy for overseeing and managing risks and the periodic monitoring of internal information and oversight systems,

- (g) approval of the directors' remuneration within such limits as may be determined by shareholders in general meeting,
- (h) assessment of the quality and efficiency of the board and the board safety review committee on the basis of the reports submitted by that committee,
- (i) any matter which is required to be approved by the board of directors pursuant to clause 3 4(C) of the Assurances Agreement,
- (j) supervision of the CEO, and
- (k) any other matters which the shareholders empower the board to determine

Part 3

Shares and Distributions

Shares

31. All shares to be fully paid

- (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

32. Powers to issue different classes of share

- (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 or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the directors may decide
- (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) The rights, restrictions, terms and conditions attached to any shares issued pursuant to paragraph (1) or (2) of this article shall apply as if the same were set out in the articles

33. Payment of commissions on subscription for shares

- (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

34. Exclusion of pre-emption rights

The pre-emption provisions in sections 561 and 562 of the Companies Act 2006 shall not apply to any allotment of equity securities made by the company

35. Share certificates

- (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 and 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

36. Replacement share certificates

- (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

37 Restrictions on disposal of B Shares

- (1) No Disposal of any B Share by the B Shareholder is permitted, except
 - (a) with the prior written consent of the A1 Shareholder, or
 - (b) where required by the A1 Shareholder in accordance with article 38
- (2) - Prior to the expiry of the Initial Period, the A1 Shareholder shall not give any consent pursuant to article 37(1)(a) where the Disposal which is the subject of such consent would, if effected, result in the corporate structure of the company no longer meeting the requirements of the National Control Structure

38. Right of redemption or transfer of the B Shares

- (1) The B Shareholder shall be entitled, at any time, to require the company, by notice in writing (a "**B Shareholder Redemption Notice**"), to redeem the B Shares for an amount equal to the nominal value of such shares. In the event that a B Shareholder Redemption Notice is served on the company by the B Shareholder, the company shall redeem the B Shares for an amount equal to the nominal value of such shares no later than two Business Days following the date of such notice, subject to the company being lawfully able to redeem such shares
- (2) Subject to article 38(3) and article 38(4), at any time following the expiry of the Initial Period or, prior to the expiry of the Initial Period, at any time when the B Shareholder is in material breach of its obligations under the Subscription Agreement, the Trust Deed or these articles, the A1 Shareholder may either
 - (a) serve notice in writing on the B Shareholder requiring such shareholder to transfer, for a consideration equal to the nominal value of such shares, all the B Shares held by it to such other person or persons as may be nominated by the A1 Shareholder, or
 - (b) serve notice (an "**A Shareholder Redemption Notice**") in writing on the company requiring it to redeem the B Shares held by the B Shareholder, such redemption to be made in accordance with article 40 and subject to applicable law
- (3) In the event that the A1 Shareholder exercises its right under article 38(2)(a) to require a transfer of B Shares prior to the expiry of the Initial Period, then the A1 Shareholder must not nominate any person as the transferee of such B Shares where the transfer to such person would, if effected, result in the corporate structure of the company no longer meeting the requirements of the National Control Structure. In addition, no such transfer of B Shares must be effected until the person or persons to whom such shares are to be transferred has or have agreed in writing to enter into a Deed of Adherence upon such B Shares being transferred to it or them
- (4) In the event that the A1 Shareholder exercises its right under article 38(2)(b) to require the company to redeem the B Shares held by the B Shareholder prior to the expiry of the Initial Period, the relevant Redemption Notice must contain the names and

registered addresses of the persons to whom an equivalent number of B Shares (carrying equivalent rights to the B Shares which are to be redeemed) are to be issued following the relevant redemption (the "**New B Shareholders**") The A1 Shareholder must not nominate any person as a New B Shareholder where the issue of B Shares to such person would, if effected, result in the corporate structure of the company no longer meeting the requirements of the National Control Structure The company will issue B Shares to the New B Shareholders in accordance with the relevant Redemption Notice subject to receipt by the company of the relevant subscription monies from the New B Shareholders immediately prior to, simultaneously with, or as soon as reasonably practicable following, the completion of the relevant redemption of B Shares In addition, no such redemption of B Shares shall be effected until the New B Shareholders have agreed in writing to enter into a Deed of Adherence upon the relevant B Shares being issued to them

- (5) The provisions of article 38(3) do not apply in the event that the A1 Shareholder exercises its right under article 38(2)(a) following the expiry of the Initial Period and the provisions of article 38(4) do not apply in the event that the A1 Shareholder exercises its right under article 38(2)(b) following the expiry of the Initial Period provided, in each case, that the I Opco National Control Structure has previously been terminated or is to terminate at substantially the same time as the National Control Structure

39. Obligations on transfer or redemption of B Shares

- (1) Where the A1 Shareholder or the B Shareholder exercise its respective right to require the company to redeem any B Shares in accordance with article 38(2)(b), the company and the B Shareholder shall take all actions as may be reasonably necessary to effect such redemption of any B Shares in accordance with article 38(2)(b) and these articles and shall execute such documentation as may be reasonably requested by the A1 Shareholder in respect of such redemption
- (2) Where the A1 Shareholder exercises its right to require the transfer of any B Shares from the B Shareholder in accordance with article 38(2)(a), the B Shareholder shall take all actions as may be reasonably necessary to effect the transfer of such B Shares in accordance with article 38(2)(a) and these articles and shall execute such documentation as may be reasonably requested by the A1 Shareholder in respect of such transfer
- (3) In the event that the B Shareholder fails or refuses to execute any documentation required to be executed by it pursuant to article 39(1) or 39(2)
 - (a) the company shall by written notice authorise any director to execute and deliver, on the B Shareholder's behalf, such documentation as is reasonably necessary to effect the redemption, or as the case may be, the transfer of the relevant B Shares, and
 - (b) the company shall hold the purchase proceeds, or as the case may be the redemption proceeds, in trust for the B Shareholder

In the case of a transfer of B Shares which is effected pursuant to this article 39(3), the receipt of the transfer proceeds by the company shall be a good discharge by the

transferee of such shares, who shall not be bound to see the application of such proceeds. In addition, the company shall, subject to the instrument of transfer being duly stamped, cause the transferee to be registered as the holder of the relevant B Shares.

Once registration of a transfer of B Shares or, as the case may be, once a redemption of B Shares, has taken place in purported exercise of the power contained in this article 39(3), the validity of such transfer or redemption shall not be questioned by any person.

40. Redemption of B Shares

- (1) The B Shares may be redeemed by the company only once it has received either an A Shareholder Redemption Notice or a B Shareholder Redemption Notice subject to the company being lawfully able to redeem such shares. The B Shares shall be redeemed for an amount equal to the nominal value of such shares (the "**Redemption Amount**")
- (2) Within five Business Days following the receipt of any A Shareholder Redemption Notice, the company shall notify the B Shareholder in writing that the B Shares are to be redeemed. Such notice by the company shall specify the date on which such redemption is to occur, which date shall be not less than two Business Days following the date of the notice and, on that date, the company shall redeem the B Shares subject to the company being lawfully able to redeem such B Shares.
- (3) In respect of any redemption of the B Shares, the B Shareholder shall deliver the share certificate(s) representing the B Shares to the company on or prior to the date of redemption and, subject to the payment of the Redemption Amount, from the date of redemption, such share certificate(s) shall cease to be valid.
- (4) In the event that the B Shareholder exercises its right to require the redemption of the B Shares pursuant to article 38(1) of the articles, but the company is not able to fund the redemption out of distributable profits, the A1 Shareholder shall, on the date on which such redemption would, but for any restrictions under the Companies Acts, be required to be made, subscribe for such number of C Shares in the capital of the company as are necessary for the company to be able to fund the redemption out of the proceeds of the issue of such shares in accordance with applicable legislation and the company shall use the proceeds of subscription to effect the redemption.

41 Transfer of Shares

- (1) The A1 Shares and the C Shares shall not be subject to any restriction on their transferability. The holder of the A2 Shares shall not transfer any A2 Shares held by it to any other person without the prior written consent of the A1 Shareholder.
- (2) Any transfer of shares made in accordance with these articles shall be registered promptly. The directors shall decline to register any transfer of shares which is not made in accordance with these articles and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect the proposed transfer may be fraudulent.

- (3) Shares may be transferred in accordance with these articles 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
- (4) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share
- (5) The company may retain any instrument of transfer which is registered
- (6) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

42. Transmission of shares

- (1) If title to a share passes to a transmittee in accordance with these articles, the company may recognise only the transmittee as having any title to that share
- (2) Subject to article 42(3), 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 from whom the transmittee derived such entitlement had
- (3) 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 event which gave rise to the transmission, unless they become the holders of those shares in accordance with these articles

43. Exercise of transmittees' rights

- (1) Transmittees who wish to become the holders of shares to which they have become entitled in accordance with these articles 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 and obtain any relevant consents in accordance with these articles
- (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

44. Transmittees bound by prior notices

If a notice is given to a shareholder in respect of shares and a transmittee (or any person nominated under article 42(2)) is entitled to those shares, the transmittee (and

any person nominated under article 42(2) 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

45. Dividends and other distributions: general

Where the company makes any dividend or other distribution of profits within the meaning of section 829 of the Companies Act 2006, the B Shareholder(s) shall be entitled to that portion of such dividend or distribution as is equal to one per cent. of the aggregate amount of such dividend or distribution, provided that the aggregate amount of dividends and distributions that the B Shares shall be entitled to in aggregate at any time after the Merger Effective Date shall be capped at £1 per B Share. Such dividend or distribution shall be paid to the B Shareholder(s) pro rata to the number of B Shares held by them. The A1 Shareholder(s), the A2 Shareholder(s) and the C Shareholder(s) shall, together, be entitled to the remaining portion of such dividend or distribution, such dividend or distribution to be paid pro rata to the number of A1 Shares, A2 Shares or C Shares (as the case may be) held by them, provided that where the aggregate amount of any dividend or distribution which is made by the company is less than £1, the holders of the A2 Shares shall not be entitled to receive any amount of such dividend.

46. Procedure for declaring dividends

- (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 in the class in respect of which the dividend is paid on the date of the resolution or decision to declare or pay it. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
- (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

47. Payment of dividends and other distributions

- (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

48. No interest on distributions

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

49. Unclaimed distributions

- (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

50 Non-cash distributions

- (1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors or by a decision 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

51. Waiver of distributions

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

52. Distribution in specie on winding up

If the company is wound up, the liquidator may, with the sanction of a special resolution of the company, any other sanction required by law and in accordance with article 53, divide among the shareholders in specie the whole or any part of the assets of the company and may, for that purpose, value any assets. The liquidator may, with the like sanction and in accordance with article 53, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders, but no shareholder shall be compelled to accept any assets upon which there is a liability

53. Return of capital

On a return of capital, whether by way of liquidation, capital reduction, or otherwise, the Surplus Assets shall be applied in the following manner and in the following priority

- (a) first to the A1 Shareholder(s), the A2 Shareholder(s) and the C Shareholder(s) pro rata to the number of A1 Shares, A2 Shares, or C Shares (as the case may be) held by them until the aggregate amount of the Surplus Assets so distributed is equal to the aggregate nominal value of the A1 Shares, A2 Shares and C Shares then in issue,
- (b) thereafter, to the extent any Surplus Assets remain, they shall be distributed to the B Shareholder(s) pro rata to the number of B Shares held by them, until the aggregate amount of the Surplus Assets so distributed is equal to the aggregate nominal value of the B Shares then in issue, and
- (c) thereafter, to the extent any Surplus Assets remain, to the A1 Shareholder(s), A2 Shareholders and C Shareholder(s) pro rata to the number of A1 Shares, A2 Shares or C Shares (as the case may be) held by them,

save that this article shall not apply to any redemption or repurchase of B Shares (whether out of share capital or distributable profits)

Capitalisation of Profits

54. Authority to capitalise and appropriation of capitalised sums

- (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)
 - (i) on behalf of the persons entitled, and
 - (ii) in the same proportions as a dividend would have been distributed to them, or
 - (b) for the purposes of and in accordance with Article 76(2)
- (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 4

Decision-Making by Shareholders

Organisation of General Meetings

55. Convening General Meetings

- (1) None of the Directors, the company, the A1 Shareholder, the A2 Shareholder, the B Shareholder or the C Shareholder shall convene or hold any general meeting of the shareholders or propose any written resolution of the shareholders (or the executing of any other document or the taking of any other steps which would have a similar effect) or take any steps to procure any of the foregoing unless, in each case, they are required by applicable law to do so, in which case the only resolutions which shall be put to the shareholders at such meeting or by way of written resolution shall be those which are required by applicable law to be so put.
- (2) Where the company proposes to put a resolution to the vote at a general meeting, the company shall circulate to the shareholders in advance of that meeting all information that is required to be so circulated by applicable law as well as such information as the company considers reasonably necessary in order for the shareholders to be properly informed about the subject matter of the proposed resolution

56. Attendance and speaking at general meetings

- (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
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57 Quorum for general meetings

- (1) 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
- (2) Except when there are no B Shares in issue and subject to article 60(5), a quorum at any general meeting shall exist only if the A1 Shareholder and the B Shareholder are both present in person or by proxy and entitled to vote. If no B shares are in issue, except where the company has only one shareholder that is entitled to vote, a quorum at any general meeting shall exist if any two shareholders are present in person or by proxy
- (3) If, and for so long as, the company has only one shareholder that is entitled to vote, that shareholder present in person or by proxy shall be a quorum at any general meeting of the company or of the holders of any class of shares

58. Chairing general meetings

- (1) Subject to article 58(2), the Chairman shall chair general meetings if present and willing to do so
- (2) 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**"

59 Attendance and speaking by directors and non-shareholders

- (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

60. Adjournment

- (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,
 - (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, or
 - (c) the meeting is required to be adjourned in accordance with article 63(3)
- (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 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. Any reconvened meeting must be held at least twenty four hours after it was adjourned.
- (5) Where any general meeting has been adjourned twice for lack of a quorum as a result of the fact that the B Shareholder is not present at such meeting, any reconvened meeting must be held at least one week after the date on which the meeting was last adjourned and the B Shareholder must be given at least one week's notice in writing (the "**General Meeting Notice**") of the date, time and location of such reconvened meeting. The B Shareholder may request that the reconvened meeting be held at a different time and date than that set out in the General Meeting Notice provided that
 - (a) such request is received by the company at least 48 hours prior to the date and time of the reconvened meeting as set out in the General Meeting Notice, and
 - (b) the time and date requested by the holders of the B Shareholder is not more than one week following the time and date proposed in the General Meeting Notice.

At any such reconvened meeting the quorum shall be any shareholder present in person or by proxy.
- (6) Save for any meeting which is adjourned in accordance with article 60(3), if any reconvened 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

- (7) 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

61. Voting: general

- (1) All resolutions put to the vote of a general meeting shall be decided on a poll rather than on a show of hands
- (2) The A1 Shareholder, the A2 Shareholder and the B Shareholder at any general meeting of the company at which they are present in person or by proxy, shall, on a poll, have one vote for each A1 Share, A2 Share or B Share (as the case may be) held by them in the capital of the company
- (3) The C Shares shall not confer any rights on a holder of such shares to attend, speak or vote at a general meeting of the company
- (4) The A2 Shareholder shall vote as directed by the A1 Shareholder in respect of all shareholders' resolutions

62. Voting: B Shareholder

- (1) The B Shareholder shall exercise its voting rights in such manner as it considers in its sole opinion to be in the interests of the holders of the UK National Shares and shall not be obliged to vote in accordance with any recommendation of the A1 Shareholder issued pursuant to article 62(2) or any Committee Opinion (as defined in article 62(2)) where to do so would not, in the sole opinion of the B Shareholder, be in the interests of the holders of the UK National Shares
- (2) The A1 Shareholder shall, not less than five Business Days prior to the date of the relevant shareholders' meeting, issue a recommendation to the B Shareholder as to how the B Shareholder should vote in respect of any resolution which is to be proposed at a general meeting and, subject to article 62(1), the B Shareholder shall be obliged to vote in accordance with any such recommendation, provided that the B Shareholder shall not be obliged to vote in accordance with such recommendation where the Assurances Committee has delivered an opinion pursuant to clause 59 of the Assurances Agreement (a "**Committee Opinion**") that the resolution would, if passed, or as the case may be, not passed, result in
- (a) an action being taken, or being omitted to be taken, by the company which would result in a breach of clause 34 of the Assurances Agreement, or
- (b) an action being taken, or being omitted to be taken, by the company, which would result in the corporate structure of the company no longer meeting the requirements of the National Control Structure,

in which case, subject to article 62(1), the B Shareholder shall vote in favour of the resolution if the Committee Opinion states that if it were not passed either of the consequences set out in article 62(2)(a) or (b) would result and shall vote against the resolution if the Committee Opinion states that such consequences would result if such resolution were passed. Unless the Assurances Committee has delivered a Committee Opinion in respect of any resolution by the date falling two Business Days prior to the date on which the B Shareholder is required to vote in respect of such resolution, then such resolution shall be deemed not to result in either of the consequences set out in article 62(1)(a) or (b) if it were passed or, as the case may be, not passed.

- (3) Where the B Shareholder determines that it will not vote in accordance with the recommendation of the A1 Shareholder in respect of any resolution (the “**Disputed Resolution**”) pursuant to article 62(1), it shall notify the A1 Shareholder in writing of such fact as soon as reasonably practicable and, in any event, prior to the meeting at which the Disputed Resolution is to be proposed. If such notification is made, the A1 Shareholder may convene a meeting of its shareholders to consider the Disputed Resolution. In the event that the A1 Shareholder exercises such right, the general meeting at which the Disputed Resolution is to be proposed shall be adjourned until such time as the shareholders’ meeting of the A1 Shareholder has been held. At such shareholders’ meeting of the A1 Shareholder, any vote on a resolution shall be conducted by a poll and, in the event that the voting rights of the UK National Shares do not carry a majority of the total voting rights in the A1 Shareholder, then the voting rights in respect of the UK National Shares shall be treated as being magnified so that such shares shall, together, carry a majority of the voting rights in the A1 Shareholder. In effecting such magnification, each UK National Share may have a fractional number of votes per share and calculations of the relevant fraction shall be rounded up to the nearest 2 decimal places and the number of votes that they shall carry together shall be such number as is as close to 50% of the resulting number of votes after such magnification (rounded up to the nearest whole number) plus one vote as is reasonably practicable taking account of the provisions on fractions set out above. For example, if the A1 Shareholder has 799,999 ordinary shares in issue, with each share carrying one vote and 200,000 of such shares are UK National Shares, then the votes of each UK National Share will be magnified such that each such share shall be treated as carrying 3 votes to every one vote carried by the ordinary shares which are not UK National Shares such that the UK National Shares together carry 600,000 votes of the 1,199,999 votes available to be cast on that resolution.
- (4) In the event that, at a shareholders’ meeting duly convened by the A1 Shareholder pursuant to article 62(3), the shareholders of the A1 Shareholder vote in favour of the Disputed Resolution (taking into account the fact that the voting rights in respect of the UK National Shares shall be treated as having been magnified in accordance with article 62(3)), then the B Shareholder must vote in favour of such resolution at any reconvened general meeting of the company at which such resolution is proposed (irrespective of the effect of such vote on the holders of the UK National Shares). In the event that the shareholders of the A1 Shareholder do not vote in favour of the Disputed Resolution (taking into account the fact that the voting rights in respect of the UK National Shares shall be treated as having been magnified in accordance with article 62(3)), then the B Shareholder must vote against such resolution at any reconvened general meeting of the company at which such resolution is proposed (irrespective of the effect of such vote on the holders of the UK National Shares).

- (5) The provisions as to voting set out above shall apply, with any necessary modifications, to any resolutions of the shareholders which are proposed to be passed as written resolutions
- (6) Where the A1 Shareholder is intending to hold a meeting of its shareholders pursuant to article 62(3), it shall, prior to holding such meeting, notify the UK Civil Aviation Authority in writing that such meeting is to be held

63. Errors and disputes

- (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

64. Content of proxy notices

- (1) Proxies may validly be appointed only 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 (or adjourned 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

65. Delivery of proxy notices

- (1) A person who is entitled to attend, speak or vote 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 takes effect only if it is delivered before the start of the meeting or adjourned meeting to which it relates
- (4) The directors may require the production of any evidence which they consider necessary to determine the validity of any proxy notice

66 Amendments to resolutions

- (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

67. Class meetings

The provisions of the articles relating to general meetings shall apply, with any necessary modifications, to any separate general meeting of the holders of shares of a class

Part 5**Administrative Arrangements****68. Means of communication to be used**

- (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
- (4) A shareholder or director present in person or by proxy or alternate at any meeting of the company or at any directors' meeting shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called
- (5) General meetings and meetings of the directors and any committee shall be conducted in English. Notices (including accompanying papers) and minutes of such meetings shall be prepared in English

69. When notice or other communication deemed to have been received

- (1) Any notice, document or information sent or supplied by the company to the shareholders 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 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,*
 - (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 shareholder 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

70. Company seals

- (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

71 No right to inspect accounts and other records

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

72. Provision for employees on cessation of business

The directors may (to the extent permitted by law) 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

73. Indemnity

- (1) Subject to paragraph (4), a relevant director 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,
 - (c) any other liability incurred by that director as an officer of the company or an associated company
- (2) The company may fund a relevant director's expenditure for the purposes permitted under the *Companies Acts* and may do anything to enable a relevant director to avoid incurring such expenditure as provided in the *Companies Acts*
- (3) No relevant director shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company
- (4) 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

74. Insurance

- (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

75. Definitions

- (1) In articles 73 and 74
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,
 - (b) a "relevant director" means any director or former director of the company or an associated company, and
 - (c) 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

76. Merger

- (1) In this article,
- (a) the "**Capital Reorganisation**" means the capital reorganisation of the company effected by way of special resolution passed on 25 January 2011, and

- (b) the "**Consolidation Number**" means the total number of ordinary shares of 25 pence each in the capital of the company converted into A1 Shares pursuant to the Capital Reorganisation plus one divided by the total number of A1 Shares arising pursuant to the Capital Reorganisation
- (2) Notwithstanding any other provision of these articles, if at any time on or after 25 January 2011
 - (a) any A1 Shares (the "**New A1 Shares**") or ordinary shares (the "**New Ordinary Shares**", and together with the New A1 Shares the "**New Shares**") (a) are issued to any person other than IAG and/or its nominees or (b) are transferred to any person other than IAG and/or its nominees by any employee benefit trust in settlement of any option or award granted pursuant to any BA Share Incentive Scheme (such person to whom such shares are issued or transferred pursuant to (a) or (b) above being a "**New Member**") then unless IAG determines otherwise, the New Shares shall be transferred immediately to IAG in consideration for and conditionally upon (i) the allotment and issue of the Consolidation Number of ordinary shares in IAG (fully paid) (or IAG procuring the transfer to the New Member of the Consolidation Number of ordinary shares in IAG (fully paid)) for every New A1 Share (if any) held by the New Member, rounded down to the nearest whole ordinary share or, as the case may be, the allotment and issue of one ordinary share in IAG (fully paid) (or IAG procuring the transfer to the New Member of one ordinary share in IAG (fully paid)) for every New Ordinary Share (if any) held by the New Member and (ii) the payment by IAG to the New Member of an amount equal to the amount of any dividends or other distributions paid or made by IAG and which the relevant New Member would have been entitled to receive in respect of his holding of ordinary shares in IAG had such shares in IAG been issued to the New Member on the date on which the New Shares were issued to it (the "**Issue Date**") and not been transferred or otherwise disposed of by such New Member following the Issue Date, and
 - (b) immediately following the transfer of the New Shares to IAG pursuant to subparagraph (a) above, the company shall reclassify, consolidate and/or subdivide the New Shares into C Shares (the "**Reclassified Shares**") as required such that the aggregate nominal value of the Reclassified Shares, rounded up to the nearest whole share, is equal to that of such New Shares. Where the nominal value of the Reclassified Shares is greater than the nominal value of the New Shares the company shall pay up the difference using the share premium account of the company
- (3) Any New Member shall not, for the period during which he holds any New Shares, be entitled to exercise any rights attaching to the New Shares and shall not be entitled to receive any dividends or other distributions which such New Member might otherwise be entitled to receive in respect of such New Shares
- (4) On any reorganisation of, or material alteration to, the share capital of the company or of IAG (including without limitation, any reclassification, consolidation and/or subdivision of the company's or IAG's share capital) following the Capital Reorganisation other than any reclassification, consolidation and/or subdivision pursuant to article

76(2)(b), the number of shares in IAG to be issued (or of which IAG is to procure the transfer) to any New Member pursuant to article 76(2) shall be adjusted by the directors in such manner as the auditors of the company or an independent investment bank selected by the company may determine to be appropriate to reflect such reorganisation or material alteration

- (5) To give effect to any such transfer required by this article 76, the company may appoint any person to execute and deliver a form of transfer on behalf of, or as attorney for, the New Member in favour of IAG (or to such nominee(s) as IAG may direct by notice in writing to the company)

77 Governing law

The governing law of these articles is the substantive law of England

A handwritten signature in black ink, consisting of stylized, overlapping loops and curves, likely representing the initials 'MM'.