

DATED 6 JUNE 1995

ARTICLES OF ASSOCIATION

of

RAILCARE LIMITED

(Registered in England No 3001044)

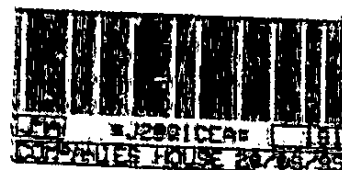
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Company No 3001044

RAILCARE LIMITED
ARTICLES OF ASSOCIATION

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Company No. 3001044

**THE COMPANIES ACTS 1985 AND 1989
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION OF
RAILCARE LIMITED**

(Adopted by Special Resolution passed on 6 June 1995)

PRELIMINARY - PRIVATE COMPANY

1. (A) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.

(B) In these Articles the expression "the Act" means the Companies Act 1985 (as amended by the Companies Act 1989), but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.
2. The Company is a private company and accordingly no offer shall be made to the public (whether for cash or otherwise) of any shares in or debentures of the Company and no allotment or agreement to allot (whether for cash or otherwise) shall be made of any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public.

SHARES AND SHARE CAPITAL

3. Subject to the provisions of the Act and these Articles any shares may be issued with such rights or restrictions as the Company may by Special Resolution determine. Regulation 2 of Table A shall not apply. Each share certificate issued by the Company shall contain the following notice:-

"The shares represented by this certificate are subject to restrictions on transfer and other conditions specified in a Shareholders' Agreement entered into by Babcock International Limited and Siemens plc dated 20 January 1995 a copy of which is on file with the Company, and are held and may only be sold, assigned, transferred, mortgaged, pledged or otherwise encumbered in accordance therewith."
4. Subject to the provisions of the Act and these Articles any shares may with the sanction of a Special Resolution of the Company in General Meeting be issued on the terms that

they are to be redeemed, or are liable to be redeemed at the option of the Company or the holder thereof. Regulation 3 of Table A shall not apply.

5. Subject to the provisions of these Articles the Directors may unconditionally exercise the power of the Company to allot relevant securities (within the meaning of Section 80 of the Act) and the general authority conferred by this Article shall:-
- (A) extend to all relevant securities of the Company from time to time unissued during the currency of such authority up to the amount of the authorised share capital of the Company as at the date of adoption of these Articles;
 - (B) expire on the first anniversary of the date of adoption of these Articles of Association unless varied or revoked or renewed by the Company in General Meeting; and
 - (C) entitle the Directors to make at any time before the expiry of such authority an offer or agreement which will or may require relevant securities to be allotted after the expiry thereof.
6. The authorised share capital of the Company at the date of adoption of these Articles is £10,000,000 divided into 10,000,000 ordinary shares of £1 each.
7. Any shares proposed to be issued after the date of adoption of these Articles of Association shall first be offered to the Members in proportion as nearly as may be to the number of the existing shares held by them respectively. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than 30 days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them; such further offer shall be made in the same manner and limited by a like period as the original offer. In accordance with Section 91(1) of the Act Sections 89(1) and 90(1) to (6) inclusive of the Act shall be excluded from applying to the Company.

APPOINTMENT OF DIRECTORS

8. 8.1 The holder of the percentage by nominal value of the issued share capital of the Company as specified in column (1) below shall have the right to appoint (and to remove from office any person so appointed and to appoint another person in his place) the number of directors of the Company specified opposite in column (2) below:-

(1)	(2)
Percentage by nominal value of issued share capital in the Company (%)	Number of Directors

Less than 10	0
10 or more but less than 20	1
20 or more but less than 40	2
40 or more but less than 60	2
60 or more	3

8.2 Any appointment or removal pursuant to this Article 8 shall be:-

- 8.2.1 in writing served on the Company; and
- 8.2.2 signed by or on behalf of the registered holder of the relevant percentage of shares; and
- 8.2.3 (in the case of an appointment) and shall be accompanied by a duly completed form of consent to act as director signed by the person nominated as a director in the form prescribed from time to time by the Act; and
- 8.2.4 shall be delivered or sent to the registered office of the Company; and
- 8.2.5 shall take effect upon receipt by the Company of the appointment and form of consent to act or removal.

VARIATION OF RIGHTS

9. Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up with the consent in writing of the holder or holders of not less than 75 per cent in nominal value of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the shares of the class, but not otherwise. To every such separate meeting all provisions applicable to General Meetings of the Company or to the proceedings thereat shall mutatis mutandis apply except that the necessary quorum shall be two persons holding or representing by proxy at least one third in nominal value of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present the member or members present in person or by proxy shall be a quorum), and that any holder of shares of the class present in person or by proxy may demand a poll and such holders shall, on a poll, have one vote in respect of every share of the class held by them respectively.

LIEN

10. The lien conferred by Regulation 8 of Table A shall attach also to fully paid up shares and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company. Regulation 8 in Table A shall be modified accordingly.
11. The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

TRANSFER OF SHARES

12. (A) Except as hereinafter provided no share in the Company shall be transferred unless and until the rights of pre-emption hereinafter conferred shall have been exhausted.
- (B) The Directors shall, subject to paragraph (C) (i) and (ii) of this Article register the transfer of any shares by a corporate Member to any holding company or subsidiary of such corporate Member or to any subsidiary of such a holding company; provided always that if the transferee company subsequently ceases to be such a subsidiary or such a holding company or such a subsidiary of a holding company, the transferee company shall immediately prior to that event transfer all shares in the company to a company which is at that time its holding company or subsidiary of it or its holding company
- (C) Notwithstanding the provisions of this Article, the Directors may decline to register any transfer which would otherwise be permitted hereunder if it is a transfer:-
 - (i) of a share on which the Company has a lien; or
 - (ii) of a share (not being a fully paid share) to a person of whom they shall not approve.
- (D) Regulation 24 in Table A shall not apply to the Company.
Save where a transfer is made pursuant to paragraph (B) above any person (hereinafter called "the Vendor") proposing to transfer any shares shall give notice in writing (hereinafter called "the Transfer Notice") to the Company that he desires to transfer the same and specifying the price per share which in his opinion constitutes the fair value thereof and the other terms upon which the Vendor proposes to transfer from same. The Transfer Notice shall constitute the Company the agent of the Vendor for the sale of all (but not some of) the shares comprised in the Transfer Notice to any Member or

Members willing to purchase the same (hereinafter called "the Purchasing Member") at the price specified therein subject to and in accordance with the provisions of this Article. A Transfer Notice shall relate to only one class of shares and shall not be revocable.

- (E) The Company shall forthwith upon receipt of a Transfer Notice give notice in writing to each of the Members of the Company informing them that the shares comprised in the Transfer Notice are available and of the price and other terms specified by the Vendor and shall invite him to state in writing within two months from the date of receipt of the said notice (which date shall be specified therein) whether he is willing to purchase any and, if so, how many of the shares.
- (F) All shares comprised in the Transfer Notice shall be offered in the first instance to all other Members (other than the Vendor) holding shares of the same class as the shares comprised in the Transfer Notice.
- (G) In the event of all of the shares comprised in a Transfer Notice not being accepted in accordance with paragraph (F) the said shares not so accepted shall be offered secondly to the holders (if any) of equity securities (as defined in Section 94(2) of the Act) of any class other than the class of shares comprised in the Transfer Notice.
- (H) In the event of all of the shares comprised in a Transfer Notice not being accepted in accordance with paragraphs (F) and (G) of this Article the said shares not so accepted shall be offered thirdly the holders (if any) of shares in the Company which are not equity securities (as defined in Section 94(2) of the Act).
- (I) In relation to each offer under paragraphs (G) and (H) the shares shall be offered on terms that in the case of competition the shares so offered shall be sold to the Members accepting the offer in proportion (as nearly as may be) to their existing holdings of shares of the relevant class or classes by reference to which the entitlement to allocation arises.
- (J) If any of the said Members shall within the said period of two months apply for all or any of the shares comprised in the Transfer Notice then:
 - (i) - if the total number of shares applied for is equal to the number of the shares comprised in the Transfer Notice, the Directors shall allocate the number applied for in accordance with the applications and in accordance with paragraphs (F) to (I) hereof; or
 - (ii) if the total number of shares applied for is more than the number of shares comprised in the Transfer Notice, the allocation of the said shares as between the applicants shall be in proportion (as

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nearly as may be) to their existing holdings of shares of such class or classes by reference to which the entitlement to allocation arises and in accordance with paragraphs (F) to (I) hereof

and in either case the Company shall forthwith give notice of each such allocation (hereinafter called "an Allocation Notice") to the Vendor and the Purchasing Member and shall specify in the Allocation Notice the place and time at which the sale of the shares comprised in the Transfer Notice shall be completed.

- (K) Upon such allocation being made as aforesaid, the Vendor shall be bound, on payment of the price specified in the Transfer Notice to transfer the shares comprised in the Allocation Notice to the Purchasing Member named therein at the time and place therein specified on the terms specified in the Transfer Notice. If he makes default in so doing the Chairman for the time being of the Company or failing him one of the Directors or some other person duly nominated by a resolution of the Board of Directors for that purpose, shall forthwith be deemed to be the duly appointed attorney of the Vendor with full power to execute, complete and deliver in the name and on behalf of the Vendor a transfer of the relevant shares to the Purchasing Member and the Directors may receive and give a good discharge for the purchase money on behalf of the Vendor and (subject to the transfer being stamped) enter the name of the Purchasing Member in the register of members as the holder or holders by transfer of the shares so purchased by him or them. The Directors shall forthwith pay the purchase money into a separate bank account in the Company's name and the Company shall hold such money in trust for the Vendor until he shall deliver up his certificate or certificates for the relevant shares to the Company when he shall thereupon be paid the purchase money.
- (L) In the event of all the shares comprised in the Transfer Notice not being sold under the preceding paragraphs of this Article the Vendor may at any time within three calendar months after the pre-emption provisions herein contained have been exhausted transfer the shares comprised in the Transfer Notice to any person or persons at any price not less than the price specified in the Transfer Notice and otherwise on terms which are not more favourable to the purchaser than those set out in the Transfer Notice. If such a purchaser proposes to change the terms on which he is prepared to purchase such shares (the "Revised Terms") then the first Transfer Notice shall be deemed to be revoked and the Vendor shall offer the Revised Terms in a revised Transfer Notice in accordance with the provisions of this Article 12 save that paragraphs (E) and (J) shall apply as if the period of two months referred to in each such paragraph were a period of one month.
- (M) Any transfer or purported transfer of any share made otherwise than in accordance with this Article shall be void and of no effect and in any case where, pursuant to this Article, a Transfer Notice shall be required to be given in respect of any share(s) and such Transfer Notice is not duly given

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within a period of two months such Transfer Notice shall be deemed to have been given at the expiration of the said period or at the expiry of two months after the Directors first become aware of the default and the provisions of this Article shall take effect accordingly.

- (N) For the purpose of ensuring that a transfer of shares is duly authorised hereunder the directors may require any member proposing or purporting to transfer shares or any person, firm or company named as transferor in any transfer lodged for registration, to furnish to the Board such information and evidence as the directors may reasonably consider to be relevant and material to the bona fides of the proposed transferee and of the price and other terms being offered to and accepted by the transferee. Subject thereto the directors shall register any transfer made pursuant to or permitted by this Article.

GENERAL MEETINGS

13. A notice convening a General Meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and Regulation 38 in Table A shall be modified accordingly.
14. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all that is transacted at an Annual General Meeting with the exception of declaring a dividend the consideration of the Accounts Balance Sheets and the reports of the Directors and Auditors and the appointment of and the fixing of the remuneration of the Auditors.
15. Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.
16. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided a quorum shall consist of two members each of whom is present in person or (being a corporation) is represented by a person so authorised. Regulation 40 of Table A shall not apply.
17. The Chairman shall not in the event of an equality of votes at any General Meeting of the Company have a second or casting vote. Regulation 50 of Table A shall not apply.
18. Regulation 41 shall be read and construed as if the words "and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved" were added at the end of the Regulation.

DIRECTORS

19. (A) Regulation 64 shall not apply to the Company.
- (B) The number of Directors shall be determined by Special Resolution of the Company but unless and until so fixed the maximum number of Directors shall be five and the minimum number of Directors shall be two. Regulation 89 in Table A shall be modified accordingly.
- (C) The Directors shall not be required to retire by rotation and accordingly Regulations 73 to 80 (inclusive) in Table A shall not apply to the Company.
- (D) No person shall be appointed a director at any General Meeting unless either:-
- (i) he is recommended by the Directors; or
 - (ii) not less than fourteen nor more than thirty five clear days before the date appointed for the General Meeting notice executed by a member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment together with notice executed by that person of his willingness to be appointed.
- (E) Regulation 72 (Delegation of Directors' Powers) of Table A shall not apply.
- (F) Regulation 92 of Table A shall be modified by the omission of the words "or of a committee of Directors";
- (G) Regulation 82 of Table A shall be modified by the substitution of the words "Special Resolution" for the words "Ordinary Resolution".
20. An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of Regulation 66 in Table A shall be modified accordingly.
21. A Director or any such other person as is mentioned in Regulation 65 in Table A, may act as an alternate Director to represent more than one Director and an alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director to whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.
22. The Chairman of any Meeting of the Directors shall not have a second or casting vote. Regulation 88 shall be amended accordingly.

23. The quorum necessary for the transaction of business by the Directors shall be two of whom one shall have been appointed by Babcock International Limited and the other by Siemens plc or (in either case) a member of the Company to which such company has properly transferred all of its shares in the Company pursuant to Article 12. In the absence of his appointor an alternate Director present at a meeting of Directors may be counted in reckoning whether a quorum is present. Regulation 89 shall be modified accordingly.
24. A Director may (subject to the prior disclosure of the nature and extent of the interest) vote at any meeting of the Directors or of any committee of the Directors on any contract arrangement or matter in which he is directly or indirectly interested or upon any contract arrangement or matter arising thereout, and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration. Regulations 94 to 97 of Table A shall not apply to the Company.
25. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit and subject (in the case of any security convertible into shares) to Section 80 of the Act to grant any mortgage or standard security over its undertaking property and uncalled capital, or any part thereof and to issue Debentures Debenture Stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
26. The office of a Director shall be vacated if he becomes incapable by reason of illness or injury of managing and administering his property and affairs and Regulation 81 in Table A shall be modified accordingly.
27. The words "Special Resolution" shall be substituted for the words "Ordinary Resolution" in Regulation 110.
28. Regulation 93 shall apply as if the words "all the directors entitled to receive notice of a meeting of directors" were deleted and replaced by "two or more directors together constituting a quorum for the purposes of Article 23."

INDEMNITY

29. (A) Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 44 or Section 727 of the Act in which relief is granted to him by the Court and no Director or other officer shall be liable for

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any loss damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.

- (B) Regulation 118 in Table A shall not apply to the Company.
- (C) If the Directors so determine the Company shall purchase and maintain policies of insurance providing insurance cover up to such limit or limits as the Directors may decide for the Directors or any of them and any other officer or auditor of the Company against liability to the Company for any loss caused or reason of the negligence, default, breach of duty or breach of trust by any Director or other officer or auditor.

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