

COMPANIES ACT 1985 AND 1989
PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION OF
ARRIVA TEESSIDE LIMITED



1. The Company's name is "ARRIVA Teesside Limited".
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:-
 - (a)
 - (i) To buy, sell, manufacture, let on hire and otherwise deal in motor cabs, omnibuses, cars, carriages, vans, cycles, ships, launches, boats and other public or private conveyances of all descriptions, whether propelled by petrol, steam, electricity, gas, animal traction or other motive power;
 - (ii) To carry on the business of proprietors of motor cabs, omnibuses, cars, carriages, vans and other public or private conveyances of all descriptions and carriers of passengers and goods, whether by petrol, steam, gas, animal traction or other motive power;
 - (iii) To buy, sell, let on hire and deal in machinery, component parts, accessories and fittings for all kinds of motor vehicles, and all articles and things used in or capable of being used in the manufacture, maintenance and working thereof;
 - (iv) To carry on the business of garage keepers and suppliers of petrol, electricity and other motive power to motor vehicles of all kinds;
 - (v) To carry on the business of coach and carriage builders, tyre manufacturers, mechanical engineers, electricians, electrical engineers, fitters, millwrights, founders, tube makers, galvanisers, japanners, annealers, enamellers, electroplaters and painters and varnish manufacturers;
 - (vi) To generate, accumulate, distribute and supply electricity or gas of any description for the purpose of motive power, light, heat or otherwise, and to manufacture and deal in all kinds of apparatus and things required for or capable of being used in connection with the generation, accumulation, distribution and supply of electricity, or gas of any description;
 - (vii) To construct, maintain, work, manage, carry out or control any roads, ways, tramways, bridges, reservoirs, watercourses, wharfs, workshops, stores and other works and conveniences which may be calculated directly or indirectly to advance the Company's interests, and to

contribute to and otherwise assist and take part in the management and control thereof;

- (b) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property;
- (c) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire;
- (d) To acquire to undertake the whole or any part of the business, goodwill, and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received;
- (e) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company;
- (f) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made;
- (g) To lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and either with or without the Company receiving any consideration or advantage (direct or indirect) from giving any such guarantee to guarantee either by personal covenant or by mortgaging or charging all or any part of the undertaking property and assets and uncalled capital of the Company both present and future the performance of the obligations and contracts of and payment of the capital or principal (together with any premium of and dividends or interest on any stocks shares and securities of any company firm or person and in particular (but without prejudice to the generality of the foregoing) of the company which is for the time being the Company's holding company (as defined by section 736 of the Companies Act 1985) or another subsidiary (as

defined by the said section) of the Company's holding company or otherwise associated with the Company in business;

- (h) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it;
- (i) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments;
- (j) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests;
- (k) To enter into any arrangements with any government or authority (supreme, municipal, local or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.
- (l) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world;
- (m) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies;
- (n) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for or otherwise acquire all or any part of the shares or securities of any such company as aforesaid;

- (o) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any company purchasing the same;
- (p) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts;
- (q) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient;
- (r) To distribute among the members of the Company in kind any property of the Company of whatever nature;
- (s) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company;
- (t) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance including insurance for any director officer or auditor against any liability as is referred to in section 310(1) of the Companies Act 1985; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained;
- (u) Subject to and in accordance with a due compliance with the provisions of sections 155 to 158 (inclusive) of the Companies Act 1985 (if and so far as such provisions shall be applicable), to give, whether directly or indirectly, any kind of financial assistance (as defined in section 152(1)(a) of the Companies Act 1985) for any such purpose as is specified in section 151(1) and/or section 151r(2) of the Companies Act 1985;

- (v) To procure the Company to be registered or recognised in any part of the world;
- (w) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others;
- (x) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them or any of the powers given to it by the Companies Act 1985 or by this memorandum of association.
- (y) To stand surety for or to guarantee, support or indemnify or secure the performance of all or any of the obligations of any person, firm or company, whether by personal covenant or by mortgage, charge, debenture or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital and goodwill or by both such methods, and, in particular but without limiting the generality of the foregoing, to guarantee, support, indemnify or secure whether by personal covenant or by any such mortgage, charge, debenture or lien or by both such methods the performance of all or any of the obligations (including the repayment of principle and premium of and the interest on any securities and the principal and interest on any borrowings) of any company which is for the time being the Company's holding company (as defined by Section 736 of the Companies Act 1985) or a subsidiary of the Company or any other subsidiary (as defined by the said Section) of any such holding Company. For the purposes of this sub-clause (y) "guarantee" includes any obligation, however described, to pay, satisfy, provide funds for the payment or satisfaction of (including, without limitation, by advance of money, purchase of or subscription for shares or other securities and purchase of assets or services), indemnify and keep indemnified against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any other person^{**}

AND so that:-

- (1) None of the provisions set forth in any sub-clause of this memorandum of association shall be restrictively construed but the widest interpretation shall be given to each such provision, and none of such provisions shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other provision set forth in such memorandum of association, or by reference to or inference from the name of the Company;
- (2) None of the sub-clauses of clause 3 of this memorandum of association and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-clause, and the Company shall have as full a power to exercise each and every one of the objects specified in each sub-clause of clause 3 of this memorandum of association as though each such sub-clause contained the objects of a separate company;

- (3) The word "company" in clause 3 of this memorandum of association, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere;
 - (4) In clause 3 of this memorandum of association any reference to any provision of the Companies Act 1985 shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.
- 4. The liability of the members is limited.
 - 5. The Company's share capital is £5,000 divided into 5,000 ordinary shares of £1 each, with power to increase or to divide the shares in the capital for the time being into different classes having such rights, privileges and advantages as to voting and otherwise, as the articles of association may from time to time prescribe.

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION*

OF

ARRIVA TEESSIDE LIMITED

PRELIMINARY

1. (1) The Regulations contained in Table A in the Schedule to The Companies (Tables A to F) Regulations 1985 (hereinafter referred to as "Table A") shall apply to the Company save insofar as they are excluded or varied hereby, and such Regulations save as so excluded or varied together with the Articles hereinafter contained shall be the Articles of Association of the Company.
- (2) The following Regulations of Table A shall not apply to the Company, namely Regulations 3, 24, 41, 46, 48, 67, 73, 74, 75, 80, 94, 95, 96, 97.

INTERPRETATION

2. The provisions as to the interpretation of Table A contained in Regulation 1 thereof shall apply to the interpretation of these Articles as they apply to the interpretation of Table A.

PRIVATE COMPANY

3. The Company is a private company and accordingly the Company shall not offer, allot or agree to allot any shares in or debentures of the Company to the public with a view to all or any of such shares or debentures being offered for sale to the public, and sections 58(3), 59 and 60 of the Act shall apply for the purposes of this Article as they apply for the purposes of the Act.

* *Adopted by Written Resolution passed on 1 October 1998.*

4. (1) All unissued shares of the Company, whether forming part of the original or any increased capital shall be under the control of the Directors who may allot, grant options over, offer or otherwise deal with or dispose of them to such persons, including any Directors of the Company, at such times and on such terms and generally in such manner as they think fit;
- (2) The Directors are hereby generally and unconditionally authorised to exercise the powers of the Company to allot relevant securities as defined in section 80 of the Act and are empowered to make offers or agreements which would or might require relevant securities as so defined to be allotted after the expiry of such authority;
- (3) Unless and until the authority conferred by (2) above is revoked, renewed or varied,
 - (a) the maximum amount of relevant securities as so defined that may be allotted under such authority shall be the amount of unissued relevant securities in the capital of the Company at the date of the incorporation of the Company;
 - (b) such authority shall expire on the fifth anniversary of the date of the incorporation of the Company.

REDEMPTION OF SHARES

5. Subject to the provisions of the Act shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder, provided that the terms on which and the manner in which any such redeemable shares shall or may be redeemed shall be specified by Special Resolution before the issue thereof.

LIEN

6. The lien conferred by Regulation 8 of Table A shall also attach to:
 - (a) fully paid shares;
 - (b) all shares whether fully paid or not standing registered in the name of any person indebted or under liability to the Company whether he shall be the sole registered holder thereof or shall be one of two or more joint holders.

TRANSFER OF SHARES

7. The transferor shall be deemed to remain a holder of any shares which have been or are to be transferred until the name of the transferee is entered in the register of members in respect thereof.
8. The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register the transfer of any share, whether or not it is fully paid.
9.
 - (1) A member (referred to in this Article as "the Transferor") desiring to transfer shares otherwise than to another member shall give notice in writing of such intention to the Directors of the Company giving particulars of the shares in question (referred to in this Article as "the transfer notice");
 - (2) The transfer notice shall constitute the Directors as agents of the transferor for the sale of the shares included in the transfer notice at the prescribed price (as hereinafter defined) and on the terms hereinafter set out;
 - (3) The prescribed price shall be such price per share as shall be agreed between the transferor and the Directors or in default of agreement as shall be fixed by the Auditors for the time being of the Company as the fair value thereof; and the cost of the said valuation by the Auditors shall be borne by the Company;
 - (4) The Directors shall offer the shares included in the transfer notice to the members of the Company (other than the transferor) at the prescribed price, and such offer shall be expressed to be open for acceptance for a period of not more than twenty-eight days;
 - (5) In the event of competition the shares so offered shall be sold to the members accepting the offer in such proportions (or as nearly as may be and without increasing the number sold to a member beyond the number applied for by him) as their existing holdings bear to the issued share capital of the Company;
 - (6) The transferor shall be bound upon receipt of the prescribed price to transfer to each member who has accepted the said offer such number of shares included in the transfer notice as such member shall have so accepted;
 - (7) Where a transferor fails or refuses so to transfer any shares within twenty-eight days after having become so bound so to do the Directors may authorise some person to execute on behalf of and as attorney for the transferor any necessary transfers and may receive the purchase money therefor in trust for the transferor; and in any such case the receipt of the Company shall be a good discharge to the purchaser who shall not be bound to see to the application thereof;

- (8) If, at the expiry of the time prescribed for the acceptance of offers under (4) above, any shares included in the transfer notice have not been accepted for purchase by the members or any of them on the terms set out in (4) to (7) above inclusive the transferor shall be at liberty to dispose of so many of such shares as have not been so accepted for purchase in any manner he may think fit within three months from the expiry of the said time prescribed under (4) above.

PROCEEDINGS AT GENERAL MEETINGS

10. (1) If the quorum prescribed by Regulation 40 of Table A is not present within half an hour from the time appointed for the meeting the meeting shall stand adjourned to the same day in the next week at the same time and place or such time and place as the Directors may determine.
- (2) If at the adjourned meeting a quorum is not present within half an hour of the time appointed for the meeting one person entitled under Regulation 40 of Table A to be counted in a quorum present at the meeting shall be a quorum.
11. (1) A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded.
- (2) A poll may be demanded:-
- (a) by the Chairman; or
- (b) by a member (present in person or by proxy) having the right to attend and vote at the meeting; or
- (c) by a duly authorised representative or a corporation.
- (3) The demand for a poll may, before the poll is taken, be withdrawn.
- (4) A demand so withdrawn shall not be taken to have invalidated the result of a vote on a show of hands declared before the demand was made.
12. A resolution in writing executed pursuant to Regulation 53 of Table A and which is expressed to be a special resolution or an extraordinary resolution shall have effect accordingly.

VOTES OF MEMBERS

13. There shall be inserted the words "Unless the Directors otherwise determine" before the words "No member shall" in Regulation 57 of Table A which shall be modified accordingly in its application to the Company.

14. (1) The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:-
- (a) be deposited at the office or at such other place within the United Kingdom and at such time as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting; or
 - (b) notwithstanding any provision to the contrary in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting, be deposited with the Chairman 30 minutes before the commencement of the meeting or adjourned meeting and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.
- (2) Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment thereof.

ALTERNATE DIRECTORS

15. An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.

POWERS OF DIRECTORS

16. In addition to and without prejudice to the generality of the powers conferred by Regulation 70 of Table A the Directors may mortgage or charge all the undertaking and property of the Company including the uncalled capital or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

PROCEEDINGS OF DIRECTORS

17. The words "and unless so fixed at any other number shall be two" shall be omitted from Regulation 89 of Table A in its application to the Company.
18. For the purposes of Regulation 93 of Table A, the consent of a Director or an alternate Director to a resolution may also be given by giving notice of his approval to the Company by letter, telex, cable or other similar means.
19. A Director may vote as a Director in regard to any contract, arrangement or any other proposal whatsoever in which he is interested or upon any matter arising there from, and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract, arrangement or proposal is under consideration.

20. Without prejudice to the first sentence of Regulation 88 in Table A, a meeting of the Directors may consist of a conference between Directors who are not all in one place, but of whom each is able (directly or by telephonic communication or by video link) to speak to each of the others and to be heard by each of the others simultaneously and the word "meeting" in these Articles and in Table A shall be construed accordingly.

INDEMNITY

21. In addition to the indemnity conferred by Regulation 118 of Table A and subject to the provisions of the Act, every such person as is mentioned in the said Regulation shall be entitled to be indemnified out of the assets of the Company against all expenses, losses or liabilities incurred by him as agent of the Company or for the Company's benefit or intended benefit or in or about the discharge or intended discharge of his duties in relation to the Company.