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COMPANIES FORM No. 395

395

Particulars of a mortgage or charge

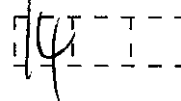
Please do not
write in
this margin

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf)

For official use Company number

Please complete
legibly, preferably
in black type, or
bold block lettering



2328402

Name of company

* East London Bus & Coach Company Limited (the "Chargor")

* insert full name
of company

Date of creation of the charge

30th September 1996

Description of the instrument (if any) creating or evidencing the charge (note 2)

Floating Charge (the "Charge")

Amount secured by the mortgage or charge

all present and future obligations and liabilities of the Chargor to the Chargee, the Banks, the Issuing Bank and the Overdraft Bank (or any of them) under the Charge and under the Agreement and under any of the other Finance Documents and/or any deed or document supplemental thereto, whether actual, contingent, sole, joint and/or several or otherwise, including, without prejudice to the foregoing generality, all obligations to indemnify the Chargee (the "Secured Liabilities") PROVIDED THAT the expression Secured Liabilities shall not include any Relevant Liabilities of the Chargor

Names and addresses of the mortgagees or persons entitled to the charge

See Paper Apart 1

Postcode

Presenter's name address and
reference (if any):

Dundas & Wilson CS

Saltire Court

20 Castle Terrace

Edinburgh EH1 2EN

Ref: CEF/SMS/MPS/B0056.318

For official Use

Mortgage Section

Post room



Time critical reference

Short particulars of all the property mortgaged or charged

See Paper Apart 2

Please do not
write in
this margin

Please complete
legibly, preferably
in black type or
bold block lettering

Particulars as to commission allowance or discount

Nil

Signed Dundas & Wilson co Date 11.10.96

On behalf of [company][chargee]*

*
delete as
appropriate

The address of the Registrar of Companies is: -
Companies House, Crown Way, Cardiff CF4 3UZ

Paper Apart 1 applicable to the foregoing Form 395 in respect of a Floating Charge by East London Bus and Coach Company Limited executed on 30th September 1996:-

The Governor and Company of the Bank of Scotland, incorporated by Act of Scots Parliament in 1695 and having its registered office at The Mound, Edinburgh EH1 1YZ, Scotland (the "Chargee") for itself and as agent and security trustee for and on behalf of the Banks, the Issuing Bank and the Overdraft Bank.

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Paper Apart 2 applicable to the foregoing Form 395 in respect of a Floating Charge by East London Bus and Coach Company Limited executed on 30th September 1996:-

- (1) As security for the payment of all Secured Liabilities, the Chargor will full title guarantee charges in favour of the Chargee for itself and as agent and security trustee aforesaid by way of floating charge all its undertaking and all its property, assets and rights whatsoever and wheresoever both present and future.
- (2) The Chargor shall not otherwise than as expressly permitted by the Agreement:-
 - (a) create or permit to subsist any Encumbrance over all or any part of the Security Assets;
 - (b) part with, sell, transfer or otherwise dispose of or agree to part with, sell, transfer or otherwise dispose of all or any part of the Security Assets.
- (3) The Chargee may at any time by notice to the Chargor convert the floating charge created by the Charge into a specific charge as regards any assets specified in the notice which the Chargee shall consider to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy and (whether or not the security created by the Charge has become enforceable) may at any time appoint a Receiver thereof.
- (4) The floating charge created by the Charge by the Chargor shall (other than in respect of any of the Security Assets situate in Scotland if and to the extent that a Receiver would not be capable of exercising his powers in Scotland in relation thereto pursuant to Section 72 of the Insolvency Act 1986 by reason of any automatic conversion) in addition to the circumstances in which the same will occur under general law automatically be converted into a fixed charge:-
 - (i) on the convening of any meeting of the members of the Chargor to consider a resolution to wind the Chargor up (or not to wind the Chargor up); or
 - (ii) on the presentation of a petition to wind the Chargor up.

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Definitions applicable to the foregoing Companies Form 395

Accession Agreement means an Accession Agreement substantially in the form of the relevant Part of Schedule 5 of the Agreement, a copy of which is annexed as relative hereto, duly completed to reflect the circumstances in the Required Form;

Agent means the Chargee;

Agreement means the Facility Agreement and after the Effective Date the Facility Agreement as amended and restated pursuant to the Supplemental Agreement and the Side Letter;

Ancillary Outstandings means, at any time, the Facility B Outstandings, the Facility C Outstandings and the Facility D Outstandings at that time;

Banks means each of the parties whose names and initial facility offices are specified in Schedule 2 of the Agreement, an extract of which is annexed as relative hereto, as providers of term and ancillary facilities and each other bank or financial institution which becomes a New Bank under Clause 29 of the Agreement, a copy of which is annexed as relative hereto;

Borrower means Stagecoach Holdings plc registered number 100764, whose registered office is at Charlotte House, 20 Charlotte Street, Perth PH1 5LL;

Borrower Collateral Account and **Borrower Collateral Deposit** are as defined in Clause 8.1 of the Agreement, a copy of which is annexed as relative hereto;

BoS means The Governor and Company of the Bank of Scotland, The Mound, Edinburgh EH1 1YZ;

Charging Group means (a) the Borrower, (b) each Subsidiary specified as such in Schedule 1 of the Agreement, a copy of which is annexed as relative hereto, and (c) any other Subsidiary of the Borrower which has executed as Accession Agreement and/or Security Documents in terms of Clause 20.16 of the Agreement, a copy of which is annexed as relative hereto, and **Charging Group Company** means any of them;

Commitment means in relation to any Bank, its Facility A Commitment, its Facility B Commitment, its Facility C Commitment and its Facility D Commitment and, after the Effective Date, its Facility E Commitment and its Facility F Commitment and means, in relation to the Overdraft Bank its Overdraft Commitment;

Debtor Party means the Borrower and each other party from time to time (other than the Agent or any Bank or the Issuing Bank or the Overdraft Bank) to a Finance Document;

DKK means the lawful currency for the time being of the Kingdom of Denmark;

Dormant Subsidiary means any Subsidiary of the Borrower incorporated in the United Kingdom which is dormant in terms of Section 250(3) of the Companies Act 1985 and which is not trading;

Effective Date is as defined in the Supplemental Agreement;

Encumbrance includes any mortgage, pledge, lien, charge (whether fixed or floating), encumbrance hypothecation, security interest, title retention or other preferential right having the effect of creating security;

Existing Bank is defined in Clause 29.5 of the Agreement, a copy of which is annexed as relative hereto;

Existing Guarantees means the guarantees issued by BoS in support of Existing Vendor Loan Notes and other obligations specified in Schedule 8 of the Agreement, a copy of which is annexed as relative hereto;

Existing Vendor Loan Notes means:-

- (a) £3,523,954 variable rate loan notes 2019 of the Borrower (**the Busways Notes**);
- (b) £83,828 variable rate loan stock 1998 of the Borrower (**the Western Travel Stock**);
- (c) £1,245,345 variable rate loan notes 2019 of the Borrower (**the Cleveland Notes**);
- (d) £116,467 variable rate A loan notes 2019 of the Borrower (**the Hartlepool Notes**); and
- (e) £6,625,723 variable rate loan notes 2000 of the Borrower (**the Cambus Notes**);

representing all the obligations of the Borrower in respect of loan notes and loan stock outstanding as at the Signing Date;

Facilities means each of Facility A, Facility B, Facility C, Facility D and the Overdraft Facility and, after the Effective Date, Facility E and Facility F;

Facility A means the term loan facilities to be made available to the Borrower under Clause 5 of the Agreement, a copy of which is annexed as relative hereto, for the purpose specified in Clause 3.1 of the Agreement, a copy of which is annexed as relative hereto;

Facility A Commitment means in aggregate £50,000,000 and, in relation to any Bank, at any time, the principal amount set opposite its name in respect of Facility A in Schedule 2 of the Agreement or in any Transfer Agreement signed by it as a New Bank, to the extent not cancelled under the Agreement;

Facility Agreement means the Facility Agreement executed 28th January 1996 as amended by a Supplementary Letter executed 2nd February 1996 and a Consent Letter dated 28th August 1996 among inter alia Stagecoach Holdings plc, the Charging Group Companies referred to therein, the Banks referred to therein, the Issuing Bank referred to therein, the Overdraft Bank referred to therein and the Chargee;

Facility A Loan means the principal amount of each Utilisation of Facility A or, as the context requires, the principal amount thereof from time to time outstanding;

Facility B means the term loan facilities to be made available to the Borrower under Clause 5 of the Agreement, a copy of which is annexed relative hereto, for the purposes specified in Clause 3.2 of the Agreement, a copy of which is annexed as relative hereto;

Facility B Commitment means subject to Clause 2.1, a copy of which is annexed as relative hereto, in aggregate £45,000,000 and in relation to any Bank at any time, the principal amount set opposite its name in respect of Facility B in Schedule 2 of the Agreement or in any Transfer Agreement signed by it as a New Bank, to the extent not cancelled or reduced under the Agreement;

Facility B Loan means the principal amount of and Utilisation by way of cash drawing of Facility B or, as the context requires, the principal amount thereof from time to time outstanding;

Facility B Outstandings means the maximum face value of each Guarantee, Performance Bond or other obligation (other than in respect of Facility B Loans) issued or incurred under Facility B;

Facility C means the ancillary facilities to be made available to the Borrower by way of non-cash engagement facilities under Clause 6 of the Agreement, a copy of which is annexed relative hereto, for the purposes specified in Clause 3.3 of the Agreement, a copy of which is annexed relative hereto;

Facility C Commitment means in aggregate £5,000,000 and in relation any Bank at any time the principal amount if any set opposite its name in respect of Facility C in Schedule 2 of the Agreement or in any Transfer Agreement signed by it as a New Bank to the extent not cancelled or reduced under the Agreement;

Facility C Outstandings means the maximum face value of each Guarantee, Performance Bond or other obligation issued or incurred under Facility C;

Facility D means the ancillary facilities to be made available to the Borrower by way of non-cash engagement facilities under Clause 6 of the Agreement, a copy of which is annexed relative hereto, for the purposes specified in Clause 3.4 of the Agreement, a copy of which is annexed as relative hereto;

Facility D Commitment means subject to Clause 2.1 of the Agreement, a copy of which is annexed as relative hereto, in aggregate £40,000,000 and, in relation to any Bank at any time the principal amount set opposite its name in respect of Facility D in Schedule 2 to the Agreement or in any Transfer Agreement signed by it as a New Bank to the extent not cancelled or reduced under the Agreement;

Facility D Outstandings means the maximum face value of each Guarantee, Performance Bond or other obligation issued or incurred under Facility D;

Facility E means the term loan facility to be made available to the Borrower under Clause 5 of the Facility Agreement as restated pursuant to the Supplemental Agreement, a copy of which is annexed as relative hereto, for the purpose specified in Clause 3.5 of the Facility Agreement as restated pursuant to the Supplemental Agreement, a copy of which is annexed as relative hereto;

Facility E Commitment means in aggregate the amount of £60,000,000 and in relation to any Bank, at any time the principal amount (if any) set opposite its name in respect of Facility E in Schedule 2 of the Facility Agreement as amended pursuant to the Supplemental Agreement or in any Transfer Agreement, signed by it as a New Bank to the extent not cancelled under the Facility Agreement as amended by the Supplemental Agreement;

Facility E Loan means the principal amount of the Utilisation of Facility E or, as the context requires, the principal amount thereof from time to time outstanding;

Facility F means the bridging facility to be made available to the Borrower under Clause 5 for the purpose specified in Clause 3.6 of the Facility Agreement as amended pursuant to the Supplemental Agreement a copy of which is annexed as relative hereto;

Facility F Commitment means the aggregate of SEK568,920,000, NOK80,064,347, DKK40,009,111,000 and FIM98,393,319 and, in relation to any Bank at any time, the principal amount (if any) set opposite its name in respect of Facility F in Schedule 2 of the Facility Agreement as amended by the Supplemental Agreement or in any Transfer Agreement signed by it as a New Bank, to the extent not cancelled under the Facility Agreement amended by the Supplemental Agreement;

Facility F Loan means the principal amount of each Utilisation of Facility F or, as the context requires, the principal amount thereof from time to time outstanding;

FIM means the lawful currency for the time being of the Republic of Finland;

Finance Document means the Agreement, the Security Documents, each Accession Agreement, each Transfer Agreement, the fee letters referred to in Clauses 24.2, 24.3, 24.4 and 24.5 of the Agreement, copies of which are annexed as relative hereto, each Performance Bond, each Guarantee, any document granted in connection with the provision of the Facilities and any other document designated by the Agent as a Finance Document;

Floating Charge means, in respect of a Scottish registered Group Company, a bond and floating charge and, in respect of an English registered Group Company, a floating charge over all the assets of the relevant chargor in favour of the Agent as security trustee for itself, the Banks, the Issuing Bank and the Overdraft Bank, in the Required Form;

Group means:-

- (a) the Borrower;
- (b) each other Charging Group Company and their Subsidiaries;
- (c) each NE Group Company;
- (d) each Dormant Subsidiary;
- (e) each Trustee Company;
- (f) each Overseas Subsidiary at any time; and
- (g) any holding company of the Borrower and/or any such Company or Subsidiary,

and **Group Company** means any of them;

Guarantee means a bank guarantee or a bank counter-indemnity issued or deemed issued pursuant to Clauses 6 or 7 of the Agreement, copies of which are annexed as relative hereto, including Existing Guarantees (and includes in each case the maximum face amount thereof from time to time);

Guarantor is as defined in Clause 14.1 of the Agreement, a copy of which is annexed as relative hereto, and means each Debtor Party (other than any Rail Group Company);

Interest Period means, in relation to each Loan, each period ascertained in accordance with Clause 11 of the Agreement, a copy of which is annexed as relative hereto;

Issuing Bank means The Governor and Company of the Bank of Scotland, The Mound, Edinburgh EH1 1YZ as issuing bank;

Loan means a Facility A Loan and/or a Facility B Loan and, after the Effective Date, a Facility E Loan and/or a Facility F Loan and includes, in any such case, any part thereof having a separate Interest Period;

NE Group means Busways Travel Services Limited, Cleveland Transit Limited, Hartlepool Transport (1993) Limited, KHCT (ESOP) Limited and their Subsidiaries from time to time, and **NE Group Company** means any of them;

New Bank means a bank or other financial institution to which an Existing Bank seeks to transfer all or part of its rights and obligations under the Agreement in accordance with Clause 29 of the Agreement, a copy of which is annexed as relative hereto;

NOK means the lawful currency for the time being of the Kingdom of Norway;

Outstandings means, at any time, the aggregate outstanding principal amount in Sterling of all Utilisations being the aggregate of:-

- (a) the Loans;
- (b) the Ancillary Outstandings; and
- (c) the Overdraft Outstandings.

Overdraft Bank means The Governor and Company of the Bank of Scotland, The Mound, Edinburgh EH1 1YZ as provider of overdraft facilities and certain ancillary facilities;

Overdraft Commitment means, in relation to the Overdraft Bank, the aggregate of its obligations to provide the Overdraft Facility up to the maximum aggregate amount (determined in accordance with the definition of Overdraft Outstandings) set opposite its name in Schedule 2 to the Agreement less at any time the aggregate amount of Facility C Outstandings at that time, to the extent not cancelled or reduced under the Agreement;

Overdraft Facility means the fluctuating secured overdraft facility in respect of working capital provided pursuant to Clause 7 of the Agreement, a copy of which is annexed as relative hereto;

Overdraft Outstandings means, at any time, the aggregate of the following amounts in respect of all banking arrangements of the following types under the Overdraft Facility then in force:-

- (a) all amounts then outstanding under any overdraft, cheque drawing or other current account facilities;
- (b) the face amount of all bills of exchange then outstanding under any acceptance credit facilities;
- (c) 10% (in the case of contracts not exceeding one year) or 20% (in all other cases) of all amounts payable to the Overdraft Bank under any contracts entered into but which have not yet matured under any foreign exchange facilities;

- (d) the maximum face amount (excluding amounts stated to be in respect of interest) of all guarantees, indemnities, bonds and letters of credit then outstanding under any guarantee, indemnity or bonding or letter of credit facilities (including the Existing Guarantees refinanced thereby); and
- (e) in respect of any other facility or financial accommodation such other amount as the Overdraft Bank may determine (after consultation with the Agent) fairly represents its aggregate exposure at such time;

all as determined on a gross basis except to the extent that the Overdraft Bank holds deposits (not including, for the avoidance of doubt, the Borrower Collateral Deposit and the SWT Collateral Deposit or any other collateral deposit held pursuant to Clause 8.3 of the Agreement, a copy of which is annexed as relative hereto) from the relevant Debtor Party in respect of which the Overdraft Bank has a legally binding right of set-off and is not contractually bound to refrain from exercising such right and/or to account to a third party for any of the proceeds of any exercise of such right;

Overseas Subsidiaries means any Subsidiary of the Borrower incorporated outside the United Kingdom;

Performance Bond means a performance bond issued pursuant to Clauses 6 or 7 of the Agreement, copies of which are annexed as relative hereto, including the SWT Performance Bond and the SWT Season Ticket Bond (and includes the maximum face amount thereof from time to time);

Rail Group means (a) (following completion of its acquisition as a Subsidiary of the Borrower) SWT and (b) any other train operating company acquired as a Subsidiary by the Borrower and which is supported by any Utilisation of Facility D, and **Rail Group Company** means any of them;

Receiver has the meaning given to it in Clause 9(1) of the Charge, a copy of which is annexed as relative hereto;

Relevant Liability is as defined in Clause 14.10 of the Agreement, a copy of which is annexed as relative hereto, and means, in relation to a Guarantor, such of its liabilities under Clause 14 of the Agreement and under every other provision in any Finance Document to which it is a party as would (but for Clause 14.10 of the Agreement) relate to Outstandings or other liabilities undertaken under any Finance Document by any other Debtor Party which have the effect of reducing or discharging any liability incurred by that or any other Debtor Party for the purpose of any acquisition of shares in such Guarantor;

Required Form means, in relation to any document, as may reasonably be required in respect of both the form and substance thereof by the Agent;

Security Assets means all assets, rights and property of the Chargor the subject of any security created by the Charge;

Security Documents means:-

- (a) a Floating Charge by the Borrower and each other Charging Group Company in the Required Form;
- (b) an Assignment of the Borrower Collateral Account (the **Borrower Assignment**) by the Borrower in the Required Form;

- (c) an Assignment of the SWT Collateral Account (the **SWT Assignment**) by SWT in the Required Form; and
- (d) each other document executed or to be executed (whether pursuant to Clause 20.16 of the Agreement, a copy of which is annexed as relative hereto, or otherwise) in connection with the Agreement guaranteeing and/or constituting or evidencing rights in security for, or otherwise in support of the obligations of any Debtor Party to the Agent, the Banks, the Issuing Bank and the Overdraft Bank;

Security Period means the period beginning on the date of the Charge and ending on the date upon which all the Secured Liabilities (actual or contingent) which have arisen or which may arise have been irrevocably paid and discharged or the floating charge created by the Charge has been finally released and discharged;

SEK means the lawful currency for the time being of the Kingdom of Sweden;

Side Letter means the side letter executed on or around 1st October 1996 between inter alia the Borrower and the Chargee inter alia amending the definition of Facility F Commitment in the form set out in this Form 395;

Signing Date means 28th January 1996;

Sterling and £ means the lawful currency for the time being of the United Kingdom;

Subsidiary means (a) a subsidiary as defined in Section 736 of the Companies Act 1985 (as amended by Section 144 of the Companies Act 1989) and (b) a subsidiary undertaking as defined in Section 21 of the Companies Act 1989;

Supplemental Agreement means the supplemental agreement executed 3rd September 1996 among inter alia Stagecoach Holdings plc, the Chargor and the Chargee providing for the amendment and restatement of the Facility Agreement;

SWT means South West Trains Limited (registered in England and Wales number 2938993) with its registered office, as at the Signing Date, at Euston House, 24 Eversholt Street, London NW1 1DZ;

SWT Collateral Account and **SWT Collateral Deposit** are as defined in Clause 8.2 of the Agreement, a copy of which is annexed as relative hereto;

SWT Franchise Agreement means the franchise agreement dated 18th December 1995 between the Director of Passenger Rail Franchising and the Borrower, to which SWT has adhered or is to adhere by a Deed of Adherence, and under which the Borrower is to procure the provision by SWT of certain services for the carriage of passengers by railway;

SWT Performance Bond means the Performance Bond to be issued by the Issuing Bank and relating to the performance and compliance by SWT of certain of its obligations under the SWT Franchise Agreement, as amended or replaced with the consent of the Banks from time to time;

SWT Season Ticket Bond means the Season Ticket Bond to be issued by the Issuing Bank and relating to the performance and compliance by SWT of certain of its obligations under the SWT Franchise Agreement and includes any subsequent Season Ticket Bond issued by the Issuing Bank under or pursuant to Clause 14.4(d) thereof;

Transfer Agreement means an agreement substantially in the form set out in Schedule 6 of the Agreement a copy of which is annexed as relative hereto executed (inter alia) by an Existing Bank and a New Bank whereby:-

- (a) such Existing Bank seeks to assign to such New Bank all or part of such transferor's rights and obligations under the Agreement subject to and upon the terms and conditions set out in Clause 29 of the Agreement, a copy of which is annexed as relative hereto; and
- (b) such New Bank undertakes to perform those obligations it will assume as a result of delivery of such Agreement to the Agent as contemplated in Clause 29 of the Agreement;

Trustee Company means each Subsidiary of the Borrower specified as such in Schedule 1 of the Agreement a copy of which is annexed as relative hereto; and

Utilisation means the drawing of a Loan under, or other use of, any of the Facilities.

The expressions **the Chargor, the Chargee, the Banks, the Issuing Bank and the Overdraft Bank** shall include the successors, assigns and transferees of the Chargor, the Chargee, the Banks, the Issuing Bank and the Overdraft Bank; and in the case of the Chargee shall include any person for the time being the Agent under the Agreement.

Any reference in this Form 395 or the Charge to a document of any kind whatsoever (including the Charge) is to that document as amended or varied or supplemented or novated or substituted from time to time. **In particular, without limitation, references in this Form 395 or the Charge (a) to the Agreement include a reference to (i) any supplemental agreement effected under Clause 2.4 of the Agreement, a copy of which is annexed as relative hereto, including any increase in Commitments evidenced thereby** and to (ii) each Accession Agreement and (b) to the Finance Documents include a reference to any Encumbrance created after the date of the Charge pursuant to (i) Clause 20.16 of the Agreement, a copy of which is annexed as relative hereto, and/or (ii) any Accession Agreement.

The Charge was executed prior to the Effective Date. Accordingly any definition in this Form 395 and any reference in this Form 395 to a Clause or Schedule being attached is the definition or form of Clause or Schedule contained within the form of the Agreement prior to the Effective Date unless otherwise expressly stated therein.

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SCHEDULE 5

Forms of Accession Agreement

DM

Part 1 - Initial Charging Group Companies

ACCESSION AGREEMENT dated []

between

(1) [] of [] (the Agent)

and

(2) [] of [] (the Subsidiary)

WHEREAS pursuant to Clause 20.16.1 of the Facility Agreement dated January 1996 (the Facility Agreement) between inter alia Stagecoach Holdings plc as Borrower, the Subsidiary (as a Charging Group Company) and The Governor and Company of the Bank of Scotland as Agent, the Subsidiary has now complied with Sections 155 to 158 of the Companies Act 1985 in relation to its Relevant Liabilities.

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

- (1) Definitions Terms defined in, or to which a meaning or construction is assigned by or in, the Facility Agreement, have the same meaning and construction herein.
- (2) Accession For the avoidance of doubt, the Subsidiary confirms and agrees that:-
 - (a) it has complied with Clause 20.16.1;
 - (b) its obligations under Clause 14 now extend to all its Relevant Liabilities; and
 - (c) its Floating Charge, by virtue of (b) above, now secures all its Relevant Liabilities.
- (3) One Agreement This Agreement shall be read as one with the Facility Agreement so that any reference therein to "this Agreement", "hereunder" and similar shall include and be deemed to include this Agreement.
- (4) Law This Agreement is governed by English Law.

Part 2 - Acquisitions (Non-Rail)

ACCESSION AGREEMENT dated []

between

(1) [] of [] (the Agent)

and

(2) [] of [] (the Subsidiary)

WHEREAS pursuant to Clause 20.16.3 of the Facility Agreement dated January 1996 (the Facility Agreement) between inter alia Stagecoach Holdings plc as Borrower and The Governor and Company of the Bank of Scotland as Agent, the Subsidiary, now being a Material Company but not a Rail Group Company to which Clause 20.16.3.1 applies, has agreed to become a party to the Facility Agreement.

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

- (1) Definitions Terms defined in, or to which a meaning or construction is assigned by or in, the Facility Agreement, have the same meaning and construction herein.
- (2) Accession The Subsidiary hereby affirms and ratifies the Facility Agreement and, by the execution of this Agreement, agrees to observe and be bound by and to perform the Facility Agreement as Charging Group Company and a Guarantor as if it was an original party to the Facility Agreement.
- (3) One Agreement This Agreement shall be read as one with the Facility Agreement so that any reference therein to "this Agreement", "hereunder" and similar shall include and be deemed to include this Agreement.
- (4) Conditions Precedent The obligations of the Agent, each Bank and the Issuing Bank hereunder are subject to the condition that the Agent is satisfied that all appropriate conditions precedent have been fulfilled as set out in Clause 20.16.
- (5) Variations [Any re-setting of financial covenants required by the Banks to be specified here.]
- (6) Notices The Subsidiary's address for notices and demands under the Facility Agreement is [] (marked for the attention of []) (Fax No []).
- (7) Law This Agreement is governed by English Law.

Part 3 - Acquisitions (Rail)

ACCESSION AGREEMENT dated []
between

(1) [] of [] (the
Agent) and

(2) [] of [] (the
Subsidiary)

WHEREAS pursuant to Clause 20.16.3 of the Facility Agreement dated January 1996 (the Facility Agreement) between inter alia Stagecoach Holdings plc as Borrower and The Governor and Company of the Bank of Scotland as Agent, the Subsidiary, now being a Rail Group Company to which Clause 20.16.3.2 applies, has agreed to become a party to the Facility Agreement.

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

- (1) Definitions Terms defined in, or to which a meaning or construction is assigned by or in, the Facility Agreement, have the same meaning and construction herein.
- (2) Accession The Subsidiary hereby affirms and ratifies the terms of Clause 6.5 of the Facility Agreement and, by the execution of this Agreement, agrees to observe and be bound by and to perform the Facility Agreement to that extent as a Rail Group Company as if it was an original party to the Facility Agreement.
- (3) One Agreement This Agreement shall be read as one with the Facility Agreement so that any reference therein to "this Agreement", "hereunder" and similar shall include and be deemed to include this Agreement.
- (4) Conditions Precedent The obligations of the Agent, each Bank and the Issuing Bank hereunder are subject to the condition that the Agent is satisfied that all appropriate conditions precedent have been fulfilled as set out in Clause 20.16.
- (5) Variations [Any collateral arrangements, envisaged by Clause 8.3, any re-setting of financial covenants or imposition of new financial covenants required by the Banks, and any issuing fees, to be specified here.]
- (6) Notices The Subsidiary's address for notices and demands under the Facility Agreement is [] (marked for the attention of []) (Fax No []).
- (7) Law This Agreement is governed by English Law.

Part 4 - New Material Companies

ACCESSION AGREEMENT dated []

between

(1) [] of [] (the Agent)

and

(2) [] of [] (the Subsidiary)

WHEREAS pursuant to Clause 20.16.3 of the Facility Agreement dated January 1996 (the Facility Agreement) between inter alia Stagecoach Holdings plc as Borrower and The Governor and Company of the Bank of Scotland as Agent, the Subsidiary, now being a Material Company of the Borrower to which Clause 20.16.3.3 applies, has agreed to become a party to the Facility Agreement.

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

- (1) Definitions Terms defined in, or to which a meaning or construction is assigned by or in, the Facility Agreement, have the same meaning and construction herein.
- (2) Accession The Subsidiary hereby affirms and ratifies the Facility Agreement and, by the execution of this Agreement, agrees to observe and be bound by and to perform the Facility Agreement as a Charging Group Company and a Guarantor as if it was an original party to the Facility Agreement.
- (3) One Agreement This Agreement shall be read as one with the Facility Agreement so that any reference therein to "this Agreement", "hereunder" and similar shall include and be deemed to include this Agreement.
- (4) Conditions Precedent The obligations of the Agent, each Bank and the Issuing Bank hereunder are subject to the condition that the Agent is satisfied that all appropriate conditions precedent have been fulfilled as set out in Clause 20.16.
- (5) Notices The Subsidiary's address for notices and demands under the Facility Agreement is [] (marked for the attention of []) (Fax No []).
- (6) Law This Agreement is governed by English Law.

Part 5 - Nominated Subsidiaries

ACCESSION AGREEMENT dated []

between

(1) [] of [] (the Agent)

and

(2) [] of [] (the Subsidiary)

WHEREAS pursuant to Clause 20.16.3 of the Facility Agreement dated January 1996 (the Facility Agreement) between inter alia Stagecoach Holdings plc as Borrower and The Governor and Company of the Bank of Scotland as Agent, the Subsidiary, not being a Charging Group Company or Material Company, but being a Nominated Subsidiary to which Clause 20.16.3.4 applies, has agreed to become a party to the Facility Agreement.

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

(1) Definitions Terms defined in, or to which a meaning or construction is assigned by or in, the Facility Agreement, have the same meaning and construction herein.

(2) Accession The Subsidiary hereby affirms and ratifies the terms of the Facility Agreement and, by the execution of this Agreement, agrees to observe and be bound by and to perform the Facility Agreement to that extent and insofar as they apply to a Nominated Subsidiary as if it was an original party to the Facility Agreement.

(3) One Agreement This Agreement shall be read as one with the Facility Agreement so that any reference therein to "this Agreement", "hereunder" and similar shall include and be deemed to include this Agreement.

Conditions Precedent The obligations of the Agent, each Bank, the Issuing Bank and the Overdraft Bank hereunder are subject to the condition that the Agent is satisfied that all appropriate conditions precedent have been fulfilled as set out in Clause 20.16.

(5) Nominated Subsidiary The Agent (on behalf of the Overdraft Bank), the Borrower and the Subsidiary confirm that the Subsidiary is a Nominated Subsidiary under the terms of the Facility Agreement [and that its sub-limit is £[]].

(6) Notices The Subsidiary's address for notices and demands under the Facility Agreement is [] (marked for the attention of []) (Fax No []).

(7) Law This Agreement is governed by English Law.

IN WITNESS WHEREOF this Agreement is executed as a deed as follows and delivered on the date first written above:-

[execution by Charging Group Company/Nominated Subsidiary and Borrower]
[acceptance by Agent]

Banks and Commitments

Banks

Name and Facility Office

Commitments

Facility A	Facility B	Facility C	Facility D	Overdraft	Total
---------------	---------------	---------------	---------------	-----------	-------

Name: The Governor and Company of

the Bank of Scotland

Address: Uberior House

The Grassmarket

Edinburgh

EH1 2JF

Tel: 0131 243 5769

Fax: 0131 243 5615

Name: National Westminster Bank PLC

Address: 1st Floor

1/2 Broadgate

London

EC2M 2AD

Tel: 0171 714 4586

Fax: 0171 714 4146

Name: The Royal Bank of Scotland plc

Address: PO Box 1727

Drummond House

1 Redheughs Avenue

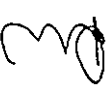
Edinburgh

EH12 9JN

Tel: 0131 523 7180

Fax: 0131 317 1003

⁰ interchangeable to the extent of ^x as provided in Clause 2.1 (a) *less the amount of Facility C Outstandings from time to time
net of SWT Collateral Deposit and other similar deposits as provided in Clause 2.1 (b)



power or privilege. No waiver by the Agent or any Bank or the Issuing Bank or the Overdraft Bank shall be effective unless it is in writing.

- 27.2 **Remedies Cumulative** The rights and remedies of each of the Agent, the Banks, the Issuing Bank and the Overdraft Bank herein provided are cumulative and not exclusive of any rights or remedies provided by law.

28. **NOTICES**

- 28.1 **Agency** Each of the Debtor Parties (other than the Borrower) irrevocably authorises and instructs the Borrower to give and receive as agent on its behalf all notices and take such other action as may be necessary or desirable under or in connection with this Agreement or any other Finance Document and confirms that it will be bound accordingly. In particular, without limitation, each such Debtor Party irrevocably authorises the Borrower to execute any Accession Agreement on its behalf.

- 28.2 **Manner** Except as otherwise stated herein, all notices or other communications hereunder or under any other Finance Document to any party hereto or thereto shall be deemed to be duly given or made when delivered (in the case of personal delivery or letter) and when received (in the case of facsimile) to such party addressed to it at:-

28.2.1 (in the case of the Borrower and the other Debtor Parties) Charlotte House, 20 Charlotte Street, Perth PH1 5LL, fax no 01738 643648 marked for the attention of the Finance Director; and

28.2.2 (in the case of any Finance Party) to it at its address or fax number specified in Schedule 2 or in any Transfer Agreement; or

28.2.3 (in any such case) at such other address or number as any such party may hereafter specify for such purpose to the others by notice in writing.

A written notice includes a notice by facsimile. A notice duly given to any one Debtor Party shall be deemed to constitute a notice duly given to every Debtor Party.

- 28.3 **Non-Business Days** A notice or other communication received on a non-Business Day or after business hours in the place of receipt shall be deemed to be served on the next following Business Day in such place.

- 28.4 **Overdraft Bank** The provisions of this Clause 28 shall not apply to notices and other communications solely between the Overdraft Bank and the Borrower or any Nominated Subsidiary in relation solely to the Overdraft Facility.

29. **ASSIGNMENT AND TRANSFER**

- 29.1 **Benefit of Agreement** This Agreement shall be binding upon and inure to the benefit of each Debtor Party, the Banks, the Issuing Bank, the Overdraft Bank and the Agent and their respective successors and permitted assignees and transferees.

- 29.2 **Assignment by Debtor Party** No Debtor Party may assign or transfer all or any part of its rights or obligations hereunder without the prior written consent of all the Banks.

29.3 **Assignment by Banks** Any Bank (an assignor) may with the prior written consent of the Borrower (such consent not to be unreasonably withheld or delayed) assign or transfer all or any part of its rights, benefits and obligations hereunder to another bank (an assignee) which is carrying on a bona fide banking business in the United Kingdom. Any such assignment or transfer must be pro rata as between its Commitments relative to each of the Facilities. This sub-clause shall not, for the avoidance of doubt, apply to a sub-participation of all or any part of the rights and benefits of any Bank hereunder which may be effected from time to time at the discretion of any such Bank.

29.4 **Novation** A transfer of obligations shall only be effective if the assignee has confirmed to the Agent and the Borrower, prior to the transfer taking effect, that it undertakes to be bound by the terms of this Agreement as a Bank in form and substance satisfactory to the Agent and the Borrower; on any such transfer being made, the assignor shall be relieved of its obligations to the extent that they are transferred to the assignee. A proportion of the assignor's rights under the Security Documents equal to the proportion of the assignor's rights under this Agreement being transferred or assigned, shall automatically be assigned or transferred, as appropriate, to the assignee at the same time as the rights under this Agreement. Such transfer shall take effect by way of novation.

29.5 **Transfer Agreements** Any permitted transfer of all or any part of a Bank's (each an Existing Bank) rights, benefits and obligations hereunder may, as an alternative to Clauses 29.3 and 29.4 and subject to the provisions of Clause 29.6 and to compliance with the Financial Services Act 1986 and all other legal requirements, be effected by way of a transfer by the delivery to the Agent of a duly completed and duly executed Transfer Agreement.

29.6 **Effect of Transfer Agreements** On the date specified in the Transfer Agreement referred to in Clause 29.5, to the extent that in such Transfer Agreement that Existing Bank seeks to transfer its rights, benefits and obligations hereunder to the New Bank:-

29.6.1 the Debtor Party and such Existing Bank shall each be released from further obligations to the other hereunder and their respective rights against each other (except for any such rights as may have accrued prior to the date of delivery of such Transfer Agreement to the Agent) shall be cancelled (such rights, benefits and obligations being referred to in this Clause 29.6 as discharged rights, benefits and obligations);

29.6.2 the Debtor Party, and the New Bank party thereto, shall each assume obligations towards each other and acquire rights and benefits against each other which differ from the discharged rights, benefits and obligations only insofar as the Debtor Party and such New Bank have assumed and/or acquired the same in place of the Debtor Party and that Existing Bank;

29.6.3 the Agent, the New Bank and the other Banks shall acquire the same rights and benefits and assume the same obligations between themselves as they would have acquired and assumed had such New Bank been an original party hereto as a Bank, with the rights, benefits and obligations acquired and/or assumed by it as a result of such transfer (and, to that extent, the Agent, the Existing Bank and the other Banks shall each be released from further obligations to each other hereunder); and

29.6.4 there shall be transferred to and assumed by the New Bank that percentage specified in the Transfer Agreement of that Existing Bank's Commitment in respect of the

Facilities and that Existing Bank's Commitment in respect of the Facilities shall be reduced accordingly,

and, on the date on which the transfer takes place, the New Bank shall pay to the Agent for its own account a transfer fee of £750. Such transfer shall take effect by way of novation.

29.7 **Notification** The Agent shall promptly notify the Borrower and the other Banks for the time being of the receipt of a Transfer Agreement and shall deliver a copy of such Transfer Agreement to the Borrower.

29.8 **Agent** Each of the parties hereto hereby irrevocably authorises the Banks, the Issuing Bank and the Overdraft Bank to deliver and the Agent to receive each Transfer Agreement in accordance with the foregoing provisions of this Clause. Each Finance Party hereby irrevocably authorises the Agent to execute any duly completed Transfer Agreement on its behalf. Each Debtor Party hereby irrevocably authorises the Borrower, whom failing the Agent, to execute any duly completed Transfer Agreement on its behalf and confirms that its obligations hereunder and under the other Finance Documents shall remain in full force and effect notwithstanding any Transfer Agreement becoming effective.

29.9 **Information** A Bank may subject to this Clause 29 and to Clause 33 disclose to a potential assignee or sub-participant such information about a Debtor Party as it may possess, subject further to imposing a requirement on such potential assignee, New Bank or sub-participant to keep the information supplied to it confidential.

29.10 **Facility Office** A Bank may change its lending office hereunder to another office located within the United Kingdom by not less than five Business Days' prior notice to the Borrower

30. CURRENCY INDEMNITY

30.1 **Deficiencies** If:-

30.1.1 any amount payable by any Debtor Party hereunder or in connection herewith is received by the Agent or any Bank or the Issuing Bank or the Overdraft Bank in currency (the Payment Currency) other than that agreed to be payable hereunder (the Agreed Currency), whether as a result of any judgment or order or the enforcement thereof, the liquidation of the Debtor Party or otherwise howsoever; and

30.1.2 the amount produced by converting the Payment Currency so received into the Agreed Currency is less than the relevant amount of the Agreed Currency;

then, the Debtor Party shall indemnify the Agent, each Bank, the Issuing Bank and the Overdraft Bank for the deficiency and in respect of any loss sustained as a result. For this purpose, such conversion shall be made at such rate of exchange, on such date and in such market as is determined by the Agent as being most appropriate for such conversion. The Debtor Party shall in addition pay the costs of such conversion.

30.2 **Separate Rights** The above indemnity shall constitute a separate and independent obligation of the Debtor Parties from their other obligations hereunder and shall apply irrespective of any indulgence granted by the Agent or any Bank or the Issuing Bank or the Overdraft Bank.

for the benefit of each Bank that Overdraft Outstandings will not exceed such aggregate principal amount. The Overdraft Bank may prescribe from time to time, after consultation with the Borrower, individual sub-limits in respect of each Nominated Subsidiary which is entitled to make Utilisations under the Overdraft Facility.

7.3 **Operation** Subject to the provisions of this Agreement, the Overdraft Facility shall be operated and maintained in accordance with normal banking practice. In particular, in respect of any contingent or third party obligations undertaken by the Overdraft Bank under the Overdraft Facility on behalf of the Borrower or any Nominated Subsidiary the provisions of Clauses 6.5, 6.9 and 6.10 shall apply to such obligations as if they were Performance Bonds or Guarantees hereunder, and as if references therein to the Issuing Bank were references to the Overdraft Bank and to the Borrower included a reference to the relevant Nominated Subsidiary.

7.4 **Utilisations** The first Utilisation of the Overdraft Facility shall take place on the Second Drawdown Date and shall take effect (in relation to any Existing Guarantees to be refinanced thereby) by the Overdraft Bank being deemed to have issued the relevant Existing Guarantees as Guarantees hereunder. Any Utilisation by a Nominated Subsidiary is subject to prior written notice to the Overdraft Bank and to compliance with Clause 20.16.

7.5 **Information** The relevant Debtor Party and the Overdraft Bank will, promptly upon request by the Agent, supply the Agent with such information relating to the operation of the Overdraft Facility to the extent operated by the Overdraft Bank (including, without limitation, the Overdraft Outstandings thereunder) as the Agent may from time to time request. The Debtor Parties consent to all such information being released to the Agent and each Bank.

8. COLLATERAL ACCOUNTS

DW 8.1 **Borrower Collateral Account** The Borrower shall open a Collateral Account with the Issuing Bank (the Borrower Collateral Account) and pay into such Account the sum of £1 initially and thereafter the Relevant Proportion of all monies that may be passed to it in any way whatsoever by SWT, whether pursuant to the provisions of Schedule 10, Part 2, paragraph 2 of the SWT Franchise Agreement or as a result of any payment of dividend or other distribution or otherwise. The credit balance on such Account (the Borrower Collateral Deposit):-

8.1.1 shall be held subject to the terms of the Borrower Assignment;

8.1.2 shall bear interest at LIBOR less 0.5% per annum; and

8.1.3 may be released to the Borrower from time to time, to the extent it exceeds the amount of the Facility D Outstandings in respect of Tranche D(1) at the relevant time, if no Default has occurred and is continuing.

In this Clause 8.1, Relevant Proportion means 100% at any time when the Borrower Collateral Deposit is less than £5,000,000 and otherwise 50%.

8.2 **SWT Collateral Account** SWT shall, immediately upon becoming a party hereto, open a Collateral Account with the Issuing Bank (the SWT Collateral Account) and pay into such Account an amount equal to the amount of Facility D Outstandings in respect of Tranche D(2) at that time. The credit balance on such Account (the SWT Collateral Deposit):-

- 8.2.1 shall be held subject to the terms of the SWT Assignment;
- 8.2.2 shall bear interest at LIBOR less 0.5% per annum;
- 8.2.3 shall at all times be not less than the amount of Facility D Outstandings in respect of Tranche D(2) at such time; and
- 8.2.4 may be released to SWT from time to time, to the extent it exceeds the amount of the Facility D Outstandings in respect of Tranche D(2) at the relevant time, if no Default has occurred and is continuing in relation to SWT.

For the avoidance of doubt, the provisions of paragraph (b) of Clause 2.1 shall not apply in relation to the determination of Facility B Outstandings for the purposes of this Clause 8.2, or of Clauses 6.5, 8.4, 9.3, 12.2 or 21.2.

- 8.3 **Other Collateral Accounts** The requirements of the Agent and the Banks in relation to collateral deposits to be provided by the Borrower and other Rail Group Companies in connection with Utilisations under Facility D shall be as specified in the Accession Agreement signed by such Rail Group Company. In this Agreement Collateral Accounts means the Borrower Collateral Account, the SWT Collateral Account and any such other collateral accounts.
- 8.4 **Cash Cover** The Borrower and/or the Banks (as applicable) shall pay to the Agent, to be held for the Issuing Bank and/or the Overdraft Bank in accordance with the following provisions of Clause 8.4, cash cover (a) on the due date for any payment, repayment or prepayment of Ancillary Outstandings and/or Overdraft Outstandings hereunder and (b) no later than 7 Business Days prior to the Final Repayment Date in respect of any Ancillary Outstandings hereunder, in full for such Ancillary Outstandings and/or Overdraft Outstandings, to be provided by paying an amount and:-
 - 8.4.1 in the case of cash cover provided by the Borrower to the Agent for the Issuing Bank or the Overdraft Bank, the Agent paying the amount so received by it into an account with the Issuing Bank or the Overdraft Bank in the name of the Borrower (the Cash Cover Account) over which the Borrower has granted a charge in the Required Form. The Cash Cover Account shall bear interest at the Issuing Bank's or the Overdraft Bank's usual market rate. Withdrawals may only be made from the Cash Cover Account:-
 - 8.4.1.1 to pay the Issuing Bank or the Overdraft Bank amounts due and payable to it under this Agreement following any payment made by it under such Guarantee or Performance Bond; and/or
 - 8.4.1.2 provided that there is no Default which is continuing or would occur as a result, to make payment to the Borrower (upon request from time to time) of amounts deposited to the extent that the amount outstanding under a Guarantee or Performance Bond is less than the amount in the Cash Cover Account at such time, provided always that the Agent shall not be required to reduce the amount in the Cash Cover Account below the outstanding amount of the Guarantee or Performance Bond; or

SCHEDULE 1
Group Companies

Du

Company	Registered No	Registered Office & Place of Incorporation
(A) Charging Group Companies		
East London Bus & Coach Company Limited	2328402	2-4 Clements Road, Ilford, Essex IG1 1BA, England
South East London & Kent Bus Company Limited	2328595	180 Bromley Road, Catford, London SE6 2XA, England
Stagecoach (South) Limited	1673542	Lewes Enterprise Centre, 112 Malling Street, Lewes, East Sussex BN7 2RB, England
Stagecoach (North West) Limited	123665	Bransby Row, Tangier Street, Whitehaven, England
East Midland Motor Services Limited	2199821	New Street, Chesterfield S40 2LQ, England
PSV Claims Bureau Limited	2280592	Frenchwood Avenue, Preston, Lancashire PR1 4LU, England
National Transport Tokens Limited	1076484	Frenchwood Avenue, Preston, Lancashire PR1 4LU, England
East Kent Road Car Company Limited	144585	Lewes Enterprise Centre, 112 Malling Street, Lewes, East Sussex BN7 2RB, England
Grimsby Cleethorpes Transport Limited	1985860	New Street, Chesterfield S40 2LQ, England
Stagecoach West Limited (formerly Western Travel Limited)	2041677	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE, England
Cambus Holdings Limited (formerly Legislator 1241 Limited)	3051451	100 Cowley Road, Cambridge, England
Cambus Limited	01822941	100 Cowley Road, Cambridge, England
Premier Travel Services Limited	02221348	100 Cowley Road, Cambridge, England
The Viscount Bus & Coach Company Limited	02381505	100 Cowley Road, Cambridge, England
Bluebird Buses Limited	SC19039	Bus Station, Guild Street, Aberdeen, Grampian AB9 2DR, Scotland
Fife Scottish Omnibuses Limited	SC26126	Esplanade, Kirkcaldy, KY1 1SP, Scotland
Western Scottish Buses Limited	131237	Frenchwood Avenue, Preston PR1 4LU, Scotland
Stagecoach International Services Limited	SC112360	Charlotte House, Charlotte Street, Perth PH1 5LL, Scotland

(B) NE Group Companies

Transit Advertising Limited	2787490	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
KHCT (Holdings) Limited	2851342	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Tees Valley Company Limited (formerly Cleveland Coaches Limited)	2004002	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Hartlepool Transport (1993) Limited	2811530	1 Church Street, Hartlepool, Cleveland TS24 7DS
Busways Travel Services Limited	2295227	Manors, Newcastle upon Tyne NE1 2EL, England
Cleveland Transit Limited	2546698	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Kingston upon Hull City Transport Limited	1979370	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Hartlepool Transport Limited	2004968	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
City Busways Limited	2032602	Manors, Newcastle Upon Tyne, NE1 2EL, England
Newcastle Busways Limited	2032611	Manors, Newcastle Upon Tyne, NE1 2EL, England
Sunderland Busways Limited	2032620	Manors, Newcastle Upon Tyne, NE1 2EL, England
South Shields Busways Limited	2032616	Manors, Newcastle Upon Tyne, NE1 2EL, England
Armstrong Galley Coaches Limited	689587	Manors, Newcastle Upon Tyne, NE1 2EL, England
Economic Bus Services Limited	2032605	Manors, Newcastle Upon Tyne, NE1 2EL, England
The Quayside Busway Limited	2319232	Manors, Newcastle Upon Tyne, NE1 2EL, England
Favourite Services Limited	2196339	Manors, Newcastle Upon Tyne, NE1 2EL, England
Blue Bus Services (Newcastle) Limited	557390	Manors, Newcastle Upon Tyne, NE1 2EL, England
Busways Travel Services (1986) Limited	1990870	Manors, Newcastle Upon Tyne, NE1 2EL, England
Tyne & Wear Omnibus Company Limited	2813677	Manors, Newcastle Upon Tyne, NE1 2EL, England
Welcome Passenger Transport Limited	2390801	Manors, Newcastle Upon Tyne, NE1 2EL, England
Cleveland Transit Coach Travel Limited	1929454	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Teeside Transit Limited	2338726	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Transit Motor Services Limited	2338728	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Kingstonian Travel Services Limited	2397171	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Hull City Buses Limited	2397176	Church Road, Stockton on Tees,

Coronet Tours (1993) Limited	1903581	Cleveland TS18 2HW, England Church Road, Stockton on Tees,
Citilink Hull Limited	2333523	Cleveland TS18 2HW, England Church Road, Stockton on Tees,
KHCT Limited	1890476	Cleveland TS18 2HW, England Church Road, Stockton on Tees,
Transit Continental Travel Limited	2563521	Cleveland TS18 2HW, England Broadcasting House, Newport Road, Newcastle upon Tyne NE1 2HQ, England
Busways Trustee (No 1) Limited	2326173	Manors, Newcastle upon Tyne NE1 2EL, England
Busways Trustee (No 2) Limited	2948104	Manors, Newcastle upon Tyne NE1 2EL, England
Cleveland Transit Trustee (No 1) Limited	2546661	Church Road, Stockton on Tees,
Cleveland Transit Trustee (No 2) Limited	2546664	Cleveland TS18 2HW, England Church Road, Stockton on Tees,
Cleveland Transit Trustee (No 3) Limited	2546710	Cleveland TS18 2HW, England Church Road, Stockton on Tees,
KHCT (ESOP) Limited	2851339	Cleveland TS18 2HW, England Church Road, Stockton on Tees,
KHCT Trustee Limited	2851338	Cleveland TS18 2HW, England Church Road, Stockton on Tees,
Hartlepool Transport (EBT1) Limited	2829811	Cleveland TS18 2HW, England 1 Church Street, Hartlepool,
Hartlepool Transport (EBT2) Limited	2829799	Cleveland TS24 7DS, England 1 Church Street, Hartlepool,
(C) Dormant Subsidiaries		Cleveland TS24 7DS, England
East Midland Buses Limited	246920	New Street, Park Road, Chesterfield S40 2LQ, England
Rainworth Travel Limited	2007531	New Street, Park Road, Chesterfield S40 2LQ, England
Maun Buses Limited	1536636	New Street, Park Road, Chesterfield S40 2LQ, England
Sussex Coastline Buses Limited	140534	Lewes Enterprise Centre, 112 Malling Street, Lewes BN7 2RB, England
Hastings Top Line Buses Limited	2213493	Lewes Enterprise Centre, 112 Malling Street, Lewes BN7 2RB, England
Formia Limited	2172875	Lewes Enterprise Centre, 112 Malling Street, Lewes BN7 2RB, England
Hastings Coaches Limited	2213880	Lewes Enterprise Centre, 112 Malling Street, Lewes BN7 2RB, England
P Pythian & Son Limited	871390	Frenchwood Avenue, Preston PR1 4LU, England
Cumberland Motor Services Limited	211159	Tangier Street, Whitehaven, Cumbria, England

Legislator 1060 Limited	2381778	100 Cowley Road, Cambridge, England
Millers Coaches Limited	1714127	100 Cowley Road, Cambridge, England
Millers Tours & Travel Limited	02252181	100 Cowley Road, Cambridge, England
Milton Keynes City Bus Limited	01963446	100 Cowley Road, Cambridge, England
E&T Johnson Coaches (Hanslope) Limited	01022980	100 Cowley Road, Cambridge, England
Peterborough Bus Company Limited	2779033	100 Cowley Road, Cambridge, England
Peterborough Car Care Limited	2059716	100 Cowley Road, Cambridge, England
Buckingham Road Car Limited (formerly MK Metro Limited)	2493030	100 Cowley Road, Cambridge, England

(D) Overseas Subsidiaries

Stagecoach Malawi Limited	Malawi	PO Box 176, Chichiri, Blantyre, Malawi
Halls Transport Services Limited	Malawi	PO Box 176, Chichiri, Blantyre, Malawi
North Charterland Transport Company Limited	Malawi	PO Box 176, Chichiri, Blantyre, Malawi
Stagecoach (Hong Kong) Limited	Hong Kong	Flat K 18/F International Industrial Centre, 2-8 Kwei Tei Street, Fotan, Hong Kong
Kenya Bus Services (Mombassa) Limited	Kenya	General Wairoingi Street, East Leigh, Nairobi, Kenya
Wellington City Transport Limited	New Zealand	45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand
New Zealand Bus Limited	New Zealand	45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand
Cityline (NZ) Limited	New Zealand	45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand
North City Bus Limited	New Zealand	45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand
Harbour City Cable Car Limited	New Zealand	45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand
Skipburn Limited	Ontario, Canada	c/o Fasken Campbell Godfrey, Solicitors, PO Box 20, Toronto-Dominion Bank, Toronto, M5K 1NG, Canada
Kenya Bus Services Limited	Kenya	General Wairoingi Street, East Leigh, Nairobi, Kenya

North Charterland Transport Company Limited	Malawi	PO Box 176, Chichiri, Blantyre, Malawi
North City Bus Limited	New Zealand	45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand
Stagecoach International BV	AM271202	Museumplein-11, 1071 DJ Amsterdam
Stagecoach International NV	1554/NV	62 De Ruyterkade, PO Box 812, Curacao, Netherland Antillies
P E W Limited	Malawi	PO Box 176, Chichiri, Blantyre, Malawi
Stagecoach Portugal Limited (formerly Foray 486 Limited)	2754391	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE

(E) Trustee Companies

Busways Trustee (No 1) Limited	2326173	Manors, Newcastle upon Tyne, NE1 2EL, England
Busways Trustee (No 2) Limited	2948104	Manors, Newcastle upon Tyne, NE1 2EL, England
Cleveland Transit Trustee (No 1) Limited	2546661	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Cleveland Transit Trustee (No 2) Limited	2546664	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Cleveland Transit Trustee (No 3) Limited	2546710	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
KHCT (ESOP) Limited	2851339	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
KHCT Trustee Limited	2851338	Church Road, Stockton on Tees, Cleveland TS18 2HW, England
Hartlepool Transport (EBT1) Limited	2829811	1 Church Street, Hartlepool, Cleveland TS24 7DS, England
Hartlepool Transport (EBT2) Limited	2829799	1 Church Street, Hartlepool, Cleveland TS24 7DS, England

(F) Other Subsidiaries which are not Material Companies as at Signing Date

Vanguard Bus & Coach Sales Limited	2425184	3/4 Bath Street, Cheltenham, Gloucestershire GL50 1YE, England
Vanguard Coaches Limited	1555822	3/4 Bath Street, Cheltenham, Gloucestershire GL50 1YE, England
Sharpton Limited	2148648	Lewes Enterprise Centre, 112 Malling Street, Lewes, East Sussex BN7 2RB, England
United Counties Omnibus Company Limited	176586	Rothsthorpe Avenue, Northampton NN4 9UT, England
Frenchwood Holdings Limited	2178732	Frenchwood Avenue, Preston

South Coast Buses Limited	1705689	PR1 4LU, England Lewes Enterprise Centre, 112 Malling Street, Lewes, East Sussex BN7 2RB, England
Stagecoach East Kent Limited	2087637	Lewes Enterprise Centre, 112 Malling Street, Lewes, East Sussex BN7 2RB, England
Stagecoach Kenya Limited	1621388	Frenchwood Avenue, Preston PR1 4LU, England
Ribble Motor Services Limited	155849	Frenchwood Avenue, Preston PR1 4LU, England
Hampshire Bus Company Limited	2230625	Lewes Enterprise Centre, 112 Malling Street, Lewes, East Sussex BN7 2RB, England
Southdown Motor Services Limited	1961491	Lewes Enterprise Centre, 112 Malling Street, Lewes, East Sussex BN7 2RB, England
Cheltenham & Gloucester Omnibus Company Limited	1713578	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE, England
Swindon & District Bus Company Limited	2654813	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE, England
Cheltenham & District Traction Company Limited	2754390	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE, England
Midland Flexibus Limited	2754387	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE, England
Midland Red South Limited	1556310	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE, England
Generalouter Limited	02109382	100 Cowley Road, Cambridge, England
Stagecoach (Scotland) Limited	SC97212	Guild Street Bus Station, Aberdeen AB9 2DR, Scotland
Stagecoach Glasgow Limited	SC118434	13 Nursery Avenue, Kilmarnock KA1 3SD, Scotland
Stagecoach Rail Limited	SC86090	Charlotte House, 20 Charlotte Street, Perth PH1 5LL, Scotland
Western Scottish Holdings Limited	SC127800	13 Nursery Avenue, Kilmarnock KA1 3SD, Scotland
Western Travel Properties Limited	2263376	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE, Scotland
Circle Line Coach & Omnibus Company Limited	2516194	Abbey Road, Monk Meadow, Hempstead, Gloucester GL2 6HU, England
Red & White Services Limited	2555509	3/5 Bath Street, Cheltenham, Gloucester GL50 1YE
Aberdare Bus Co Limited	2680745	3/5 Bath Street, Cheltenham, Gloucester GL50 1YE
The Valleys Bus Co Limited	2674158	3/5 Bath Street, Cheltenham, Gloucester GL50 1YE
The Eastern Valleys Bus Co Limited	2680758	3/5 Bath Street, Cheltenham, Gloucester GL50 1YE
East Kent Nominees Limited	2114404	Lewes Enterprise Centre, 112 Malling Street, Lewes, East

East Kent Coaches Limited	1551557	Sussex BN7 2RB Lewes Enterprise Centre, 112 Malling Street, Lewes, East Sussex BN7 2RB
Stagecoach (Western Scottish) Limited	SC91904	13 Nursery Avenue, Kilmarnock KA1 3SD, Scotland
Clyde Islands Bus Company Limited	SC24861	Nursery Avenue, Kilmarnock KA1 3JD
Stagecoach (A1) Service Limited	SC16447	Nursery Avenue, Kilmarnock KA1 3JD
Chesterfield Transport Limited	1997102	New Street, Chesterfield, Derbyshire S40 2LQ
Chesterfield Transport (1989) Limited	2404044	New Street, Chesterfield, Derbyshire S40 2LQ
Whites World Travel Limited	2822774	New Street, Chesterfield, Derbyshire S40 2LQ
Halliday Travel Limited	2245309	New Street, Chesterfield, Derbyshire S40 2LQ
Western Valleys Bus Co Limited	2680754	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE
C & G Travel Limited	2406571	3/4 Bath Street, Cheltenham, Gloucester GL50 1YE
Magicbus (Scotland) Limited	SC102049	Charlotte House, 20 Charlotte Street, Perth PH1 5LL, Scotland

(G) Associated Companies

Nicecon Limited	SC138343	395 King Street, Aberdeen Scotland
Trans-media Advertising Limited	2218360	Frenchwood Avenue, Preston, Lancashire PR1 4LU, England
Pegasus Express Limited	SC148046	Bus Station, Guild Street, Aberdeen AB9 2DR, Scotland
SB Holdings Limited	SC129033	197 Victoria Road, Glasgow G42 7AD
Stagecoach Portugal Transportes Rodoviaros Lda	973023716	Rua Tomas de Ribeiro 54-40E, Lisbon
Routemaster Reinsurance Limited	214501	80 Harcourt Strait, Dublin 2

20.13.1.1 the terms and conditions of all Environmental Licences applicable to it; and

20.13.1.2 all other applicable Environmental Law;

20.13.2 promptly upon receipt of the same, notify the Agent of any claim, notice or other communication served on it in respect of any alleged breach of or corrective or remedial obligation or liability under any Environmental Law which would be likely, if substantiated, to have or result in a material adverse effect on its business, assets or financial condition or on its ability to comply with its obligations under the Finance Documents; and

20.13.3 indemnify the Agent and the Banks, the Issuing Bank and the Overdraft Bank, each receiver appointed under any Security Document and their respective officers, employees, agents and delegates (together the Indemnified Parties) against any cost or expense suffered or incurred by them which:

20.13.3.1 arises by virtue of any actual or alleged breach of any Environmental Law (whether by any Group Company, any Indemnified Party or any other person); and

20.13.3.2 arises by virtue of the release or threatened release of, or exposure to, any Dangerous Substance stored or handled upon, transported from, or otherwise associated with, the past or present facilities or operations of any Group Company; and

20.13.3.3 would not have arisen if the Finance Documents or any of them had not been executed; and

20.13.3.4 was not caused by the negligence or wilful default of the relevant Indemnified Party.

20.14 Pension Scheme The Borrower will deliver to the Agent at such time as such reports are prepared, and on such other occasions as the Agent may reasonably request, actuaries' reports in relation to all pension schemes for the time being operated by Group Companies and will ensure that the levels of contribution to such pension schemes are and continue to be sufficient to ensure that such schemes are, by reference to the triennial actuarial valuations thereof, at all times fully funded to the extent necessary to comply with all applicable laws and the rules of such schemes or, if different in respect of any scheme, any undertaking given by the Borrower as to the funding of that scheme.

20.15 Pari Passu Ranking Each Debtor Party undertakes that its obligations under this Agreement rank and will at all times rank at least pari passu in right and priority of payment and in point of security with all the other present and future unsecured and unsubordinated obligations, other than obligations applicable generally to companies incorporated in its jurisdiction of incorporation which have priority by operation of law (including, without prejudice to the generality of the foregoing, in respect of employees' remuneration, Taxes and like obligations).

20.16 Further Support The Borrower undertakes to grant or procure the grant of further support to the Agent and the Banks in the following manner:-

20.16.1 **Initial Financial Assistance** The Borrower will procure that within 30 days after the Signing Date each other Charging Group Company (except any such Company which has demonstrated to the satisfaction of the Agent that it has no Relevant Liabilities) delivers evidence satisfactory to the Agent that:-

- 20.16.1.1 it and, where relevant, its holding companies have complied with Sections 155 to 158 of the Companies Act 1985 in relation to its Relevant Liabilities, including copies of the auditors' reports and statutory declarations given in connection therewith;
- 20.16.1.2 its obligations under Clause 14 and under every other provision in the Finance Documents to which it is a party extend to such Relevant Liabilities; and
- 20.16.1.3 its Floating Charge granted pursuant to Clause 4.1 effectively secures such Relevant Liabilities;

and executes and delivers to the Agent an Accession Agreement in the form of Part 1 of Schedule 5.

20.16.2 **Notification** The Borrower will forthwith notify the Agent:-

- 20.16.2.1 upon it acquiring any Material Company;
- 20.16.2.2 upon any Group Company becoming a Material Company or upon Chesterfield Transport Limited receiving all requisite consents or approvals to enable it to comply with Clause 20.16.3.3 (or upon the provisions pursuant to which those consents or approvals arise no longer applying to it);
- 20.16.2.3 upon any Nominated Subsidiary which is not a Charging Group Company proposing to utilise the Overdraft Facility.

20.16.3 **Accession Agreements** The Borrower will procure that, in any of the circumstances referred to in Clause 20.16.2, the relevant Company will forthwith execute and deliver to the Agent:-

- 20.16.3.1 in the case of the acquisition of a Material Company which is not a Rail Group Company, an Accession Agreement in the form of Part 2 of Schedule 5 and a Floating Charge by no later than the date of the acquisition;
- 20.16.3.2 in the case of the acquisition of a Material Company which is a Rail Group Company, an Accession Agreement in the form of Part 3 of Schedule 5 and such assignments or other security over or in respect of cash cover from such Company or the Borrower or otherwise as the Banks may require by no later than the date of the acquisition;
- 20.16.3.3 in the case of Chesterfield Transport Limited and/or a Group Company becoming a Material Company, an Accession Agreement in the form of Part 4 of Schedule 5 and a Floating Charge within 30 days after it becomes

a Material Company or becomes (in the case of Chesterfield Transport Limited) able to grant the same;

20.16.3.4 in the case of a Nominated Subsidiary proposing to utilise the Overdraft Facility, an Accession Agreement in the form of Part 5 of Schedule 5 prior to any such Utilisation being made;

20.16.4 **Further Conditions Precedent Documents** The Borrower will procure that each Subsidiary which executes an Accession Agreement and/or other documents pursuant to Clause 20.16.3 also undertakes to deliver to the Agent such documents equivalent to those specified in Clauses 4.1.1 to 4.1.5 and 4.1.13 inclusive and, where required by the Agent, evidence of compliance with Sections 155 to 158 of the Companies Act 1985, together in any case with such other evidence that such Accession Agreement and/or documents are legal, valid and binding and enforceable obligations of such Subsidiary, as the Agent may request.

20.16.5 **Further Assurance** The Borrower shall, and shall procure that each of its Subsidiaries will, create and deliver to the Agent all such deeds, documents, certificates, agreements and assurances as the Agent may from time to time determine acting reasonably as being necessary or desirable to protect and/or perfect the security constituted by any Security Document (including the security intended to extend to any supplemental agreement effected under Clause 2.4), in each case at the cost of the Borrower provided always that this Clause shall not require the granting of any fixed charge other than over any Collateral Account or Cash Cover Account or as may otherwise be required by the Banks in connection with any further Utilisation of Facility D.

The Agent confirms that all Utilisations hereunder will be permitted inter alia on the faith of, and in reliance on compliance at the appropriate time with, all the undertakings contained in this Clause 20.16.

20.17 **Intellectual Property** Each Debtor Party will, and will procure that each Group Company will:-

20.17.1 not permit any registration of any of the Intellectual Property which is material to the business of a Group Company to be abandoned, cancelled or lapsed or to be liable to any claim of abandonment for non-use or otherwise;

20.17.2 make such registrations and pay such fees, registration dues and other amounts as are necessary to keep those registered rights to Intellectual Property which are material to the business of a Group Company in force and to record its interest in the Intellectual Property;

20.17.3 not either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily, sell, transfer, lease, licence or otherwise dispose of all or any part of its interest in any Intellectual Property which is material to the business of a Group Company except (a) pursuant to any of the Security Documents or (b) for arrangements in respect of those rights entered into with Group Companies for so long as they remain Group Companies; and

20.17.4 take such steps as are necessary to prevent third parties infringing any Group Company's rights to Intellectual Property.

SCHEDULE 7

Part 1 - Co-Op Security

Grantor	Grantee	Date	Nature of Security
Tees Valley Limited	The Co-Operative Bank plc	Dated 1/5/91 Registered 15/5/91	Single Debenture
Tees Valley Limited	The Co-Operative Bank plc	Dated 10/12/93 Registered 23/12/93	Guarantee and Debenture
KHCT (Holdings) Limited	The Co-Operative Bank plc	Dated 10/12/93 Registered 23/12/93	Guarantee and Debenture
Cleveland Transit Limited	The Co-Operative Bank plc	Dated 1/5/91 Registered 15/5/91	Single Debenture
Cleveland Transit Limited	The Co-Operative Bank plc	Dated 10/12/93 Registered 23/12/93	Guarantee and Debenture
Hartlepool Transport Limited	The Co-Operative Bank plc	Dated 9/2/95 Registered 15/2/95	Guarantee and Debenture
Hartlepool Transport (1993) Limited	The Co-Operative Bank plc	Dated 9/2/95 Registered 15/2/95	Guarantee and Debenture

Part 2 - Clawback Security

Grantor		Grantee	Date	Nature of Security
Stagecoach Limited	(South)	National Bus Company	Dated 2/4/87 Registered 15/4/87	Mortgage over freehold property at High Street, City of Winchester
Stagecoach Limited	(South)	National Bus Company	Dated 2/4/87 Registered 15/4/87	Mortgage over freehold property at Churchill Way, Basingstoke, Hampshire
United Omnibus Limited	Counties Company	National Bus Company	Dated 18/11/87 Registered 1/12/87	[Mortgage over bus depot, Churchill Way, Basingstoke]
United Omnibus Limited	Counties Company	National Bus Company	Dated 18/11/87 Registered 1/12/87	Mortgage over bus depot, St John's Street, Bedford
Grimsby-Cleethorpes Transport Limited	Company	Great-Grimsby Borough Council	Dated 25/11/93 Registered 3/12/93	Debenture
KHCT Limited	(Holdings)	Kingston-upon-Hull City Council	Dated 10/12/93 Registered 23/12/93	Debenture
Kingston-upon-Hull City Limited	Transport	Kingston-upon-Hull City Council	Dated 10/12/93 Registered 18/12/93	Legal Charge and Debenture over inter alia (i) land on the east and west side of Liverpool Street, Kingston-upon-Hull, Humberside Title Number HS126187 and (ii) land on the west side of Manchester Street (Hardackers Yard) Title Number HS188952
Cleveland Limited	Transit	Council of Borough Langborough and Council of Middlesborough Council of	Dated 1/5/91 Registered 10/5/91	Legal Charge over Stock Bus Depot

		Borough of Stockton-on-Tees		
Cleveland Limited	Transit	Kingston upon Hull City Council	Dated 10/12/93 Registered 23/12/93	Debenture
Bluebird Limited	Buses	STG Properties Limited	Dated 9/4/91	Standard Security over Cairn Terrace Bus Depot, Aberdeen
Bluebird Limited	Buses	STG Properties Limited	Dated 9/4/91	Standard Security over Pinefield Depot, Elgin
Bluebird Limited	Buses	STG Properties Limited	Dated 9/4/91	Standard Security over property at Guild Street, Aberdeen
Bluebird Limited	Buses	STG Properties Limited	Dated 9/4/91	Standard Security over depot at St Peter Street, Peterhead
Fife Scottish Omnibuses Limited		STG Properties Limited	Dated 6/8/91	Standard Security over depot at Esplanade, Kirkcaldy, Fife
Fife Scottish Omnibuses Limited		STG Properties Limited	Dated 6/8/91	Standard Security over workshops/ office at Esplanade, Kirkcaldy
Fife Scottish Omnibuses Limited		STG Properties Limited	Dated 6/8/91	Standard Security over bus depot at St Leonards Street, Dunfermline
Fife Scottish Omnibuses Limited		STG Properties Limited	Dated 6/8/91	Standard Security over bus depot/station, City Road, St Andrews, Fife
Western Scottish Buses Limited		STG Properties Limited	Dated 29/5/91 Registered 12/6/91	Standard Security over piece of ground situated in Sandgate Park, Ayr
East London Bus & Coach Company Limited		London Regional Transport	Dated 4/2/94 Registered 15/2/94	Fixed Charge over freehold property known as Upton Park garage, Redclyffe

			Road, Upton Park
East London Bus & Coach Company Limited	London Regional Transport	Dated 4/2/94 Registered 15/2/94	Fixed Charge over freehold property known as Romford garage, North Street, Romford
East London Bus & Coach Company Limited	London Regional Transport	Dated 4/2/94 Registered 15/2/94	Fixed Charge over freehold property known as Leyton garage, High Road, Leyton
East London Bus & Coach Company Limited	London Regional Transport	Dated 4/2/94 Registered 15/2/94	Fixed Charge over freehold property known as Bow garage, Fairfield Road, Bow
South East London & Kent Bus Company Limited	London Regional Transport	Dated 4/2/94 Registered 15/2/94	Fixed Charge over freehold property known as Plumstead garage, Pettman Crescent, Plumstead
South East London & Kent Bus Company Limited	London Regional Transport	Dated 4/2/94 Registered 15/2/94	Fixed Charge over freehold property known as Cotford garage, Bromley Road, Lewisham
South East London & Kent Bus Company Limited	London Regional Transport	Dated 4/2/94 Registered 15/2/94	Fixed Charge over freehold property known as Bromley garage, 111 Hastings Road, Bromley
Stagecoach East Kent Limited	National Bus Company	Dated 5/3/87 Registered 15/3/87	Mortgage over West Georges Lane Bus Garage, Canterbury, Kent
East Kent Road Car Limited	National Bus Company	Dated 5/3/87 Registered 19/3/87	St Georges Lane Bus Station, Canterbury
East London Bus & Coach Company Limited	London Regional Transport	Dated 8/6/94 Registered 21/6/94	Fixed Charge over Barking Garage, Longbridge Road, Barking

South East London &
Kent Bus Company
Limited

London Regional
Transport

Dated 5/5/95
Registered 23/5/95

Plumstead Garage,
Pettman Crescent,
Plumstead

SCHEDULE 8

Existing Guarantees

Account	Beneficiary	Start Date	Expiry Date	Amount (£)
Borrower	Busways	25.8.94	26.7.19	3,523,954
Borrower	Western Travel	10.12.93	31.12.98	83,828
Borrower	Cleveland	14.11.94	1.2.01	1,245,345
Borrower	Hartlepool	5.1.95	1.2.01	116,467
Borrower	Cambus	6.12.95	2000	6,623,722
Stagecoach West	ABTA	1.9.94	29.2.96	20,000
East London	Zurich Insurance Co	13.9.94	30.6.95	50,000
National Transport Tokens	Greater Manchester Passenger Transport Executive	3.3.92	--	400,000
Ribble Motor Services	ABTA	1.8.95	31.7.97	25,000
South East London & Kent	Zurich Insurance Co	13.9.94	31.12.95	50,000
Stagecoach East Kent	Crowe Motor Policies at Lloyds	8.11.93	--	95,600
Stagecoach East Kent	Bonded Coach Holiday Group	26.11.93	30.6.96	110,000
Stagecoach West	Barclays Bank	9.12.93	--	4,000

4.3 **General Conditions** The obligations of the Agent, each Bank and the Issuing Bank hereunder in respect of each Utilisation are subject to the further conditions precedent that:-

4.3.1 both at the time of the request for and for the making of the Utilisation:-

4.3.1.1 the matters represented and warranted in Clause 18.1 are correct on and as of such times as if made at each such time and would be so correct immediately after such Utilisation;

4.3.1.2 no Default has occurred and is continuing or would result from such Utilisation; and

4.3.2 the Agent shall have received such other documents, opinions, certificates, authorisations or assurances as the Agent or, through the Agent, any Bank or the Issuing Bank or the Overdraft Bank may reasonably request.

4.4 **Certified Copies** Each of the copy documents specified in Clause 4.1 shall be certified by a competent senior official of the Borrower as being correct, complete and up to date. The Agent shall notify the Banks, the Issuing Bank and the Overdraft Bank promptly upon due receipt of the documents specified in Clause 4.1.

4.5 **Waiver** Each of the conditions specified in Clauses 4.1, 4.2 and 4.3 is for the benefit of the Agent, the Banks, the Issuing Bank and the Overdraft Bank and may be waived in writing on their behalf by the Agent in writing, acting on the instructions of the Banks, on such terms and to such extent as the Agent may decide.

5. TERM FACILITIES

DW 5.1 **Facility A and Facility B Loans** Subject to the terms of this Agreement, Facility A Loans and Facility B Loans will be made available to the Borrower by the Banks under Facility A and Facility B, as appropriate, at any time during the relevant Commitment Period when requested by the Borrower. Facility A is divided into two tranches, one in the amount of £40,000,000 (Tranche A(1)) and one in the amount of £10,000,000 (Tranche A(2)). Notwithstanding the foregoing provisions:-

5.1.1 on the Second Drawdown Date, the Utilisation of Tranches A(1) and A(2) of Facility A, and the first Utilisation of Facility B by way of Loans, shall occur; and

5.1.2 Facility B Loans may be drawn after 31st October 1997, but only to the extent necessary to finance the scheduled redemption by the Borrower of any Further Vendor Loan Notes.

Any amount of the Facility A or Facility B Commitment not utilised on expiry of the Commitment Period relating thereto shall automatically be cancelled at close of business in London on such date.

5.2 **Qualifying Acquisitions** Facility B is available, subject to the provisions of this Agreement, to finance or refinance the Initial Costs and the Subsequent Costs of any Qualifying Acquisition. Only one Utilisation may be drawn to finance the Initial Costs and only one Utilisation may be drawn to finance the Subsequent Costs in respect of any Qualifying Acquisition. In this Agreement:-

5.2.1 **Qualifying Acquisition** means a purchase after the Signing Date by the Borrower or any other Charging Group Company of the whole (or such part as the Banks may agree in writing) of the issued share capital of another body corporate or of the undertaking and assets of any body corporate (the Target) where the purchase complies with the following conditions:-

5.2.1.1 the Target carries on the business, or comprises assets used in the business, of the provision of bus or coach services, but not in the business of train operating or leasing services;

5.2.1.2 the proposed purchase has either:-

(a) received clearance following delivery of a merger notice under Section 75, Fair Trading Act 1973; or

(b) been the subject of confidential guidance from the Office of Fair Trading which confirms that the purchase is unlikely to be investigated by the Monopolies and Mergers Commission,

or (if the proposed Purchase Price does not exceed £10,000,000 or equivalent) the Borrower confirms to the Agent in writing that in the opinion of the Board of Directors of the Borrower it is unlikely that the purchase would be so investigated;

5.2.1.3 the value of the goodwill (determined in accordance with the Applicable Accounting Principles and as evidenced by the latest available audited accounts or, if the Borrower so requires, management accounts of the Target at completion of the purchase as adjusted to reflect the Borrower's estimate of the fair value of the net assets of the Target) of the Target does not exceed 25% of the Purchase Price (if the Purchase Price exceeds £5,000,000) disregarding always, for the purpose of this sub-clause the value of any goodwill the purchase of which is paid for or satisfied by the issue to the vendor or vendors of the Target of ordinary share capital of the Borrower listed on the London Stock Exchange Limited; and

5.2.1.4 the proposed Target is incorporated or located in the United Kingdom;

5.2.2 **Purchase Price** means in respect of a Qualifying Acquisition the aggregate of (a) the cash consideration and (b) the value of any assumed or retained liabilities of the Target and (c) the value of any non-cash consideration;

5.2.3 **Initial Costs** means the amount of any cash payment of the Purchase Price due on completion and/or the amount of any cash payment which is to be made within 30 days after completion to discharge any liabilities (including term Borrowings) assumed by the relevant Obligor or retained by the Target; and

5.2.4 **Subsequent Costs** means the amount of any cash payment of the Purchase Price due within 2 years after completion and/or the amount of any cash payment by the relevant Debtor Party or the Target within 2 years after completion to finance redundancy costs, property upgradings, 20% of the cost of replacement vehicles and such other liabilities in the nature of capital expenditure (but not working capital requirements) as the Banks may agree in writing.

Not less than 5 Business Days before any such proposed purchase the Borrower will provide the Agent with all information, accounts, valuations, draft agreements, orders or other contract documentation as may reasonably be necessary for the purpose of this Clause 5.2.

5.3 Drawdown Whenever the Borrower desires to borrow a Facility A Loan or a Facility B Loan it shall deliver a Drawdown Notice to the Agent appropriately completed, to be received not later than 11.00 am one Business Day prior to the proposed date for the Utilisation specifying:-

5.3.1 the date of the proposed Utilisation. Such date must be a Business Day which:-

5.3.1.1 in the case of a Facility A Loan or the first Facility B Loan, is a rollover date in respect of the relevant Existing Debt to be refinanced thereby; and

5.3.1.2 in the case of a Facility B Loan other than the first must be the date of completion of the Qualifying Acquisition or (as applicable) payment of the Subsequent Costs;

5.3.2 the amount of the proposed Utilisation which:-

5.3.2.1 in the case of Tranche A(1) of Facility A will be in the amount of £40,000,000, being the relevant Existing Debt to be refinanced thereby;

5.3.2.2 in the case of Tranche A(2) of Facility A will be in the amount of £10,000,000, being the relevant Existing Debt to be refinanced thereby;

5.3.2.3 in the case of the first Utilisation of Facility B shall be in the principal amount of £5,035,135, being the Advance outstanding pursuant to the Cambus/SWT Advance Letter; and which

5.3.2.4 in the case of each subsequent Utilisation of Facility B, shall be the amount of the Initial Costs or the Subsequent Costs in respect of the Qualifying Acquisition (being in any case not less than £1,000,000);

5.3.3 the first Interest Period for such Utilisation, in accordance with Clause 11;

5.3.4 in the case of a Facility B Loan for the purpose of a Qualifying Acquisition or Capital Expenditure that none of the terms of the Qualifying Acquisition have been altered from those disclosed to the Agent under Clause 5.2, and enclosing a copy of the final form of the acquisition agreement or other relevant agreement; and

5.3.5 an account at a bank in the United Kingdom to which the proceeds of such Utilisation are to be credited.

Subject to the terms of this Agreement, such Drawdown Notice shall be irrevocable and the Borrower shall be bound to borrow in accordance with such notice. The Agent shall, promptly after receipt by it of a duly completed Drawdown Notice, notify each Bank of the details thereof and the proportionate amount of the Facility A Loan or Facility B Loan, as appropriate, to be made available by such Bank. The Borrower may not serve any such notice until the Agent has confirmed to the Borrower and the Banks that the conditions precedent set out in Clause 4.1 have been satisfied.

- 5.4 **Participation** Subject to the terms of this Agreement, each Bank shall on the date specified in the Drawdown Notice make available to the Agent for the account of the Borrower the amount of its participation in the Loan concerned in the proportion which its Relevant Amount in respect of Facility A or B (as applicable), bears to the aggregate Relevant Amounts of all the Banks in respect of such Facility.
- 5.5 **Availability** The proceeds of each Loan shall be made available to the Borrower by the Agent which shall promptly transfer all amounts received by it from the Banks to the account specified in the Drawdown Notice and in like funds as they are received by the Agent. The proceeds of each Facility A Loan shall be immediately applied in accordance with the provisions of Clause 3.1 and the proceeds of each Facility B Loan shall be immediately applied in accordance with the provisions of Clause 3.2.
6. **ANCILLARY FACILITIES**
- 6.1 **Performance Bonds and Guarantees** Subject to the terms of this Agreement, the Borrower may make a Utilisation of Facility B and/or Facility C and/or Facility D by way of the issue, by the Issuing Bank, of a Performance Bond or Guarantee upon request by the Borrower at any time during the relevant Commitment Period. Facility D is divided into two initial tranches, one relating to the issue of the SWT Performance Bond and the SWT Deed of Subordination in respect thereof (Tranche D(1)) and one relating to the issue of the SWT Season Ticket Bond (Tranche D(2)). Notwithstanding the foregoing provisions:-
- 6.1.1 no Utilisation may be made under this Clause 6 prior to the Second Drawdown Date;
- 6.1.2 on the Second Drawdown Date, the first Utilisation of Facility B by way of Ancillary Outstandings shall occur in respect of the Existing Guarantees issued in respect of the Cambus Notes. Each subsequent Utilisation of Facility B under this Clause 6 shall be by way of Guarantee only for the purpose of supporting Further Vendor Loan Notes and shall occur simultaneously with the initial Facility B Loan (if any) being drawn in respect of the relevant Qualifying Acquisition;
- 6.1.3 any Utilisation of Facility B hereunder in respect of a Qualifying Acquisition where no initial Facility B Loan is simultaneously being drawn shall nevertheless be subject to the provisions of, and to fulfilment of all the conditions set out in, Clauses 5.2 and 5.3, as if the Utilisation was to be by way of Facility B Loan;
- 6.1.4 on the Second Drawdown Date, the Utilisation of Facility C shall occur, subject to the terms hereof; and
- 6.1.5 on the Initial Drawdown Date, the first Utilisation of Facility D, in respect of Tranche D(1), and the second Utilisation of Facility D, in respect of Tranche D(2), shall occur, subject to the terms hereof.
- 6.2 **Drawdown** Each Drawdown Notice in respect of a Performance Bond or Guarantee shall be delivered to the Agent appropriately completed, by no later than 2 Business Days prior to the proposed date for the Utilisation, shall be irrevocable once given and shall specify:-
- 6.2.1 the proposed date of issue (which shall be a Business Day);
- 6.2.2 the maximum face value to be specified in the Performance Bond or Guarantee;

If the Agent confirms in writing to the Borrower within 30 days of receipt of any such request that the Banks, the Issuing Bank and the Overdraft Bank are prepared to agree to such proposed increase and if the Borrower thereafter accepts the terms proposed by the Agent in relation thereto, such increase shall be effected through a supplemental agreement between all the parties hereto which shall be secured by the Security Documents.

2.5 **Obligations several** The obligations of each Bank, the Issuing Bank and the Overdraft Bank under this Agreement are several, to the effect that:-

2.5.1 failure of a Bank, the Issuing Bank or the Overdraft Bank to carry out its obligations hereunder shall not relieve any other party hereto of any of its obligations hereunder;


2.5.2 no Bank shall be responsible for the obligations of any other Bank, the Issuing Bank or the Overdraft Bank hereunder;

2.5.3 the Overdraft Bank shall not be responsible for the obligation of any other Bank or the Issuing Bank hereunder; and

2.5.4 the Issuing Bank shall not be responsible for the obligations of any Bank or the Overdraft Bank hereunder.

2.6 **Rights several** The obligations of the Borrower and the other Charging Group Companies towards the Agent, each Bank, the Issuing Bank and the Overdraft Bank hereunder are given to each of them as separate and independent rights. The Agent, each Bank, the Issuing Bank and the Overdraft Bank may (except as otherwise stated in any Finance Document) separately enforce its rights hereunder.

3. **PURPOSE AND UTILISATION**

 3.1 **Facility A** The proceeds of the Utilisation of Tranche A(1) of Facility A shall be applied in refinancing all Existing Debt which comprises the Term Loan under the Principal Facility Agreement. The proceeds of the Utilisation of Tranche A(2) of Facility A shall be applied in refinancing all Existing Debt which comprises all the Revolving Loans under the Principal Facility Agreement.

3.2 **Facility B** The proceeds of the first Utilisation of Facility B shall be applied in refinancing all Existing Debt under the Cambus/SWT Advance Letter (including all outstanding obligations of BoS under the Existing Guarantees issued in respect of the Cambus Notes). The proceeds of each subsequent Utilisation of Facility B shall be applied to finance or refinance Qualifying Acquisitions (and/or in the issue, through the Issuing Bank, of Guarantees in connection therewith) in accordance with the provisions of Clause 5.

3.3 **Facility C** Facility C shall be used for, and shall be applied in the refinancing through the Issuing Bank of, all outstanding obligations of BoS under the Existing Guarantees issued in respect of the Existing Vendor Loan Notes (other than the Cambus Notes).

3.4 **Facility D** Tranche D(1) of Facility D shall be used for the issue, through the Issuing Bank, of the SWT Performance Bond. Tranche D(2) of Facility D shall be used for the issue, through the Issuing Bank, from time to time of the SWT Season Ticket Bond. Each other Utilisation of Facility D shall be applied in the support of such obligations of any Rail Group Company to the Director of Passenger Rail Franchising required in terms of any Franchise Agreement, and on such terms, and within such further tranches, as the Banks may agree.

- 1.2.8 a reference to this Agreement includes a reference to all Accession Agreements and Transfer Agreements to be received by the Agent under the provisions hereof;
- 1.2.9 references to the repayment of Overdraft Outstandings include a requirement to pay cash cover to the Agent for the Overdraft Bank in accordance with Clause 8.4;
- 1.2.10 references to principal amounts mean, in relation to Performance Bonds and Guarantees, the maximum amount which is expressed to be capable of being demanded thereunder;
- 1.2.11 a Performance Bond or Guarantee is repaid or prepaid:-
- (a) by the payment of cash to the Agent for the Issuing Bank or, as applicable, the Overdraft Bank to be held as cash cover in accordance with Clause 8.4 and applied in discharge of the relevant liability;
 - (b) by reducing the amount that may be demanded under such Performance Bond or Guarantee (or by such amount automatically reducing in accordance with its terms);
 - (c) by cancelling such Performance Bond or Guarantee by returning the original to the Issuing Bank or, as applicable, the Overdraft Bank together with written confirmation (in form and substance satisfactory to the Issuing Bank or the Overdraft Bank, as applicable) from the relevant beneficiary that the Issuing Bank or the Overdraft Bank, as applicable, has no further liability thereunder; or
 - (d) by providing evidence satisfactory to the Issuing Bank or the Overdraft Bank, as applicable, that the Existing Vendor Loan Notes or Further Vendor Loan Notes or other obligations in respect of which the same have been issued have been redeemed, repaid or otherwise reduced or discharged;
- 1.2.12 an amount outstanding or drawn at any time under or in respect of a Performance Bond or Guarantee is the maximum amount that may be demanded thereunder in accordance with the provisions thereof; and
- 1.2.13 references to equity share capital of a company are references to that company's issued share capital excluding any part of that share capital which neither as respects dividends nor as respects capital carries any right to participate beyond a fixed sum of money.

2. COMMITMENT

2.1 Committed Facilities Subject to the terms of this Agreement:-

- 2.1.1 each Bank agrees to make available to the Borrower Facility A in an aggregate principal amount not exceeding its Facility A Commitment;
- 2.1.2 each Bank agrees to make available to the Borrower, through the Issuing Bank in the case of Facility B Outstandings, Facility B in an amount not exceeding its Facility B Commitment;

- 2.1.3 each Bank agrees to make available to the Borrower, through the Issuing Bank, Facility C in an aggregate principal amount not exceeding its Facility C Commitment;
- 2.1.4 each Bank agrees to make available to the Borrower, through the Issuing Bank, Facility D in an aggregate principal amount not exceeding its Facility D Commitment; and
- 2.1.5 the Overdraft Bank agrees to make available to the Borrower and each Nominated Subsidiary the Overdraft Facility in an aggregate principal amount not exceeding its Overdraft Commitment.

However, (a) the Facility B Commitment and the Facility D Commitment are interchangeable to the extent of £15,000,000 so that at any time the Facility D Commitment may be increased from that amount referred to in the definition thereof in Clause 1.1 by any additional amount up to £15,000,000, if and to the extent that at the same time the Facility B Commitment is undrawn by, and is reduced by, the same additional amount, and (b) for the purposes of establishing the undrawn Facility D Commitment at any time (but for no other purpose) the amount of Facility D Outstandings at that time in respect of the SWT Season Ticket Bond and any other Performance Bond issued hereunder and supporting season ticket-related obligations of a Rail Group Company (but not, for the avoidance of doubt, the SWT Performance Bond) shall be determined net of the SWT Collateral Deposit and any other collateral deposit provided pursuant to Clause 8.3 at that time.

- 2.2 **Time Limit** If the Initial Drawdown Date has not occurred by 2nd March 1996, or such later date as all the Banks may agree in writing, then all the Commitments shall automatically be cancelled at close of business on such date.

- 2.3 **Annual Reviews** The following Facilities are subject to annual review beginning with a first review as at 31st August 1996:-

- 2.3.1 Facility C, by the Banks;
- 2.3.2 Facility D (other than in respect of Tranches D(1) and D(2)), by the Banks; and
- 2.3.3 the Overdraft Facility, by the Overdraft Bank.

On any such review, the Banks or the Overdraft Bank (as the case may be) (a) shall discuss the Applicable Margin relative thereto with the Borrower and (b) shall be entitled to vary, reduce and/or cancel the relevant Facility.

- 2.4 **Increase in Commitments** If the Borrower wishes to request any increase in the Commitments at any time it will give notice in writing to the Agent, which shall promptly be copied to the Banks, the Issuing Bank and the Overdraft Bank, specifying:-

- 2.4.1 the amount of the proposed increase;
- 2.4.2 the purpose towards which any utilisation of the increased commitment would be applied;
- 2.4.3 such other supporting documentation as the Borrower may consider relevant.

If the Agent confirms in writing to the Borrower within 30 days of receipt of any such request that the Banks, the Issuing Bank and the Overdraft Bank are prepared to agree to such proposed increase and if the Borrower thereafter accepts the terms proposed by the Agent in relation thereto, such increase shall be effected through a supplemental agreement between all the parties hereto which shall be secured by the Security Documents.

2.5 **Obligations several** The obligations of each Bank, the Issuing Bank and the Overdraft Bank under this Agreement are several, to the effect that:-

2.5.1 failure of a Bank, the Issuing Bank or the Overdraft Bank to carry out its obligations hereunder shall not relieve any other party hereto of any of its obligations hereunder;

2.5.2 no Bank shall be responsible for the obligations of any other Bank, the Issuing Bank or the Overdraft Bank hereunder;

2.5.3 the Overdraft Bank shall not be responsible for the obligation of any other Bank or the Issuing Bank hereunder; and

2.5.4 the Issuing Bank shall not be responsible for the obligations of any Bank or the Overdraft Bank hereunder.

2.6 **Rights several** The obligations of the Borrower and the other Charging Group Companies towards the Agent, each Bank, the Issuing Bank and the Overdraft Bank hereunder are given to each of them as separate and independent rights. The Agent, each Bank, the Issuing Bank and the Overdraft Bank may (except as otherwise stated in any Finance Document) separately enforce its rights hereunder.

3. **PURPOSE AND UTILISATION**

3.1 **Facility A** The proceeds of the Utilisation of Tranche A(1) of Facility A shall be applied in refinancing all Existing Debt which comprises the Term Loan under the Principal Facility Agreement. The proceeds of the Utilisation of Tranche A(2) of Facility A shall be applied in refinancing all Existing Debt which comprises all the Revolving Loans under the Principal Facility Agreement.

3.2 **Facility B** The proceeds of the first Utilisation of Facility B shall be applied in refinancing all Existing Debt under the Cambus/SWT Advance Letter (including all outstanding obligations of BoS under the Existing Guarantees issued in respect of the Cambus Notes). The proceeds of each subsequent Utilisation of Facility B shall be applied to finance or refinance Qualifying Acquisitions (and/or in the issue, through the Issuing Bank, of Guarantees in connection therewith) in accordance with the provisions of Clause 5.

3.3 **Facility C** Facility C shall be used for, and shall be applied in the refinancing through the Issuing Bank of, all outstanding obligations of BoS under the Existing Guarantees issued in respect of the Existing Vendor Loan Notes (other than the Cambus Notes).

3.4 **Facility D** Tranche D(1) of Facility D shall be used for the issue, through the Issuing Bank, of the SWT Performance Bond. Tranche D(2) of Facility D shall be used for the issue, through the Issuing Bank, from time to time of the SWT Season Ticket Bond. Each other Utilisation of Facility D shall be applied in the support of such obligations of any Rail Group Company to the Director of Passenger Rail Franchising required in terms of any Franchise Agreement, and on such terms, and within such further tranches, as the Banks may agree.

5.4 **Participation** Subject to the terms of this Agreement, each Bank shall on the date specified in the Drawdown Notice make available to the Agent for the account of the Borrower the amount of its participation in the Loan concerned in the proportion which its Relevant Amount in respect of Facility A or B (as applicable), bears to the aggregate Relevant Amounts of all the Banks in respect of such Facility.

5.5 **Availability** The proceeds of each Loan shall be made available to the Borrower by the Agent which shall promptly transfer all amounts received by it from the Banks to the account specified in the Drawdown Notice and in like funds as they are received by the Agent. The proceeds of each Facility A Loan shall be immediately applied in accordance with the provisions of Clause 3.1 and the proceeds of each Facility B Loan shall be immediately applied in accordance with the provisions of Clause 3.2.

6. ANCILLARY FACILITIES

6.1 **Performance Bonds and Guarantees** Subject to the terms of this Agreement, the Borrower may make a Utilisation of Facility B and/or Facility C and/or Facility D by way of the issue, by the Issuing Bank, of a Performance Bond or Guarantee upon request by the Borrower at any time during the relevant Commitment Period. Facility D is divided into two initial tranches, one relating to the issue of the SWT Performance Bond and the SWT Deed of Subordination in respect thereof (Tranche D(1)) and one relating to the issue of the SWT Season Ticket Bond (Tranche D(2)). Notwithstanding the foregoing provisions:-

6.1.1 no Utilisation may be made under this Clause 6 prior to the Second Drawdown Date;

6.1.2 on the Second Drawdown Date, the first Utilisation of Facility B by way of Ancillary Outstandings shall occur in respect of the Existing Guarantees issued in respect of the Cambus Notes. Each subsequent Utilisation of Facility B under this Clause 6 shall be by way of Guarantee only for the purpose of supporting Further Vendor Loan Notes and shall occur simultaneously with the initial Facility B Loan (if any) being drawn in respect of the relevant Qualifying Acquisition;

6.1.3 any Utilisation of Facility B hereunder in respect of a Qualifying Acquisition where no initial Facility B Loan is simultaneously being drawn shall nevertheless be subject to the provisions of, and to fulfilment of all the conditions set out in, Clauses 5.2 and 5.3, as if the Utilisation was to be by way of Facility B Loan;

6.1.4 on the Second Drawdown Date, the Utilisation of Facility C shall occur, subject to the terms hereof; and

6.1.5 on the Initial Drawdown Date, the first Utilisation of Facility D, in respect of Tranche D(1), and the second Utilisation of Facility D, in respect of Tranche D(2), shall occur, subject to the terms hereof.

6.2 **Drawdown** Each Drawdown Notice in respect of a Performance Bond or Guarantee shall be delivered to the Agent appropriately completed, by no later than 2 Business Days prior to the proposed date for the Utilisation, shall be irrevocable once given and shall specify:-

6.2.1 the proposed date of issue (which shall be a Business Day);

6.2.2 the maximum face value to be specified in the Performance Bond or Guarantee;

- 6.2.3 the proposed beneficiary of the proposed Performance Bond or Guarantee and the commitment of the relevant Charging Group Company in respect of which the same is proposed to be issued;
- 6.2.5 the proposed Expiry Date of the Performance Bond or Guarantee which shall be a date acceptable to the Banks; and
- 6.2.6 a copy of the proposed form of Performance Bond or Guarantee.

The first Utilisation of Facility B, and the Utilisation of Facility C, shall take effect by the Issuing Bank thereupon being deemed to have issued the relevant Existing Guarantees as Guarantees hereunder. The Utilisations of Tranches D(1) and D(2) of Facility D shall, upon due request pursuant to the Franchise Agreement, take effect by the issue by the Issuing Bank of the SWT Performance Bond and the SWT Season Ticket Bond. Subject thereto, any proposed Performance Bond or Guarantee shall be in the Required Form. Whenever the Agent receives a Drawdown Notice in respect of a Performance Bond or a Guarantee it shall promptly supply a copy of that Drawdown Notice and of the proposed form of Performance Bond or Guarantee to the Issuing Bank and each Bank, giving details of the amount of such Bank's maximum obligations in respect thereof. Each Bank's liability in respect of a Guarantee or Performance Bond shall be governed by Clause 6.7.

- 6.3 **Participation** Subject to the terms of this Agreement, the Issuing Bank will, on the proposed date of issue of the Performance Bond or Guarantee, procure the same is delivered to, or made available for collection from such office as the Agent may specify by, the beneficiary thereof specified in the Drawdown Notice relative thereto.
- 6.4 **Restriction** No Bank shall be the beneficiary of a Performance Bond or Guarantee without the prior written consent of the Agent.
- 6.5 **Counter Indemnity** The Borrower, in respect of each Performance Bond or Guarantee issued or deemed issued hereunder, and SWT (after it becomes a party hereto), in respect of the SWT Performance Bond and the SWT Season Ticket Bond, and each other Rail Group Company which becomes a party hereto, in respect of any Performance Bond or Guarantee issued hereunder to support its obligations under any Franchise Agreement, each hereby unconditionally and irrevocably:-
 - 6.5.1 authorise and direct the Issuing Bank to pay any demand made pursuant to and in accordance with any such Performance Bond or Guarantee on first request or demand being made and to pay all amounts which the Issuing Bank is entitled to pay pursuant to any Performance Bond or Guarantee without requiring proof of the agreement of the Borrower, or SWT, or relevant other Rail Group Company (as the case may be) that the amounts so demanded or paid are or were due and notwithstanding that the Borrower, or SWT, or relevant other Rail Group Company (as the case may be) may dispute the validity of any such request, demand or payment;
 - 6.5.2 undertake to reimburse the Issuing Bank on demand in the amount and in the currency paid by the Issuing Bank pursuant to or in connection with any amount demanded or paid under any such Performance Bond or Guarantee and authorises the Issuing Bank to debit the Borrower's, or SWT's, or relevant other Rail Group Company (as the case may be) account (including the Borrower Collateral Account,

the SWT Collateral Account and any other cash cover account maintained hereunder) with such amounts;

- 6.5.3 undertake to keep the Issuing Bank indemnified on demand against all liabilities, losses, damages, demands, reasonable expenses (including legal expenses) or actions which the Issuing Bank may suffer or incur or which may be made against the Issuing Bank under or in connection with any such Performance Bond or Guarantee;
- 6.5.4 authorise the Issuing Bank to exercise the rights and powers conferred on it by any such Performance Bond or Guarantee and confirms that the Issuing Bank shall be entitled to pay any demand which appears on its face to be in order and agrees that in respect of any such Performance Bond or Guarantee the Issuing Bank deals in documents only and that the Issuing Bank shall not be concerned with the legality of the claim or any underlying transaction or any set-off, counterclaim or defence as between the Borrower, or SWT, or relevant other Rail Group Company (as the case may be) and any other person. This Clause shall apply in respect of amounts so paid without regard to any other condition, the sufficiency, accuracy or genuineness of any such request or demand or any certificate or statement in connection therewith or any incapacity of or limitation upon the powers of any person signing or issuing such request, demand or certificate. The Issuing Bank shall not be obliged to enquire as to any such matters and may assume that any such request, demand, certificate or statement is correct and properly made. If the Issuing Bank pays any demand which is not legally payable such amount shall nevertheless be regarded as having been properly paid for the purposes hereof; and
- 6.5.5 agree that the obligations of the Borrower, or SWT, or relevant other Rail Group Company (as the case may be) under this Clause 6 shall not be affected by any act, omission, matter or thing which but for this provision might operate to release or otherwise exonerate the Borrower, or SWT, or relevant other Rail Group Company (as the case may be) from its obligations hereunder in whole or in part, including without limitation and whether or not known to the Borrower, or SWT, or relevant other Rail Group Company (as the case may be):-
 - 6.5.5.1 any time or waiver granted to or composition with the Agent, the Issuing Bank or any Bank, the beneficiary of any such Performance Bond or Guarantee or any other person;
 - 6.5.5.2 any taking, variation, compromise, renewal or release of, or refusal or neglect to perfect or enforce, any rights, remedies or securities available to the Agent, the Issuing Bank or any Bank or any other person or arising under any such Performance Bond or Guarantee;
 - 6.5.5.3 any variation or extension of or increase in liabilities under any such Performance Bond or Guarantee so that references in this Agreement to the same shall include each such variation, extension and variation; or
 - 6.5.5.4 any invalidity or irregularity in respect of any of the obligations of any of the Borrower or SWT or relevant other Rail Group Company under this Clause 6.

The Issuing Bank, the Borrower and SWT (after it becomes a party hereto) acknowledge that the provisions of this Clause 6.5 and the rights of the Issuing Bank in relation thereto in

relation to SWT's counter-indemnity in respect of the SWT Performance Bond (but not otherwise) are subject to the terms of the SWT Deed of Subordination. The Issuing Bank, the Borrower and any Rail Group Company (other than SWT) acknowledge that the provisions of this Clause 6.5 and the rights of the Issuing Bank in relation thereto in relation to such Company's counter-indemnity in respect of any Performance Bond or Guarantee issued hereunder to support its obligations under any Franchise Agreement are subject to the terms of any deed of subordination required to be entered into pursuant to the terms of any such Franchise Agreement by the Issuing Bank. The Borrower hereby confirms that its obligations under this Clause 6.5 and the rights of the Issuing Bank in relation thereto in respect of the SWT Performance Bond and any such Performance Bond or Guarantee, may be enforced at any time notwithstanding the terms of the SWT Deed of Subordination or any such deed of subordination.

6.6 **Demands under Performance Bonds or Guarantees** If the Issuing Bank receives a demand for payment under a Performance Bond or Guarantee, the Issuing Bank shall forthwith notify the Agent. If a demand for payment under the Performance Bond or Guarantee has been made on the Issuing Bank and notified to the Agent, the Agent shall:-

6.6.1 notify the Borrower of the amount demanded and the date on which it is payable and the Borrower shall forthwith on demand pay to the Agent for the account of the Issuing Bank an amount equal to the amount of the demand less the amount of the Borrower Collateral Deposit or (as applicable) the SWT Collateral Deposit or (as applicable) any other cash cover held in a Collateral Account specifically in respect of the relevant obligation; and

6.6.2 if payment in full has not been made by the Borrower to the Issuing Bank in accordance with Clause 6.6.1, make demand of each Bank for immediate payment to the Agent (and each Bank hereby agrees with the Issuing Bank to make payment of sums so demanded of it) of an amount equal to the proportion of the total sum due which such Bank's Relevant Amount under the relevant Facility bears to the aggregate Relevant Amounts of all the Banks under such Facility immediately prior to such payment.

7 **Cash Cover** If payment of cash cover has not been made by the Borrower in full in accordance with Clause 8.4 the Agent shall make demand of each Bank for immediate payment to the Agent (and each Bank hereby agrees with the Issuing Bank to make payment of sums so demanded of it) of an amount equal to the proportion of the total sum due which such Bank's Relevant Amount under the relevant Facility bears to the aggregate Relevant Amounts of all the Banks under such Facility immediately prior to such payment. Each Bank hereby undertakes to counter-indemnify and hold harmless the Issuing Bank against any demand made under a Performance Bond or Guarantee in respect of which cash cover has been or is to be provided under this Clause 6.7 in the same proportion as the Bank's liability to provide the cash cover. The provisions of Clause 6.5 shall apply to any Bank which makes a payment in accordance with this Clause 6.7 and Clause 6.6.2.

6.8 **Default by Banks** If any Bank (a Defaulting Bank) fails to make any payment due from it for account of the Issuing Bank under Clause 6.6.2 or Clause 6.7 then until the Issuing Bank has been reimbursed in respect thereof in full (but without prejudice to the obligations of that Defaulting Bank to make such payment):-

6.8.1 such Defaulting Bank shall hold on trust for the Issuing Bank the benefit of any security now or hereafter created to secure the obligations of the Borrower or SWT

or any other Rail Group Company hereunder and to which such Defaulting Bank would have been entitled had it made such payment; and

- 6.8.2 such Defaulting Bank shall not be regarded as a Bank for the purposes of determining the exercise of any rights, powers or discretions conferred on the Banks hereunder.

The rights conferred upon the Issuing Bank in this Clause 6.8 shall be in addition to any other rights it may have against a Defaulting Bank.

- 6.9 **Rights of Contribution and Subrogation** Neither the Borrower nor any other Debtor Party shall, by virtue of any payment made by it or them under this Clause 6 or otherwise, be subrogated to any rights, security or moneys held or received by the Agent, the Issuing Bank or any Bank or be entitled at any time to exercise, claim or have the benefit of any right of contribution or subrogation or similar right against the Agent or any Bank. All rights of contribution or similar rights against the Agent and the Banks in relation to this Agreement are hereby waived by the Borrower and each other Debtor Party.

- 6.10 **Continuing Obligations** This Clause 6 shall be a continuing guarantee and indemnity, shall extend to the ultimate balance of the obligations and liabilities of the Borrower, SWT and any other Rail Group Company under this Clause 6 and shall continue in force notwithstanding any intermediate payment in part of such obligations or liabilities. The obligations of the Borrower, SWT and any other Rail Group Company under this Clause 6 shall be in addition to and shall not be in any way prejudiced by any collateral or other security now or hereafter held by the Issuing Bank or any Bank as security or any lien to which the Issuing Bank or any Bank may be entitled. No invalidity or unenforceability of all or any part of this Clause 6 shall affect any rights of indemnity or otherwise which the Issuing Bank or any Bank would or may have in the absence of or in addition to this Clause 6.

7. OVERDRAFT FACILITY

- 7.1 **Availability** Subject to the provisions of this Agreement, the Overdraft Facility is available by way of:-

7.1.1 overdraft, cheque drawing and other related current account facilities; and/or

7.1.2 sterling acceptance credit facilities; or

7.1.3 foreign exchange facilities; or

7.1.4 guarantee, indemnity, bonding, documentary or stand-by letter of credit facilities; or

7.1.5 other facilities or accommodation as may be required in connection with the business of the Borrower and which are agreed with the Overdraft Bank,


through the Overdraft Bank's branch office at St Andrew Square, Edinburgh and/or at such other branch as the Overdraft Bank may agree.

- 7.2 **Amount** Subject to the provisions of this Agreement, the aggregate principal amount for which the Overdraft Facility is initially available is £20,000,000 less the aggregate amount of Facility C Outstandings at any time. The Overdraft Bank and the Borrower agree with and

- 23.18.1.3 effect or procure registration of or otherwise protect any security created by any Security Document under the Land Registration Act 1925 of England and Wales or any other registration laws in any jurisdiction.
- 23.18.2 The Agent in its capacity as trustee or otherwise may accept without enquiry such title as the relevant Debtor Party may have to the assets intended to be secured by each Security Document.
- 23.18.3 The Agent in its capacity as trustee or otherwise shall not be under any obligation to hold any title deeds, Security Documents or any other documents in connection with the property charged by any Security Document or any other security in its own possession or to take any steps to protect or preserve the same.
- 23.18.4 Save as otherwise provided in this Agreement, all monies which under the trusts herein contained are received by the Agent in its capacity as trustee or otherwise may be invested in the name of or under the control of the Agent in any investment for the time being authorised by English law for the investment by trustees of trust money or in any other investments which may be selected by the Agent. Additionally, the same may be placed on deposit in the name of or under the control of the Agent at such bank or institution (including the Agent) and upon such terms as the Agent may think fit.
- 23.18.5 The Banks, the Issuing Bank and the Overdraft Bank hereby confirm their approval of each other Finance Document and direct the Agent (by itself or by such person(s) as it may nominate) to execute the same as trustee (where appropriate) and in accordance with the provisions hereof and thereof to enforce the same as trustee (and whether or not expressly in the Banks' or the Issuing Bank's or the Overdraft Bank's names) on their behalf.

The Banks hereby authorise and direct the Issuing Bank to execute and deliver the SWT Deed of Subordination upon satisfaction or waiver of the applicable conditions precedent specified in Clause 4.

24. FEES

 24.1 Non-Utilisation Fee The Borrower will pay to the Agent for distribution amongst the Banks pro rata to their Facility B Commitments a non-utilisation fee in Sterling computed at the rate of one half of one per cent (0.5%) per annum on the daily uncanceled undrawn amount of the Facility B Commitment during the Commitment Period relative thereto. Accrued non-utilisation fee shall be payable every three months in arrears and in any case on the Final Repayment Date relative thereto and on full drawing of the Facility B Commitment, commencing with a payment three months after the date hereof. Accrued non-utilisation fee shall also be payable on the cancelled amount of any Facility B Commitment at the time such cancellation comes into effect. Non-utilisation fee shall accrue from day to day and be calculated on the basis of a year of 365 days for the actual number of days elapsed and be payable together with any value added tax thereon.

24.2 Arrangement Fee The Borrower agrees to pay to the Agent on the Signing Date an arrangement fee as agreed in a letter between the Borrower and the Agent dated 26th January 1996 for distribution by the Agent to the Banks as agreed between them prior to the Signing Date plus any applicable value added tax thereon.

24.3 **Performance Bond Fee** The Borrower agrees to pay to the Agent on the date of Utilisation thereof an issuing fee in respect of the SWT Performance Bond as agreed in a letter between the Borrower and the Agent dated 26th January 1996 for distribution by the Agent to the Banks as agreed between them prior to the Signing Date plus any applicable value added tax thereon.

24.4 **Agency Fee** The Borrower agrees to pay to the Agent an agency fee as agreed in a letter between the Borrower and the Agent dated 26th January 1996 plus any applicable value added tax thereon.

24.5 **Overdraft Fee** The Borrower agrees to pay to the Overdraft Bank an overdraft renewal fee as agreed in a letter between the Borrower and the Overdraft Bank dated 26th January 1996.

25. **EXPENSES**

25.1 **Initial Expenses** The Borrower shall reimburse the Agent, the Banks, the Issuing Bank and the Overdraft Bank for the reasonable charges and expenses (together with value added tax or any similar tax thereon and including the reasonable fees and expenses of legal advisers) incurred by it in connection with:-

25.1.1 the negotiation, preparation and execution of this Agreement, each other Finance Document and any other document referred to or contemplated herein or therein;

25.1.2 the negotiation, preparation and execution of all supplements, waivers and variations in relation to this Agreement and each other Finance Document and any such other document; and

25.1.3 any other matter, not of an ordinary administrative nature, arising out of, or in connection with, this Agreement or any other Finance Document.

25.2 **Enforcement Expenses** The Borrower shall reimburse the Agent, the Banks, the Issuing Bank and Overdraft Bank for the charges and expenses (including value added tax or any similar tax thereon and including the fees and expenses of legal advisers) incurred by it in connection with the enforcement of, or the preservation of any rights under, this Agreement and/or each other Finance Document and/or any such other document.

26. **STAMP DUTIES**

The Borrower shall pay or indemnify the Agent, each Bank, the Issuing Bank and the Overdraft Bank against any and all stamp, registration and similar taxes or charges which may be payable in connection with the entry into, performance or enforcement of this Agreement and each other Finance Document. The Borrower shall indemnify the Agent, the Issuing Bank, each Bank and the Overdraft Bank against any and all liabilities with respect to or resulting from delay or omission to pay such taxes or charges.

27. **WAIVERS, REMEDIES CUMULATIVE**

27.1 **Waivers** No failure to exercise and no delay in exercising on the part of the Agent or any Bank or the Issuing Bank or the Overdraft Bank any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right,

or any other Rail Group Company hereunder and to which such Defaulting Bank would have been entitled had it made such payment; and

- 6.8.2 such Defaulting Bank shall not be regarded as a Bank for the purposes of determining the exercise of any rights, powers or discretions conferred on the Banks hereunder.

The rights conferred upon the Issuing Bank in this Clause 6.8 shall be in addition to any other rights it may have against a Defaulting Bank.

- 6.9 **Rights of Contribution and Subrogation** Neither the Borrower nor any other Debtor Party shall, by virtue of any payment made by it or them under this Clause 6 or otherwise, be subrogated to any rights, security or moneys held or received by the Agent, the Issuing Bank or any Bank or be entitled at any time to exercise, claim or have the benefit of any right of contribution or subrogation or similar right against the Agent or any Bank. All rights of contribution or similar rights against the Agent and the Banks in relation to this Agreement are hereby waived by the Borrower and each other Debtor Party.

- 6.10 **Continuing Obligations** This Clause 6 shall be a continuing guarantee and indemnity, shall extend to the ultimate balance of the obligations and liabilities of the Borrower, SWT and any other Rail Group Company under this Clause 6 and shall continue in force notwithstanding any intermediate payment in part of such obligations or liabilities. The obligations of the Borrower, SWT and any other Rail Group Company under this Clause 6 shall be in addition to and shall not be in any way prejudiced by any collateral or other security now or hereafter held by the Issuing Bank or any Bank as security or any lien to which the Issuing Bank or any Bank may be entitled. No invalidity or unenforceability of all or any part of this Clause 6 shall affect any rights of indemnity or otherwise which the Issuing Bank or any Bank would or may have in the absence of or in addition to this Clause 6.

7. OVERDRAFT FACILITY

- 7.1 **Availability** Subject to the provisions of this Agreement, the Overdraft Facility is available by way of:-

- DW*
- 7.1.1 overdraft, cheque drawing and other related current account facilities; and/or
- 7.1.2 sterling acceptance credit facilities; or
- 7.1.3 foreign exchange facilities; or
- 7.1.4 guarantee, indemnity, bonding, documentary or stand-by letter of credit facilities; or
- 7.1.5 other facilities or accommodation as may be required in connection with the business of the Borrower and which are agreed with the Overdraft Bank,

through the Overdraft Bank's branch office at St Andrew Square, Edinburgh and/or at such other branch as the Overdraft Bank may agree.

- 7.2 **Amount** Subject to the provisions of this Agreement, the aggregate principal amount for which the Overdraft Facility is initially available is £20,000,000 less the aggregate amount of Facility C Outstandings at any time. The Overdraft Bank and the Borrower agree with and

for the benefit of each Bank that Overdraft Outstandings will not exceed such aggregate principal amount. The Overdraft Bank may prescribe from time to time, after consultation with the Borrower, individual sub-limits in respect of each Nominated Subsidiary which is entitled to make Utilisations under the Overdraft Facility.

7.3 **Operation** Subject to the provisions of this Agreement, the Overdraft Facility shall be operated and maintained in accordance with normal banking practice. In particular, in respect of any contingent or third party obligations undertaken by the Overdraft Bank under the Overdraft Facility on behalf of the Borrower or any Nominated Subsidiary the provisions of Clauses 6.5, 6.9 and 6.10 shall apply to such obligations as if they were Performance Bonds or Guarantees hereunder, and as if references therein to the Issuing Bank were references to the Overdraft Bank and to the Borrower included a reference to the relevant Nominated Subsidiary.

7.4 **Utilisations** The first Utilisation of the Overdraft Facility shall take place on the Second Drawdown Date and shall take effect (in relation to any Existing Guarantees to be refinanced thereby) by the Overdraft Bank being deemed to have issued the relevant Existing Guarantees as Guarantees hereunder. Any Utilisation by a Nominated Subsidiary is subject to prior written notice to the Overdraft Bank and to compliance with Clause 20.16.

7.5 **Information** The relevant Debtor Party and the Overdraft Bank will, promptly upon request by the Agent, supply the Agent with such information relating to the operation of the Overdraft Facility to the extent operated by the Overdraft Bank (including, without limitation, the Overdraft Outstandings thereunder) as the Agent may from time to time request. The Debtor Parties consent to all such information being released to the Agent and each Bank.

8. COLLATERAL ACCOUNTS

8.1 **Borrower Collateral Account** The Borrower shall open a Collateral Account with the Issuing Bank (the Borrower Collateral Account) and pay into such Account the sum of £1 initially and thereafter the Relevant Proportion of all monies that may be passed to it in any way whatsoever by SWT, whether pursuant to the provisions of Schedule 10, Part 2, paragraph 2 of the SWT Franchise Agreement or as a result of any payment of dividend or other distribution or otherwise. The credit balance on such Account (the Borrower Collateral Deposit):-

8.1.1 shall be held subject to the terms of the Borrower Assignment;

8.1.2 shall bear interest at LIBOR less 0.5% per annum; and

8.1.3 may be released to the Borrower from time to time, to the extent it exceeds the amount of the Facility D Outstandings in respect of Tranche D(1) at the relevant time, if no Default has occurred and is continuing.

In this Clause 8.1, Relevant Proportion means 100% at any time when the Borrower Collateral Deposit is less than £5,000,000 and otherwise 50%.

8.2 **SWT Collateral Account** SWT shall, immediately upon becoming a party hereto, open a Collateral Account with the Issuing Bank (the SWT Collateral Account) and pay into such Account an amount equal to the amount of Facility D Outstandings in respect of Tranche D(2) at that time. The credit balance on such Account (the SWT Collateral Deposit):-

alternative basis for the borrowing of such Loan or of such Affected Bank's participation in such Loan. If such alternative basis is agreed between the Borrower and the Banks or such Affected Bank, it shall apply in accordance with its terms.

- 13.3 **Following Utilisation** If a Suspension Notice relates to any Loan outstanding at the time of a Suspension Notice, during the period of 30 days from such Suspension Notice, the Banks or such Affected Bank shall, in consultation with the Agent and the Borrower, certify to the Agent and the Borrower such alternative basis as the Banks or such Affected Bank in their sole and absolute discretion shall determine (in this Agreement referred to as their **Substitute Basis**) for maintaining the participation of the Banks or such Affected Bank in such Loan. Without limitation, such Substitute Basis may be retroactive to the beginning of such Interest Period (being the Interest Period commencing at or around the date of the Suspension Notice), and may include an alternative method of fixing the interest rate (which shall reflect the cost to the Banks or such Affected Bank of funding its participation in such Loan from other sources plus the Applicable Margin), alternative Interest Periods or alternative currencies for such Loan. Each Substitute Basis so certified shall be binding upon the Borrower and the certifying Banks or Affected Bank and shall be treated as part of this Agreement.
- 13.4 **Consultation** So long as any Substitute Basis is in force the Agent (in consultation with the Borrower and each Bank certifying a Substitute Basis) shall from time to time, but not less often than monthly, review whether or not the circumstances referred to in Clause 13.1 still prevail with a view to returning to the normal provisions of this Agreement.
- 13.5 **Prepayment** The Borrower shall notify the Agent in writing within thirty days of the receipt of a notice from the Agent certifying a Substitute Basis in relation to any Loan whether or not it wishes to prepay the Loan concerned. If the Borrower gives such notice that it wishes to prepay, then the Borrower shall prepay the Loan concerned within ten days after delivery of such notice without penalty but together with interest accrued thereon up to the date of prepayment at the rate specified in the Agent's certificate of Substitute Basis.

14. GUARANTEE AND INDEMNITY

- 14.1 **Guarantee** For good and valuable consideration, receipt whereof is hereby acknowledged by each Debtor Party (other than any Rail Group Company), each Debtor Party (other than any Rail Group Company), herein each a Guarantor hereby irrevocably and unconditionally but subject as provided in Clause 14.10:-

- 14.1.1 guarantees the due and punctual payment of all moneys and performance of all other obligations expressed to be payable or performed by each other Debtor Party under the Finance Documents (including this Agreement), and
- 14.1.2 agrees that, if at any time or from time to time any of the moneys expressed to be payable by any other Debtor Party under any Finance Document (whether at any stated date of payment, by acceleration, on demand or otherwise) are not paid on the stated due date therefor, or if any of its other obligations are not performed, the Guarantor will forthwith upon demand therefor made by the Agent (or by any Bank or the Overdraft Bank, through the Agent) upon it unconditionally pay for the account of the person or persons beneficially entitled thereto in the manner and currency required by the relevant Finance Document the moneys the payment of which has not been made as aforesaid,

to the intent that the amounts so payable shall be such amounts as will result in such person or persons receiving the same amounts as would have been received had such payments been duly made by the other Debtor Party in accordance with the terms of the relevant Finance Document, or (as appropriate) procure the performance of the other obligations in question.

14.2 **Indemnity** In addition to, but separate from, the obligations contained in Clause 14.1, each Guarantor hereby irrevocably and unconditionally, but subject as provided in Clause 14.10, agrees to indemnify each Finance Party and to keep each Finance Party indemnified against any loss of whatever kind resulting from the failure by any other Debtor Party to make any repayment or payment expressed to be due under the Finance Documents when specified to be payable or to perform any other obligation thereunder and to pay the amount of such loss whether or not any Finance Party or any other person has attempted to enforce any rights against the other Debtor Party. Without prejudice to the generality of the foregoing, such loss shall include all those amounts as shall not have been repaid or paid as aforesaid and all costs and expenses (including actual legal fees and expenses) which the relevant Finance Party may incur in proceeding against the other Debtor Party.

14.3 **No Release** No Guarantor shall be exonerated or discharged from any of its obligations under this Clause 14, nor shall any of such obligations be in any way prejudiced or affected, by:-

14.3.1 any invalidity or unenforceability of any obligation expressed to be assumed by any Debtor Party under or in connection with any Finance Document;

14.3.2 any variation or amendment of, or waiver or release granted under or in respect of, any Finance Document or any document referred to therein;

14.3.3 time being given to any Debtor Party or any other indulgence or concession to any Debtor Party granted by any Finance Party;

14.3.4 the release of any Debtor Party from any of its obligations under any Finance Document or the taking, holding, varying, non-enforcement, non-perfection or release by any Finance Party of any other security for all or any of the sums expressed to be payable by any Debtor Party under any Finance Document;

14.3.5 the operation of Clause 29 or the extension of the operation of this Clause 14 by virtue thereof;

14.3.6 the liquidation, insolvency, administration or analogous process of, or any change in the status, function, control, ownership or financial condition of any Debtor Party or any other person or by any other event;

14.3.7 the existence of any claim, set-off or other right which any Guarantor may have at any time against any other Debtor Party or any Finance Party or any other person, whether in connection herewith or with any unrelated transaction; or

14.3.8 any other thing done or omitted or neglected to be done by any Finance Party or any other dealing, fact, matter or thing (including, without limitation, any circumstances whatsoever affecting or preventing recovery of amounts under any Finance Document) which, but for this provision, might operate to exonerate or discharge any Guarantor from any of its obligations under this Clause 14.

- 14.4 **Continuing Obligations** The obligations of each Guarantor under this Clause 14 are continuing obligations and accordingly they shall remain in operation until all moneys and other obligations now or hereafter expressed to be owing or undertaken under the terms of the Finance Documents have been finally and irrevocably paid off or satisfied in full and discharged and performed and are in addition to and not in substitution for, and shall not be prejudiced or affected by, any other security which any Finance Party may at any time hold for the payment of such moneys or any of them and may be enforced without first having recourse to any such security and without taking any steps or proceedings against any Debtor Party.
- 14.5 **Non-Competition** If any moneys shall become payable by any Guarantor under this Clause 14, no Guarantor shall, so long as any moneys remain owing by any Debtor Party under any Finance Document, without the Agent's prior written consent:-
- 14.5.1 in respect of any amount paid by it hereunder seek to enforce repayment by subrogation, indemnity or otherwise or to exercise any other right or legal remedy of any kind which may accrue howsoever to it in respect of the amount so paid; nor
- 14.5.2 claim payment of any other moneys for the time being due to it by any Debtor Party on any account whatsoever or exercise any other right or remedy which it may have in respect thereof; nor
- 14.5.3 in the event of the liquidation or insolvency of any Debtor Party, prove in competition with the Finance Parties in respect of any moneys owing to it by the Debtor Party on any account whatsoever (but, if so instructed by the Agent, each Guarantor shall so prove in accordance with such instructions).
- 14.6 **Conditional Settlement** Any settlement or discharge between any Finance Party and any Guarantor shall be conditional upon no security or payment to any Finance Party by any Debtor Party or any other person being avoided or reduced or required to be paid away by virtue of any requirement (whether or not having the force of law) or enactment, whether relating to liquidation, insolvency, administration or otherwise, at any time in force or by virtue of any obligation to give effect to any preference or priority and the Finance Party shall be entitled to recover the value or amount of any such security or payment from any Guarantor subsequently as if such settlement or discharge had not occurred.
- 14.7 **Suspense** For the purpose of enabling the Finance Parties to sue for, claim against or otherwise recover from any Debtor Party the whole of the amounts expressed to be payable by it under any Finance Document, any Finance Party may, at its sole discretion, place and retain for as long as it considers fit on a suspense account any sum received or recovered under this Clause 14 without any intermediate obligation to apply the same in or towards discharging any of the said amounts. Such Finance Party shall not be liable for any interest in respect of moneys from time to time standing to the credit of any such suspense account.
- 14.8 **Sole and Principal Debtor** As a separate independent stipulation and without prejudice to Clause 14.2, each Guarantor agrees that any moneys expressed to be payable under any Finance Document and the payment of which may not be enforceable against any Debtor Party by reason of any legal limitation, disability or incapacity on or of the relevant Debtor Party or any other fact or circumstance (whether or not known to any Finance Party) shall nevertheless be recoverable from or otherwise payable by such first-mentioned Guarantor as though the same has been incurred by it and it were the sole or principal debtor in respect thereof and shall be paid on demand.

14.9 **Final Discharge** Subject to Clause 14.6, on the irrevocable payment and performance in full of all the obligations of the Debtor Parties under the Finance Documents the Debtor Parties shall be discharged from their obligations set out in this Clause 14.

14.10 **Limitation** In the case of each Guarantor other than the Borrower:-

14.10.1 its obligations under this Clause 14 and under every other provision in any Finance Document to which it is a party in respect of Relevant Liabilities shall become effective immediately upon compliance by it with Clause 20.16.1 but not prior thereto; and

14.10.2 its obligations under this Clause 14 and under every other provision in any Finance Document to which it is a party in respect of any other liabilities expressed to be covered hereby shall be effective on and from the Signing Date.

For these purposes Relevant Liabilities means, in relation to a Guarantor, such of its liabilities under this Clause 14 and under every other provision in any Finance Document to which it is a party as would (but for this Clause 14.10) relate to Outstandings or other liabilities undertaken under any Finance Document by any other Debtor Party which have the effect of reducing or discharging any liability incurred by that or any other Debtor Party for the purpose of any acquisition of any shares in such Guarantor.

15. PAYMENTS

15.1 **Accounts** All payments to be made by the Debtor Parties to the Agent or the Banks, or to be made by the Banks to the Agent, under this Agreement and/or the other Finance Documents shall be made in Sterling in immediately available funds, to the Agent, not later than 11.00 am (London time) on the due date to the account of the Agent at Uberior House, 61 Grassmarket, Edinburgh (Account No 00082330 Sort Code 80-11-45) or at such other office or bank account as the Agent may from time to time designate.

15.2 **Taxes** All payments to be made by each Debtor Party under the Finance Documents shall be made:-

15.2.1 without set-off or counterclaim or plea of compensation; and

15.2.2 free and clear of and without deduction for or on account of all Taxes unless such Debtor Party is compelled by law to make payment subject to such Taxes.

All Taxes in respect of the Finance Documents (other than on the overall net income of any Bank) and any amounts paid or payable hereunder or thereunder shall be paid by the relevant Debtor Party when due and in any event prior to the date on which penalties attach thereto. Each Debtor Party will indemnify the Agent, the Issuing Bank and each Bank in respect of all such Taxes. In addition, if any Taxes or amounts in respect thereof (other than as aforesaid) must be deducted from any amounts payable or paid by any Debtor Party hereunder (or to be paid or payable by the Agent to the Issuing Bank or a Bank hereunder) such Debtor Party shall pay such additional amounts as may be necessary to ensure that the Agent, the Issuing Bank or such Bank receives a net amount equal to the full amount which it would have received had payment not been made subject to such Tax. Within thirty days of each payment by any Debtor Party hereunder of Tax or in respect of Taxes, such Debtor Party shall deliver to the Agent for such Issuing Bank or Bank as appropriate evidence satisfactory

10.5 **Effect of Cancellation** The Facility B Commitment shall be reduced by an amount equal to any such cancellation as aforesaid and the Facility B Commitments of each Bank shall be reduced proportionately. Any notice of cancellation of a Commitment given by the Borrower hereunder shall be irrevocable. The Borrower may not cancel the Commitments in whole or in part except in accordance with the express terms of this Agreement.

11. INTEREST PERIODS

11.1 **Selection** The Borrower shall give notice in writing to the Agent to be received by the Agent not later than 11.00 am (London time) one Business Day prior to the commencement of each Interest Period, specifying whether that Interest Period is to be of one, three or six months' duration or such other period as all the Banks may agree.

11.2 **Duration** Each Interest Period shall commence on the borrowing of the Loan concerned or (as the case may be) on the expiry of the preceding Interest Period relative thereto and shall, subject to the provisions of this Clause 11, be of the duration selected by the Borrower, in accordance with Clause 11.

11.3 **Deemed Selection** If the Borrower fails to select an Interest Period in accordance with the above, there shall be deemed to have been selected an Interest Period of three months.

11.4 **Extension** If any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the next Business Day unless such next Business Day would fall in the next calendar month, in which case such Interest Period shall end on the preceding Business Day. If any Interest Period commences on the last Business Day in a calendar month and there is no corresponding day in the calendar month in which it is to end, then it shall end on the last Business Day in a calendar month.

11.5 **Splitting** If the Agent so requires, Facility A or Facility B Loans shall be consolidated or split as specified by the Agent to the extent necessary to ensure that concurrent Interest Periods relative thereto end on not more than five different dates.

11.6 **Shortening** If an Interest Period relative to any Loan would otherwise overrun the applicable Final Repayment Date, such Interest Period shall be shortened so that such Interest Period ends on such Date. If any Interest Period relative to any Loan would otherwise overrun any other applicable Repayment Date, the Loan concerned shall be divided into two parts, one in the amount of the relevant Repayment Instalment or other principal amount payable and having an Interest Period ending on the Repayment Date and the other in the amount of the balance of the relevant Loan having an Interest Period ascertained in accordance with the preceding provisions of this Clause. Each such part shall be treated as a separate Loan.

11.7 **Notification** The Agent will notify the Borrower and the Banks of the duration of each Interest Period promptly after ascertaining the same.

12. INTEREST AND COMMISSION

12.1 **Loans** The rate of interest applicable to each Loan for each Interest Period relative thereto shall be the rate per annum determined by the Agent to be the aggregate of:-

12.1.1 the Applicable Margin from time to time, and

to each of them as separate and independent rights. The Agent, each Bank, the Issuing Bank and the Overdraft Bank may (except as otherwise stated in any Finance Document) separately enforce its rights hereunder.

3. PURPOSE AND UTILISATION

- 3.1 **Facility A** The proceeds of the Utilisation of Tranche A(1) of Facility A shall be applied in refinancing all Existing Debt which comprises the Term Loan under the Principal Facility Agreement. The proceeds of the Utilisation of Tranche A(2) of Facility A shall be applied in refinancing all Existing Debt which comprises all the Revolving Loans under the Principal Facility Agreement.
- 3.2 **Facility B** The proceeds of the first Utilisation of Facility B shall be applied in refinancing all Existing Debt under the Cambus/SWT Advance Letter (including all outstanding obligations of BoS under the Existing Guarantees issued in respect of the Cambus Notes). The proceeds of each subsequent Utilisation of Facility B shall be applied to finance or refinance Qualifying Acquisitions (and/or in the issue, through the Issuing Bank, of Guarantees in connection therewith) in accordance with the provisions of Clause 5.
- 3.3 **Facility C** Facility C shall be used for, and shall be applied in the refinancing through the Issuing Bank of, all outstanding obligations of BoS under the Existing Guarantees issued in respect of the Existing Vendor Loan Notes (other than the Cambus Notes).
- 3.4 **Facility D** Tranche D(1) of Facility D shall be used for the issue, through the Issuing Bank, of the SWT Performance Bond. Tranche D(2) of Facility D shall be used for the issue, through the Issuing Bank, from time to time of the SWT Season Ticket Bond. Each other Utilisation of Facility D shall be applied in the support of such obligations of any Rail Group Company to the Director of Passenger Rail Franchising required in terms of any Franchise Agreement, and on such terms, and within such further tranches, as the Banks may agree.
- 3.5 **Facility E** Facility E shall be applied to finance the acquisition by Stagecoach Europe Limited of Swebus pursuant to the Acquisition Agreement (defined in the Supplemental Agreement).
- 3.6 **Facility F** Facility F shall be applied by the Borrower in on-lending to Swebus to enable it to repay and discharge the Preliminary Debt Amount and any applicable payment in respect of the Final Debt Amount (all as referred to in the Acquisition Agreement).
- 3.8 **Overdraft Facility** The first Utilisation of the Overdraft Facility shall be used for, and shall be applied in, the refinancing all Existing Debt which comprises Overdraft Outstandings under the Principal Facility Agreement (including all outstanding obligations of BoS under the Existing Guarantees issued in respect thereof). The proceeds of each subsequent Utilisation of the Overdraft Facility shall be applied for the general working capital requirements of the Borrower and, if the Borrower so requires, any Nominated Subsidiary (including the acquisition of operating assets as permitted by Clause 20.9.1.2). The Borrower shall forthwith on-lend to any relevant Nominated Subsidiary any Utilisation proceeds which are to be applied for its general working capital requirements. If any Nominated Subsidiary is to make Utilisations under the Overdraft Facility the Borrower shall first procure compliance with Clause 20.16. No proceeds of any Utilisation of the Overdraft Facility may be applied otherwise than in accordance with this Clause 3.8.

3.9 **Financial Assistance** No Utilisation may be made or applied for any purpose which in any way infringes Section 151 of the Companies Act 1985.

3.10 **No Inquiry** Without prejudice to the foregoing and to the remaining provisions of this Agreement, neither the Agent nor any Bank nor the Issuing Bank nor the Overdraft Bank shall be bound to inquire as to, nor shall any of them be responsible for, the application by the Borrower or any Nominated Subsidiary of the proceeds of any Utilisation.

4. **CONDITIONS PRECEDENT**

4.1 **Initial Conditions** The obligations of the Agent, each Bank and the Issuing Bank hereunder are subject to the condition that the Agent shall receive all of the following in form and substance satisfactory to the Agent:-

4.1.1 a copy of the Certificate of Incorporation and the Memorandum and Articles of Association of the Borrower and each Charging Group Company;

4.1.2 evidence of the status, assets and undertaking of the Non-Charging Group Companies;

4.1.3 a copy of a resolution of the Board of Directors of the Borrower and each other Charging Group Company in the Required Form approving the transactions contemplated by each Finance Document to which it is a party and authorising a specified person or persons to execute each Finance Document to which it is a party on its behalf;

4.1.4 copies of all resolutions, authorisations, approvals, consents and licences, corporate, official or otherwise, necessary for the entry into and performance of each Finance Document and the transactions contemplated thereby and for the validity and enforceability thereof;

4.1.5 a copy of the signatures of those persons authorised to execute this Agreement on behalf of the Borrower and each other Charging Group Company and of the persons authorised to sign or despatch all notices, certificates and other documents in connection with this Agreement to be delivered by the Borrower and each other Charging Group Company hereunder;

4.1.6 duly executed engrossments of a Floating Charge from each Charging Group Company;

4.1.7 receipt of the fee letters referred to in Clause 24 and payment of the arrangement fee referred to in Clause 24.2 and the overdraft renewal fee referred to in Clause 24.5;

4.1.8 all documents required to establish Facilities C, D and the Overdraft Facility and to open the Collateral Accounts;

4.1.9 evidence that the refinancing of all the Existing Debt under the Portuguese Advance Letter has occurred or will occur prior to 29th February 1996;

4.1.10 a copy of the Co-Op Supplemental Agreement or evidence that the same will be executed and delivered by all the parties to the Co-Op Facility Agreement and become unconditionally in effect by no later than 29th February 1996;

- 4.1.11 a copy of the SWT Franchise Agreement and of documents "A" to "O" referred to therein;
 - 4.1.12 confirmation addressed to the Agent and the Banks from BoS that upon repayment or refinancing of all Existing Debt under the Principal Facility Agreement and the Portuguese Advance Letter it will release and discharge all Existing Security; and
 - 4.1.13 a legal opinion addressed to the Agent, the Banks, the Issuing Bank and the Overdraft Bank from their UK legal advisers.
- 4.2 **Specific Facility D Conditions** The obligations of the Agent, each Bank and the Issuing Bank hereunder in respect of Facility D are subject to the further conditions that:-
- 4.2.1 in respect of each Utilisation of Tranches D(1) and D(2) the Agent receives in form and substance satisfactory to it prior to or simultaneously with or immediately following any such Utilisation:-
 - 4.2.1.1. evidence that the Franchise Commencement Date (as defined in the SWT Franchise Agreement) has occurred; and
 - 4.2.1.2 payment of the issuing fee referred to in Clause 24.3;
 - 4.2.1.3 (in the case of Tranche D(1)) the Borrower Assignment and the initial Borrower Collateral Deposit in accordance with Clause 8.1;
 - 4.2.1.4 an Accession Agreement from SWT in accordance with Clause 20.16 and the SWT Assignment, together with the SWT Collateral Deposit in accordance with Clause 8.2; and
 - 4.2.1.5 such other documents from SWT in relation thereto as the Agent may require pursuant to Clause 20.16.3;
 - 4.2.2 in respect of any subsequent Utilisation of Facility D, such evidence, fees, Security Documents and other documents and cash cover from the Borrower and/or the relevant Rail Group Company as the Banks may require.
- 4.3 **Specific Facility E Conditions** The obligations of the Agent and each Bank hereunder in respect of Facility E are subject to the further condition that the Agent is satisfied that immediately on Utilisation of the Facility E Loan Closing (as defined in the Acquisition Agreement) will occur.
- 4.4 **Specific Facility F Conditions** The obligations of the Agent and each Bank hereunder in respect of Facility F are subject to the further condition that the Agent is satisfied that, on or prior to Utilisation of a Facility F Loan, Closing (as defined in the Acquisition Agreement) has occurred.
- 4.5 **General Conditions** The obligations of the Agent, each Bank and the Issuing Bank hereunder in respect of each Utilisation are subject to the further conditions precedent that:-
- 4.5.1 both at the time of the request for and for the making of the Utilisation:-

4.5.1.1 the matters represented and warranted in Clause 18.1 are correct on and as of such times as if made at each such time and would be so correct immediately after such Utilisation;

4.5.1.2 no Default has occurred and is continuing or would result from such Utilisation; and

4.5.2 the Agent shall have received such other documents, opinions, certificates, authorisations or assurances as the Agent or, through the Agent, any Bank or the Issuing Bank or the Overdraft Bank may reasonably request.

4.6 **Certified Copies** Each of the copy documents specified in Clause 4.1 shall be certified by a competent senior official of the Borrower as being correct, complete and up to date. The Agent shall notify the Banks, the Issuing Bank and the Overdraft Bank promptly upon due receipt of the documents specified in Clause 4.1.

4.7 **Waiver** Each of the conditions specified in Clauses 4.1, 4.2, 4.3, 4.4 and 4.5 is for the benefit of the Agent, the Banks, the Issuing Bank and the Overdraft Bank and may be waived in writing on their behalf by the Agent in writing, acting on the instructions of the Banks, on such terms and to such extent as the Agent may decide.

5. TERM FACILITIES

5.1 **Facility A and Facility B Loans** Subject to the terms of this Agreement, Facility A Loans and Facility B Loans will be made available to the Borrower by the Banks under Facility A and Facility B, as appropriate, at any time during the relevant Commitment Period when requested by the Borrower. Facility A is divided into two tranches, one in the amount of £40,000,000 (**Tranche A(1)**) and one in the amount of £10,000,000 (**Tranche A(2)**). Notwithstanding the foregoing provisions:-

5.1.1 on the Second Drawdown Date, the Utilisation of Tranches A(1) and A(2) of Facility A, and the first Utilisation of Facility B by way of Loans, shall occur; and

5.1.2 Facility B Loans may be drawn after 31st October 1997, but only to the extent necessary to finance the scheduled redemption by the Borrower of any Further Vendor Loan Notes.

Any amount of the Facility A or Facility B Commitment not utilised on expiry of the Commitment Period relating thereto shall automatically be cancelled at close of business in London on such date.

5.2 **Qualifying Acquisitions** Facility B is available, subject to the provisions of this Agreement, to finance or refinance the Initial Costs and the Subsequent Costs of any Qualifying Acquisition. Only one Utilisation may be drawn to finance the Initial Costs and only one Utilisation may be drawn to finance the Subsequent Costs in respect of any Qualifying Acquisition. In this Agreement:-

5.2.1 **Qualifying Acquisition** means a purchase after the Signing Date by the Borrower or any other Charging Group Company of the whole (or such part as the Banks may agree in writing) of the issued share capital of another body corporate or of the undertaking and assets of any body corporate (**the Target**) where the purchase complies with the following conditions:-

5.2.1.1 the Target carries on the business, or comprises assets used in the business, of the provision of bus or coach services, but not in the business of train operating or leasing services;

5.2.1.2 the proposed purchase has either:-

- (a) received clearance following delivery of a merger notice under Section 75, Fair Trading Act 1973; or
- (b) been the subject of confidential guidance from the Office of Fair Trading which confirms that the purchase is unlikely to be investigated by the Monopolies and Mergers Commission,

or (if the proposed Purchase Price does not exceed £10,000,000 or equivalent) the Borrower confirms to the Agent in writing that in the opinion of the Board of Directors of the Borrower it is unlikely that the purchase would be so investigated;

5.2.1.3 the value of the goodwill (determined in accordance with the Applicable Accounting Principles and as evidenced by the latest available audited accounts or, if the Borrower so requires, management accounts of the Target at completion of the purchase as adjusted to reflect the Borrower's estimate of the fair value of the net assets of the Target) of the Target does not exceed 25% of the Purchase Price (if the Purchase Price exceeds £5,000,000) disregarding always, for the purpose of this sub-clause the value of any goodwill the purchase of which is paid for or satisfied by the issue to the vendor or vendors of the Target of ordinary share capital of the Borrower listed on the London Stock Exchange Limited; and

5.2.1.4 the proposed Target is incorporated or located in the United Kingdom;

5.2.2 **Purchase Price** means in respect of a Qualifying Acquisition the aggregate of (a) the cash consideration and (b) the value of any assumed or retained liabilities of the Target and (c) the value of any non-cash consideration;

5.2.3 **Initial Costs** means the amount of any cash payment of the Purchase Price due on completion and/or the amount of any cash payment which is to be made within 30 days after completion to discharge any liabilities (including term Borrowings) assumed by the relevant Obligor or retained by the Target; and

5.2.4 **Subsequent Costs** means the amount of any cash payment of the Purchase Price due within 2 years after completion and/or the amount of any cash payment by the relevant Debtor Party or the Target within 2 years after completion to finance redundancy costs, property upgradings, 20% of the cost of replacement vehicles and such other liabilities in the nature of capital expenditure (but not working capital requirements) as the Banks may agree in writing.

Not less than 5 Business Days before any such proposed purchase the Borrower will provide the Agent with all information, accounts, valuations, draft agreements, orders or other contract documentation as may reasonably be necessary for the purpose of this Clause 5.2.

- 5.3 **Facility E and Facility F Loans** Subject to the terms of this Agreement one Facility E Loan and up to eight Facility F Loans will be made available to the Borrower by the Banks under Facility E or Facility F, as appropriate, on [insert Effective Date] or within the Facility F Commitment Period. Any amount of the Facility E or Facility F Commitment not utilised at close of business on [insert Effective Date] or on the expiry of the Facility F Commitment Period, as applicable, shall automatically be cancelled. The Borrower shall be entitled to draw Facility F Loans in Foreign Currencies. Such Loans shall be denominated in, drawn in, and (subject to Clause 21.2.5) remain denominated in such Foreign Currencies.
- 5.4 **Drawdown** Whenever the Borrower desires to borrow a Loan it shall deliver a Drawdown Notice to the Agent appropriately completed, to be received not later than 11.00 am one Business Day prior to the proposed date for the Utilisation specifying:-
- 5.4.1 the date of the proposed Utilisation. Such date must be a Business Day which:-
- 5.4.1.1 in the case of a Facility A Loan or the first Facility B Loan, is a rollover date in respect of the relevant Existing Debt to be refinanced thereby;
 - 5.4.1.2 in the case of a Facility B Loan other than the first must be the date of completion of the Qualifying Acquisition or (as applicable) payment of the Subsequent Costs; and
 - 5.4.1.3 in the case of the Facility E Loan and each Facility F Loan must be the date of Closing under the Acquisition Agreement, or the date for any payment in respect of the Final Debt Amount (referred to therein);
- 5.4.2 the amount and currency of the proposed Utilisation which:-
- 5.4.2.1 in the case of Tranche A(1) of Facility A will be in the amount of £40,000,000, being the relevant Existing Debt to be refinanced thereby;
 - 5.4.2.2 in the case of Tranche A(2) of Facility A will be in the amount of £10,000,000, being the relevant Existing Debt to be refinanced thereby;
 - 5.4.2.3 in the case of the first Utilisation of Facility B shall be in the principal amount of £5,035,135, being the Advance outstanding pursuant to the Cambus/SWT Advance Letter; and
 - 5.4.2.4 in the case of each subsequent Utilisation of Facility B, shall be the amount of the Initial Costs or the Subsequent Costs in respect of the Qualifying Acquisition (being in any case not less than £1,000,000);
 - 5.4.2.5 in the case of the Facility E Loan, shall be up to £60,000,000; and
 - 5.4.2.6 in the case of each Facility F Loan, shall be the relevant portion of the Debt Repayment referred to in the Acquisition Agreement;
- 5.4.3 the first Interest Period for such Utilisation, in accordance with Clause 11;
- 5.4.4 in the case of a Facility B Loan for the purpose of a Qualifying Acquisition or Capital Expenditure that none of the terms of the Qualifying Acquisition have been

altered from those disclosed to the Agent under Clause 5.2, and enclosing a copy of the final form of the acquisition agreement or other relevant agreement; and

- 5.4.5 an account at a bank in the United Kingdom to which the proceeds of such Utilisation are to be credited.

Subject to the terms of this Agreement, such Drawdown Notice shall be irrevocable and the Borrower shall be bound to borrow in accordance with such notice. The Agent shall, promptly after receipt by it of a duly completed Drawdown Notice, notify each Bank of the details thereof and the proportionate amount of the Loan to be made available by such Bank. The Borrower may not serve any such notice until the Agent has confirmed to the Borrower and the Banks that the conditions precedent set out in Clause 4.1 have been satisfied.

- 5.5 **Participation** Subject to the terms of this Agreement, each Bank shall on the date specified in the Drawdown Notice make available to the Agent for the account of the Borrower the amount of its participation in the Loan concerned in the proportion which its Relevant Amount in respect of the relevant Facility bears to the aggregate Relevant Amounts of all the Banks in respect of such relevant Facility.

- 5.6 **Availability** The proceeds of each Loan shall be made available to the Borrower by the Agent which shall promptly transfer all amounts received by it from the Banks to the account specified in the Drawdown Notice and in like funds as they are received by the Agent. The proceeds of each Facility A Loan shall be immediately applied in accordance with the provisions of Clause 3.1, the proceeds of each Facility B Loan shall be immediately applied in accordance with the provisions of Clause 3.2, the proceeds of the Facility E Loan shall be immediately applied in accordance with the provisions of Clause 3.5, and the proceeds of each Facility F Loan shall be immediately applied in accordance with the provisions of Clause 3.6.

6. ANCILLARY FACILITIES

- 6.1 **Performance Bonds and Guarantees** Subject to the terms of this Agreement, the Borrower may make a Utilisation of Facility B and/or Facility C and/or Facility D by way of the issue, by the Issuing Bank, of a Performance Bond or Guarantee upon request by the Borrower at any time during the relevant Commitment Period. Facility D is divided into two initial tranches, one relating to the issue of the SWT Performance Bond and the SWT Deed of Subordination in respect thereof (Tranche D(1)) and one relating to the issue of the SWT Season Ticket Bond (Tranche D(2)). Notwithstanding the foregoing provisions:-

- 6.1.1 no Utilisation may be made under this Clause 6 prior to the Second Drawdown Date;
- 6.1.2 on the Second Drawdown Date, the first Utilisation of Facility B by way of Ancillary Outstandings shall occur in respect of the Existing Guarantees issued in respect of the Cambus Notes. Each subsequent Utilisation of Facility B under this Clause 6 shall be by way of Guarantee only for the purpose of supporting Further Vendor Loan Notes and shall occur simultaneously with the initial Facility B Loan (if any) being drawn in respect of the relevant Qualifying Acquisition;
- 6.1.3 any Utilisation of Facility B hereunder in respect of a Qualifying Acquisition where no initial Facility B Loan is simultaneously being drawn shall nevertheless be subject to the provisions of, and to fulfilment of all the conditions set out in, Clauses 5.2 and 5.4, as if the Utilisation was to be by way of Facility B Loan;



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 02328402

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A FLOATING CHARGE DATED THE 30th SEPTEMBER 1996 AND CREATED BY EAST LONDON BUS & COACH COMPANY LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND FOR ITSELF AND AS AGENT AND SECURITY TRUSTEE FOR AND ON BEHALF OF THE BANKS, THE ISSUING BANK AND THE OVERDRAFT BANK UNDER THE CHARGE AND UNDER THE AGREEMENT AND UNDER ANY OF THE OTHER FINANCE DOCUMENTS AND/OR ANY DEED OR DOCUMENT SUPPLEMENTAL THERETO, WHETHER ACTUAL, CONTINGENT, SOLE, JOINT AND/OR SEVERAL OR OTHERWISE, INCLUDING, WITHOUT PREJUDICE TO THE FOREGOING GENERALITY, ALL OBLIGATIONS TO INDEMNIFY THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND FOR ITSELF AND AS AGENT AND SECURITY TRUSTEE FOR AND ON BEHALF OF THE BANKS, THE ISSUING BANK AND THE OVERDRAFT BANK (THE "SECURED LIABILITIES") PROVIDED THAT THE EXPRESSION SECURED LIABILITIES SHALL NOT INCLUDE ANY RELEVANT LIABILITIES OF THE COMPANY WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 12th OCTOBER 1996.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 16th OCTOBER 1996.

RICHARD NEIL OWENS

for the Registrar of Companies



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