

CROSS LONDON RAIL LINKS LIMITED (the "Company")

Resolutions in Writing of all the members of the Company for the time being, entitled to attend and vote at a general meeting of the Company, passed pursuant to Article 48 of the Articles and section 381A of the Companies Act 1985 (as amended)

Special Resolution**IT IS HEREBY RESOLVED:**

- 1 **THAT** the Articles of Association attached to this resolution in writing and signed on behalf of the shareholders of the Company for the purpose of identification be adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association of the Company.

Ordinary Resolution**IT IS HEREBY RESOLVED:**

- 1 **THAT** the Company's entry into the Joint Venture Shareholders' Agreement with the shareholders of the Company, the Strategic Rail Authority and Transport for London, a copy of which is attached to this resolution in writing, be ratified.

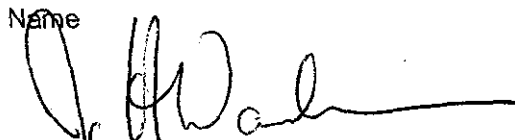
Each Shareholder hereby consents to any variation or abrogation of the special rights attached to its shares in the Company consequent on the passing of the above resolutions. In particular, each Shareholder consents to the variation of the special rights attached to its shares in the Company consequent on the passing of Special Resolution No. 1 above.



Authorised signatory for SRA Investment
Company Limited

G.W.D. SUTHERLAND

Name



Authorised signatory for Transport Trading
Limited

J. H. WALDER

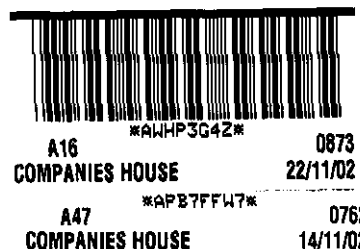
Name

25/10/02

Date

29/10/02

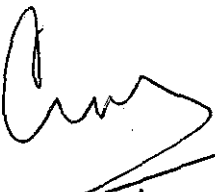

Date



Articles of Association of
Cross London Rail Links Limited

Adopted by Written Resolution
passed on ~~1st~~

~~28th~~ October 2002
29th

 25/10/02.
 29/10/02

LINKLATERS
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Table of Contents

1	Table A not to apply	1
2	Interpretation.....	1
3	Amount of share capital	2
4	Increase of share capital	3
5	Consolidation, subdivision and cancellation.....	3
6	Purchase of own shares	3
7	Reduction of capital	3
8	Issue of shares	4
9	Rights attaching to shares on issue.....	4
10	Commissions on issue of shares.....	4
11	Trust interests etc. not recognised	4
12	Issue of share certificates.....	5
13	Form of share certificate.....	5
14	Joint holders	5
15	Replacement of share certificates	5
16	Power to make calls	5
17	Liability for calls	5
18	Interest on overdue amounts.....	6
19	Other sums due on shares	6
20	Power to differentiate between holders	6
21	Notice on failure to pay a call	6
22	Forfeiture for non-compliance.....	6
23	Disposal of forfeited shares	6
24	Holder to remain liable despite forfeiture.....	6

25	Lien on partly-paid shares	7
26	Sale of shares subject to lien.....	7
27	Proceeds of sale of shares subject to lien.....	7
28	Evidence of forfeiture or sale to satisfy a lien.....	7
29	Manner of variation of rights	8
30	Matters constituting variation of rights	8
31	DELETED	9
32	Form of transfer	9
33	Right to refuse registration	9
34	No fee on registration	9
35	Closure of Register.....	9
36	Annual and Extraordinary General Meetings	9
37	Convening of General Meetings	10
38	Notice of General Meetings	10
39	Contents of notice of General Meetings	10
40	Chair	10
41	Quorum.....	10
42	Lack of quorum.....	10
43	Adjournment	11
44	Demand for poll	11
45	Procedure on a poll	11
46	Voting on a poll	11
47	Timing of poll	11
48	Written resolutions.....	12
49	Votes attaching to shares	12

50	Votes of joint holders	12
51	Restriction on voting in particular circumstances	12
52	Voting by guardian	12
53	Validity and result of vote	13
54	DELETED	13
55	Proxy need not be a member	13
56	Form of proxy	13
57	Rights of proxy	13
58	Revocation of proxy	13
59	Receipt of form of proxy	14
60	Corporations acting by representatives	14
61	Numbers, appointment and removal of Directors	14
62	Share qualification	15
63	Directors' remuneration	15
64	Directors' expenses	15
65	Directors' pensions and other benefits	15
66	Appointment of alternate Directors	16
67	Attendance and notice of meetings	16
68	Alternate Directors' interests and remuneration	16
69	Convening of meetings of Directors	17
70	Notice of Directors' meetings	17
71	Quorum	17
72	Directors' resolutions	17
73	Telephone board meetings	18
74	Chair	18

75	Number of Directors below minimum	18
76	Written resolutions	18
77	Validity of proceedings	18
78	Minutes of Meetings	19
79	Appointment and constitution of committees	19
80	Proceedings of committee meetings	19
81	Directors' Interests	19
82	General powers and Limitations	20
83	Appointment of attorney	22
84	Borrowing powers	22
85	Secretary	22
86	The Seal	22
87	Final dividends	23
88	Interim dividends	23
89	Distribution in specie	23
90	No dividend except out of profits	24
91	Ranking of shares for dividend	24
92	Manner of payment of dividends	24
93	No interest on dividends	24
94	Retention of dividends	24
95	Unclaimed dividend	24
96	Accounting records	25
97	Service of notices	25
98	Statutory requirements as to notices	25
99	Distribution of assets in specie	25

100	Indemnity	26
101	Making Rules or Standing Orders	26
102	DELETED	26
103	Signature of documents.....	27
104	Electronic communication.....	27

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

of

CROSS LONDON RAIL LINKS LIMITED

Adopted by Written Resolution passed 29 October 2002

PRELIMINARY

1 Table A not to apply

The regulations in Table A in The Companies (Tables A to F) Regulations 1985 shall not apply to the Company.

2 Interpretation

In these Articles (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively:

the "Act"	The Companies Act 1985 as amended.
"address"	Includes any number or address used for the purpose of electronic communication.
"Affiliate"	In relation to a member, its holding company (or authority or corporation which would, if it were a company, be a holding company), any subsidiary of that member, any other subsidiaries of any such holding company (or authority or corporation which would, if it were a company, be a holding company) or a director of any of the foregoing.
these "Articles"	These Articles of Association as from time to time altered.
"clear days"	In relation to the period of notice, the period excluding (1) the day on which the notice is given or deemed to be given and (2) the day for which it is given or on which it is to take effect.
"communication" and "electronic communication"	Have the same respective meanings as in the Electronic Communications Act 2000 the latter including, without limitation, e-mail, facsimile, CD-ROM, audiotape, telephone transmission and, in the case of electronic communication by the Company in accordance with Article 104.1, publication on a web site.
"Office"	The registered office of the Company for the time being.
"Register"	The register of members of the Company.
"Secretary"	The secretary of the Company, including a joint, assistant or deputy secretary.
"SICL"	SRA Investment Company Limited (a company registered in

	England with registered office at 55 Victoria Street, London, SW1H 0EU), a wholly-owned subsidiary of the SRA;
the "SRA"	The Strategic Rail Authority, a statutory authority established under the Transport Act 2000.
"Seal"	The Common Seal of the Company (if any).
"shareholders' meeting"	Includes both a General Meeting and a meeting of the holders of any class of shares of the Company.
"Transport Trading Limited"	Transport Trading Limited (a company registered in England under registered number 03914810), a wholly owned subsidiary of TfL.
"TfL"	Transport for London, a statutory authority established under the Greater London Authority Act 1999.
the "United Kingdom"	Great Britain and Northern Ireland.
"in writing"	Written or produced by any substitute for writing or partly one and partly another including electronic communication to the extent that (a) the Directors so resolve, either generally or in relation to particular categories of document, and (b) the recipient (if not the Company) has requested or agreed.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include bodies corporate and unincorporated associations.

References to any statute or statutory provision shall be construed as relating to any statutory modification or re-enactment of it for the time being in force (whether coming into force before or after the incorporation of the Company). Subject to this any words or expressions defined in the Act shall (if not inconsistent with the subject or context) bear the same meanings in these Articles.

A Special or Extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles.

SHARE CAPITAL

3 Amount of share capital

- 3.1 The share capital of the Company as at 29 October 2002 is £100 divided into 50 A Shares of £1 each and 50 B Shares of £1 each. The A Shares and the B Shares shall carry the respective voting rights and rights to appoint and remove Directors, but in all other respects shall be identical and rank equally.
- 3.2 The authorised share capital of the Company shall consist only of A Shares of £1 each and B Shares of £1 each in equal proportions. The issued share capital of the Company shall always consist of A Shares and B Shares in such proportions.

4 Increase of share capital

Subject to Article 82.2, the Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares shall be subject to the Act and these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

5 Consolidation, subdivision and cancellation

5.1 Subject to Article 82.2, the Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (c) subdivide its shares, or any of them, into shares of smaller amount (subject to the Act), and such resolution may determine that, as between the shares resulting from such subdivision, one or more of the shares may have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares.

5.2 Whenever as a result of a consolidation or subdivision of shares any members would become entitled to fractions of a share, the Directors may, on behalf of those members:

5.2.1 sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the Act, the Company) and distribute the net proceeds of sale in due proportion among those members; and

5.2.2 authorise some person to transfer the shares to, or in accordance with the directions of, the purchaser.

The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

6 Purchase of own shares

Subject to the Act and to Articles 3.2 and 82.2, the Company may purchase any of its own shares of any class (including any redeemable shares) and make a payment in respect of the redemption or purchase of its own shares whether out of its distributable profits or out of the proceeds of a fresh issue of shares or otherwise.

7 Reduction of capital

Subject to the provisions of the Act and to Articles 3.2 and 82.2, the Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way.

SHARES

8 Issue of shares

- 8.1** Subject to Section 80 of the Act and these Articles, all unissued shares shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times, and on such terms as they think proper.
- 8.2** Section 89 of the Act shall not apply to an allotment of any equity security in the Company and any new shares issued in the Company shall be issued to the members from time to time pro rata to their shareholdings, unless all such members unanimously agree to the contrary in writing and otherwise in accordance with these Articles.
- 8.3** Unissued shares in the capital of the Company for the time being shall be issued only in such a manner as to maintain the proportions specified in Article 3 and so that on each occasion A Shares and B Shares are issued at the same price and on the same terms as to payment and otherwise. After the first issue of shares made by the Directors, no share of either class shall be issued otherwise than to members holding shares of the same class except with the prior written consent of all the members.

9 Rights attaching to shares on issue

- 9.1** Subject to the Act and Article 82.2 and without prejudice to any special rights attached to any existing shares or class of shares, any share may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).
- 9.2** Subject to the Act and Article 82.2, the Company may issue any shares which are, or at the option of the Company or the holder are liable, to be redeemed in such manner as may be provided in these Articles.
- 9.3** Except with the written consent of all members, the powers conferred by this Article 9 and Articles 5 and 6 shall be exercised only in such a way as to maintain the proportions specified in Article 3.

10 Commissions on issue of shares

The Company may exercise the powers of paying commissions conferred by the Act. The Company may also pay such brokerage as may be lawful on any issue of shares.

11 Trust interests etc. not recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and (except as provided by these Articles or by law) the Company shall not be bound by or recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the holder.

SHARE CERTIFICATES

12 Issue of share certificates

Every member (except a person to whom the Company is not required by law to issue a certificate) whose name is entered in the Register shall be entitled without payment to a certificate for all of the shares of each class held by him upon the issue or transfer to him of such shares after allotment or after lodgement of the transfer.

13 Form of share certificate

Every share certificate shall be executed by the Company in such manner as the Directors may decide (which may include use of the Seal (if any) and/or manual or facsimile signatures by one or more Directors) and shall specify the number and class of shares to which it relates and the amount paid up on those shares. No certificate shall be issued representing shares of more than one class.

14 Joint holders

The Company shall not be bound to issue more than one certificate in the case of a share held jointly by several persons and delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

15 Replacement of share certificates

If a share certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the holder:

15.1 upon request subject to delivery up of the old certificate; or

15.2 if alleged to have been lost, stolen or destroyed, upon compliance with such conditions as to evidence and indemnity and the payment of any exceptional out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

CALLS ON SHARES

16 Power to make calls

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of the nominal value or premium) subject to the terms of allotment of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

17 Liability for calls

Each member shall (subject to receiving at least 14 clear days' notice specifying the time and place of payment) pay to the Company as required the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of those shares. A call may be wholly or partly revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable for calls notwithstanding the subsequent transfer of the shares in respect of which the call was made.

18 Interest on overdue amounts

If a sum called in respect of a share is not paid before or on the day appointed for payment of it, the person from whom the sum is due shall pay interest on the sum unpaid from the day appointed for payment of it to the time of actual payment at such rate (not to exceed 15 per cent. per annum) as the Directors determine. The Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

19 Other sums due on shares

Any sum payable in respect of a share (whether in respect of the nominal value or premium) which becomes payable upon allotment or at any fixed date shall be deemed to be a call duly made and payable on the date on which by the terms of allotment the same becomes payable. In case of non-payment all the relevant provisions of these Articles shall apply as if such sum had become payable by virtue of a call duly made and notified.

20 Power to differentiate between holders

On the allotment of shares the Directors may differentiate between the holders as to the amount of calls to be paid and the times of payment.

FORFEITURE AND LIEN

21 Notice on failure to pay a call

If a member fails to pay in full any call or instalment of a call on or before the due date for its payment, the Directors may give him at least 14 clear days' written notice requiring payment of the unpaid amount together with any interest which may have accrued. The notice shall state that if the notice is not complied with the shares on which the call has been made will be liable to be forfeited.

22 Forfeiture for non-compliance

If the notice is not complied with, any share in respect of which it was given may be forfeited by a resolution of the Directors before payment of all calls and interest due in respect of those shares has been made. The forfeiture shall include all dividends declared or other moneys payable in respect of the forfeited share and not actually paid before forfeiture.

23 Disposal of forfeited shares

Subject to the Act, a forfeited share shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was the holder of that share or entitled to it before such forfeiture or surrender or to any other person upon such terms and in such manner as the Directors shall think fit. At any time before a sale, re-allotment or disposal the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such other person as aforesaid.

24 Holder to remain liable despite forfeiture

A member whose shares have been forfeited shall cease to be a member in respect of those shares (and shall surrender to the Company the certificate for such shares for

cancellation) but shall remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest on them at the appropriate rate (as defined in the Act) or such lower rate as the Directors may determine from the date of forfeiture until payment. The Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal or waive payment in whole or in part.

25 Lien on partly-paid shares

The Company shall have a first and paramount lien on every share which is not a fully-paid share for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share and all expenses incurred by the Company by reason of the non-payment of the call. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.

26 Sale of shares subject to lien

The Company may sell in such manner as the Directors think fit any share on which the Company has a lien if some sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after a written notice demanding payment and giving notice that the share may be sold if the notice is not complied with has been given to the holder of the share or the person entitled to it by reason of his death or bankruptcy or otherwise by operation of law.

27 Proceeds of sale of shares subject to lien

The net proceeds of such sale (after payment of the costs of that sale) shall be applied in or towards payment or satisfaction of the amount for which the lien exists as is presently payable and any residue shall be paid to the person entitled to the shares at the time of the sale upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for sums not presently payable as existed upon the shares prior to the sale. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer the shares sold to, or in accordance with the directions of, the purchaser.

28 Evidence of forfeiture or sale to satisfy a lien

A statutory declaration by a Director or the Secretary that a share has been duly forfeited or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. Such declaration shall constitute (subject to the relevant share transfer being made, if required) a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall not be bound to see to the application of the consideration (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

VARIATION OF RIGHTS

29 Manner of variation of rights

29.1 Subject to the Act and Article 82.2, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may only be varied or abrogated either with:

- (a) the written consent of the holders of three-quarters in nominal value of the issued shares of the class; or
- (b) with the sanction of an Extraordinary resolution passed at a separate meeting of the holders of the shares of the class;

and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up.

29.2 To every such separate meeting all the provisions of these Articles relating to General Meetings and to the proceedings thereat shall apply *mutatis mutandis*, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (but so that at any adjourned meeting any holder of shares of the class 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 that every such holder shall on a poll have one vote for every share of the class held by him.

29.3 This Article 29 shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

30 Matters constituting variation of rights

The special rights attached to any class of shares having preferential rights (unless otherwise expressly provided by the terms of issue of those shares) shall be deemed to be varied by:

- 30.1** the reduction of the capital paid up on any of those shares;
 - 30.2** the creation or issue of any further shares ranking in priority to them for the payment of a dividend or of capital;
 - 30.3** any amendment to the memorandum of association or these Articles; and
 - 30.4** any resolution to put the Company into liquidation;
- but shall not be varied by:
- 30.5** the creation and issue of further shares ranking equally with or subsequent to them; or
 - 30.6** the Company purchasing or redeeming an equal number of A Shares and B Shares.

TRANSFER OF SHARES

31 DELETED

32 Form of transfer

All transfers of shares may be effected by written transfer in any usual or common form or in any other form acceptable to the Directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof. All instruments of transfer which are registered may be retained by the Company.

33 Right to refuse registration

- 33.1** The Directors may decline to recognise any instrument of transfer relating to shares unless it is in respect of only one class of share and is lodged (duly stamped if required) at the Office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).
- 33.2** The Directors, acting by unanimous vote of both the A Directors and B Directors may in their absolute discretion and without assigning any reason therefor refuse to register any transfer of shares (not being fully-paid shares) to a person of whom they do not approve or of a share on which the Company has a lien.
- 33.3** If the Directors refuse to register an allotment or transfer of shares they shall within two months after the date on which the letter of allotment or instrument of transfer was lodged with the Company send to the allottee or transferee notice of the refusal.

34 No fee on registration

No fee will be charged by the Company in respect of the registration of any transfer or other document relating to or affecting the title to any shares.

35 Closure of Register

The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Directors may from time to time determine.

GENERAL MEETINGS

36 Annual and Extraordinary General Meetings

An Annual General Meeting shall be held not more than 18 months after the incorporation of the Company and subsequently once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

37 Convening of General Meetings

The Directors may call General Meetings whenever they think fit, and, on requisition of the members in accordance with the Act, shall convene an Extraordinary General Meeting for a date not later than four weeks after receipt of the requisition. If insufficient Directors are within the United Kingdom to call a General Meeting, any Director or member may call a General Meeting.

NOTICE OF GENERAL MEETINGS

38 Notice of General Meetings

An Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a special resolution or a resolution appointing a person as a Director or (save as provided by the Act) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' written notice and any other Extraordinary General Meeting by at least 14 clear days' written notice. The notice shall be given to all members other than those not entitled to receive such notices from the Company under these Articles. A General Meeting may be called by a shorter notice if it is so agreed by all the members entitled to attend and vote thereat.

39 Contents of notice of General Meetings

Every notice calling a General Meeting shall specify the time and place of the meeting and the general nature of the business to be transacted at the meeting. If any resolution is to be proposed as an Extraordinary resolution or as a special resolution, the notice shall contain a statement to that effect. In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

PROCEEDINGS AT GENERAL MEETINGS

40 Chair

The Chair, failing whom another Director nominated by the Directors, shall preside as Chair at a General Meeting. If there is no such Chair or other Director, or if at any meeting neither is present and willing to act within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number to be Chair of the meeting. If no Director is present or if all the Directors present decline to take the chair, the members present and entitled to vote shall choose one of their number to be Chair of the meeting. The Chair at any General Meeting shall not be entitled to a second or casting vote.

41 Quorum

Subject to these Articles, the quorum at any General Meeting shall be two or more members present in person or by proxy including one person being or representing a holder of any of the A Shares and one person being or representing a holder of any of the B Shares. No business shall be transacted at any General Meeting unless a quorum is present.

42 Lack of quorum

If a quorum is not present within half an hour from the time appointed for a General Meeting, or if a quorum ceases to be present during the meeting, the meeting shall be adjourned to

the same day 7 days later at the same time and place. If at any adjourned meeting such a quorum is not present within half an hour from the time appointed for the adjourned meeting, the meeting shall be dissolved.

43 Adjournment

The Chair of any General Meeting at which a quorum is present may adjourn the meeting with the consent of the meeting (and shall if directed by the meeting) from time to time and from place to place. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for 14 days or more, at least seven clear days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. In all other cases, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

POLLS

44 Demand for poll

44.1 At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded (before a resolution is put to the vote on a show of hands or on the declaration of the result of the show of hands) by:

- (a) the Chair of the meeting; or
- (b) any member present in person or by proxy and entitled to vote.

44.2 A demand for a poll may be withdrawn before the poll is taken only with the consent of the Chair. A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made and the meeting shall continue as if the demand had not been made.

45 Procedure on a poll

A poll shall be taken in such manner as the Chair directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chair of the meeting may appoint scrutineers (who need not be members) and fix a place and time for the purpose of declaring the result of the poll.

46 Voting on a poll

On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

47 Timing of poll

A poll demanded on the choice of a Chair or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such later time and place as the Chair may direct not being more than 30 days after the poll was demanded. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In all other cases seven clear days notice shall be given specifying the time and place at which the poll is to be taken. The demand for a poll shall not prevent the continuance of the

meeting for the transaction of any business other than the question on which the poll has been demanded.

48 Written resolutions

A written resolution signed by or on behalf of each member who would have been entitled to vote upon it had it been proposed at a General Meeting or meeting of any class of members at which he was present shall be as valid and effectual as a resolution duly passed at a shareholders' meeting duly convened and held and may consist of several documents in the like form each signed by one or more members. In the case of a corporation, a written resolution may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative.

VOTES OF MEMBERS

49 Votes attaching to shares

At a general meeting, on a show of hands every member who is present in person or by proxy shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder; Provided that:

49.1 no shares of either class shall confer any right to vote upon a resolution for the removal from office of a Director appointed or deemed to have been appointed by holders of shares of the other class; and

49.2 if at any meeting any holder of shares is not present in person or by proxy the votes exercisable on a poll in respect of the shares of the same class held by members present in person or by proxy shall be *pro tanto* increased (fractions of a vote by any member being permitted) so that such shares shall together entitle such members to the same aggregate number of votes as could be cast in respect of all the shares of that class if all the holders thereof were present.

50 Votes of joint holders

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the share.

51 Restriction on voting in particular circumstances

Unless the Directors otherwise determine, no member shall be entitled in respect of any share held by him to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings if any call or other sum presently payable by him to the Company in respect of that share remains unpaid.

52 Voting by guardian

Where in England or elsewhere a guardian, receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or

subject to production of such evidence of the appointment as the Directors may require, permit such guardian, receiver or other person on behalf of such member to vote in person or by proxy at any shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings.

53 Validity and result of vote

53.1 No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid. Any such objection shall be referred to the Chair of the meeting whose decision shall be final and conclusive.

53.2 Unless a poll is taken, a declaration by the Chair of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect is made in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

54 DELETED

PROXIES AND CORPORATE REPRESENTATIVES

55 Proxy need not be a member

A proxy need not be a member of the Company.

56 Form of proxy

An appointment of a proxy must be in writing in any usual or common form or in any other form which the Directors may approve and:

56.1 in the case of an individual either must be signed by the appointor or his attorney or comply with Article 103; or

56.2 in the case of a corporation either must be given under its common seal or be signed on its behalf by an attorney or a duly authorised officer of the corporation or comply with Article 103.

57 Rights of proxy

A proxy shall have the right to demand or join in demanding a poll. The deposit of an instrument of proxy shall not preclude a member from attending and voting at a meeting or at any adjournment of a meeting.

58 Revocation of proxy

A vote cast or poll demanded by proxy shall not be invalidated by the revocation of the appointment of the proxy or of the authority under which the appointment was made unless written notice of such revocation was received by the Company at the Office at least five hours before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

59 Receipt of form of proxy

59.1 The appointment of a proxy must either:

59.1.1 be received at such address (if any) specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) at least five hours before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used and in default shall not be treated as valid; or

59.1.2 be received by the Secretary (or the Chair of the meeting) on the day and at the place of, but in any event before the time appointed for holding, the meeting or adjourned meeting or poll.

59.2 The appointment shall be valid for any adjournment of the meeting as well as for the meeting to which it relates unless the instrument states otherwise. An appointment relating to more than one meeting (including any adjournment of any such meeting) need only be delivered once and need not be delivered for the purposes of any subsequent meeting to which it relates.

60 Corporations acting by representatives

Any corporation which is a member may authorise such person as it thinks fit by resolution of its directors or other governing body to act as its representative at any shareholders' meeting. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

DIRECTORS

61 Numbers, appointment and removal of Directors

61.1 The number of Directors shall not be subject to a maximum but shall initially be seven in total and thereafter such other number as the Company may from time to time by Ordinary resolution determine:

61.1.1 SICL shall have the right to appoint three individuals as Directors (each an "**A Director**") and shall have the right to remove and/or replace such Directors upon 5 working days' notice to the Company. Such Directors cannot be dismissed without the prior written consent of SICL.

61.1.2 Transport Trading Limited shall have the right to appoint three individuals as Directors (each a "**B Director**") and shall have the right to remove and/or replace such Directors upon 5 working days' notice to the Company. Such Directors cannot be dismissed without the prior written consent of Transport Trading Limited.

61.1.3 The Secretary of State for Transport (the "**Secretary of State**") shall have the right to appoint one individual as a Director (the "**Secretary of State nominated Director**") and shall have the right to remove and/or replace such Director upon 5 working days' notice to the Company. Such Director

cannot be dismissed without the prior written consent of the Secretary of State.

61.1.4 Steps shall be taken to appoint a non-affiliated/neutral Chair of the board of Directors as soon as reasonably practicable following the first meeting of Directors and by unanimous agreement between SICL, Transport Trading Limited and the Secretary of State. Such Chair shall only be removed by unanimous agreement between SICL, Transport Trading Limited and the Secretary of State.

61.2 No Director shall be appointed or removed other than as provided in these Articles save that the office of Director shall be vacated if:

61.2.1 he resigns by notice to the Company; or

61.2.2 he becomes prohibited by law from acting as a Director.

61.3 Any removal of a Director shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between such Director being removed and the Company.

61.4 The Directors shall not be subject to retirement by rotation.

62 Share qualification

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at shareholders' meetings.

63 Directors' remuneration

Subject to Article 82.2, any Director who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may determine.

64 Directors' expenses

A Director may be paid all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or shareholders' meetings or otherwise in connection with the business of the Company.

65 Directors' pensions and other benefits

Subject to Article 82.2, the Directors shall have power to pay and agree to pay benefits, gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

ALTERNATE DIRECTORS

66 Appointment of alternate Directors

- 66.1** Any person entitled to appoint an individual as a Director under Articles 61.1, 61.2 and 61.3, may at any time appoint any person (including another Director) to be the alternate Director of the Director appointed by that person under any of those Articles and may at any time terminate such appointment. Any such appointment or termination of appointment shall be effected in like manner as provided in Article 61. The same person may be appointed as the alternate Director of more than one Director.
- 66.2** The appointment of an alternate Director shall cease on the happening of any event which if he were a Director would cause him to vacate such office or if the Director of whom he is the alternate ("**his appointer**") ceases to be a Director.

67 Attendance and notice of meetings

- 67.1** An alternate Director shall be entitled to receive notices of meetings of the Directors and of all committees of Directors of which his appointor is a member where his appointor so directs. An alternate Director shall be entitled to attend and vote and be counted in the quorum at any meeting at which his appointor is not personally present and generally to perform all the functions of his appointor in his absence. The provisions of these Articles shall apply as if the alternate Director were a Director of the relevant class.
- 67.2** If an alternate Director shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative but he shall count as only one for the purpose of determining whether a quorum is present.
- 67.3** Save as otherwise provided in these Articles, an alternate Director shall not have power to act as a Director and shall not be deemed to be a Director for the purposes of these Articles, and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of his appointor.
- 67.4** A resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by his appointor, it need not be signed by the alternate Director in that capacity. If the Director of whom he is the alternate is for the time being absent from the United Kingdom or temporarily unable to act through ill health or disability his signature to any written resolution of the Directors shall be as effective as the signature of the Director of whom he is the alternate.

68 Alternate Directors' interests and remuneration

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to the Director of whom he is the alternate as such Director may by written notice to the Company from time to time direct.

MEETINGS AND PROCEEDINGS OF DIRECTORS

69 Convening of meetings of Directors

Subject to these Articles, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their proceedings as they think fit. At any time any Director may, and the Secretary at the request of a Director shall, summon a meeting of the Directors. Any Director may waive notice of any meeting and any such waiver may be retroactive.

70 Notice of Directors' meetings

70.1 Unless otherwise agreed in writing by at least one A Director and at least one B Director in any particular case, at least 10 clear days' written notice shall be given to each Director of every meeting of the Directors. In the event that a notice period of less than 10 clear days is agreed in accordance with this Article, the written notice shall nonetheless forthwith be served on the remaining Directors.

70.2 Each such notice shall (i) be sent to the address notified from time to time by each Director to the Secretary as his address for the service of such notices (of if no address has been so supplied, to his last known address); (ii) contain an agenda specifying in reasonable detail the matters to be discussed at the relevant meeting; (iii) be accompanied by any relevant papers for discussion at such meeting; and (iv) if sent to an address outside the United Kingdom, be sent by courier or facsimile transmission.

71 Quorum

71.1 Meetings of the Directors shall not be quorate unless at least one A Director and one B Director is present.

71.2 Subject to Article 72.4, if within half an hour after the time appointed for the holding of any meeting of the Directors either an A Director or a B Director shall not be present the Director(s) present shall resolve to adjourn that meeting to a specified place and time (which shall not be earlier than three nor later than seven days after the date originally fixed for the meeting). An alternate Director shall be counted in the quorum in the same capacity as his appointor but so that not less than two individuals will constitute the quorum.

72 Directors' resolutions

72.1 All business arising at any meeting of the Directors or of any committee of the Directors shall be determined only by resolution.

72.2 No such resolution shall be effective unless carried by all of the A Directors and all of the B Directors present at such meeting.

72.3 In the event of a deadlock between the A Directors and the B Directors, neither the Chair, the Secretary of State nominated Director nor any other Director shall have a casting vote.

72.4 If the A Directors and the B Directors present at a Directors' meeting cannot reach agreement on any resolution before the Directors within 14 Business Days of such

resolution first being tabled at that Directors' meeting (or such other longer period as the A Directors and the B Directors present at that Directors' meeting, acting unanimously, agree) or three or more consecutive Directors' meetings have been dissolved because a quorum is not present (except where meetings have been dissolved due to a genuine unavailability of Directors), the subject of any such resolution before the Directors must be referred to the Shareholders and where the matter is one which may be dealt with by the Company in a general meeting upon referral by the Directors or otherwise, by calling a General Meeting of the Company or circulation of a proposed written resolution with an explanation of the resolution and its context.

73 Telephone board meetings

The Directors, and any committee of the Directors, shall be deemed to meet together if, being in separate locations, they are linked by conference telephone or other communication equipment which allows those participating to hear and speak to each other, and a quorum in that event shall be one A Director and one B Director so linked. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chair of the meeting is.

74 Chair

74.1 If no Chair shall have been appointed or if at any meeting of the Directors no Chair shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chair of the meeting. The Chair shall not be entitled to a second or casting vote.

74.2 The appointment of any Director to the office of Chair or managing director shall automatically cease if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

75 Number of Directors below minimum

The continuing Director(s) may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors or Director may act for the purpose of summoning General Meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two members may summon a General Meeting for the purpose of appointing Directors.

76 Written resolutions

A written resolution signed by all the Directors entitled to vote thereon (being not less in number than a quorum for meetings of the Directors) shall be as valid and effectual as a resolution passed at a meeting of the Directors or of any committee of the Directors and may consist of several documents in the like form each signed by one or more Directors.

77 Validity of proceedings

All acts done by any meeting of Directors, or of any committee of the Directors, or by any person acting as a Director or as a member of any such committee shall be as valid as if every such person had been duly appointed and was qualified and had continued to be a

Director and had been entitled to vote as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any Director, or that any of them were disqualified or had vacated office, or were not entitled to vote.

78 Minutes of Meetings

The Directors shall cause minutes to be made in books kept for the purpose of:

- 78.1** all appointments of officers made by the Directors; and
- 78.2** all proceedings at shareholders' meetings and at meetings of the Directors and of committees of Directors, including the names of the Directors present at each such meeting.

COMMITTEES OF THE DIRECTORS

79 Appointment and constitution of committees

- 79.1** The Directors may delegate any of their powers or discretions to committees consisting of one or more Directors and one or more other persons co-opted in accordance with Article 79.2. They may also delegate to any Director holding any executive office such of their powers as they consider desirable to be exercised by him. A committee of the Directors shall include at least one A Director and one B Director and the quorum for a meeting of any such committee shall be at least one A Director and one B Director.
- 79.2** Insofar as any such power or discretion of the Directors is delegated to a committee, any reference in these Articles to the exercise by the Directors of the delegated power or discretion shall be read and construed as if it were a reference to the exercise of that power or discretion by such committee. In exercising its delegated powers any committee shall conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and may provide for members who are not Directors to have voting rights as members of the committee but so that the number of members who are not Directors shall be less than one-half of the total number of members of the committee.

80 Proceedings of committee meetings

The meetings and proceedings of any such committee consisting of two or more persons shall be governed *mutatis mutandis* by the provisions of these Articles regulating the meetings and proceedings of the Directors, so far as these Articles are not superseded by any regulations made by the Directors under Article 79.2.

DIRECTORS' INTERESTS

81 Directors' Interests

- 81.1** Save as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because of any one or more of the following:

- (a) the resolution relates to the giving of a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiaries;
- (b) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (c) his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any of its subsidiaries, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares, debentures, or any other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;
- (d) his interest is by virtue of his holding a position of responsibility with either the SRA, TfL or any of the members; or
- (e) the resolution relates in any way to a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes.

For the purposes of this Article 81.1, an interest of a person who is, for any purpose of the Act (excluding any statutory modification thereof not in force when this Article 81.1 becomes binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise.

- 81.2** Any A Director or B Director shall be entitled to disclose to the holders of the A Shares or B Shares (as the case may be) which appointed him as Director such information concerning the business and affairs of the Company as he sees fit.

POWERS OF DIRECTORS

82 General powers and Limitations

- 82.1** The business and affairs of the Company shall be managed by the Directors, who may exercise all such powers of the Company subject to Article 82.2 and the other provisions of these Articles, to the Act and to any directions given by special resolution of the Company, but no direction so made by the Company shall invalidate any prior act of the Directors which would have been valid if such direction had not been made. The general powers given by this Article 82 shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

- 82.2** Notwithstanding any other provision in these Articles to the contrary, no action shall be taken or resolution passed by the Company in respect of the following matters ("**Shareholder Reserved Matters**"), without the prior written consent of the members or authorised representatives thereof:

- 82.2.1** any change to the memorandum of association and these Articles;

- 82.2.2 the appointment (excluding the first appointment) and removal of auditors;
- 82.2.3 any change of name;
- 82.2.4 the adoption (but not the approval) of audited accounts;
- 82.2.5 any change to accounting policies;
- 82.2.6 the presentation of any petition for winding-up;
- 82.2.7 any change in share capital or the creation, allotment or issue of any shares or of any other security or the grant of any option or rights to subscribe for or to convert any instrument into such shares or securities;
- 82.2.8 any reduction of the share capital or variation of the rights attaching to any class of shares or any redemption, purchase or other acquisition of any shares or other securities;
- 82.2.9 the entry into of any joint venture, partnership, consortium or other similar arrangement;
- 82.2.10 the appointment, removal and conditions of employment of the chief executive officer, any employee reporting directly to the chief executive officer and any Director (other than the appointment or removal of Directors in accordance with the other provisions of these Articles);
- 82.2.11 the adoption of any bonus or profit-sharing scheme, any share option or share incentive scheme or employee share trust or share ownership plan or retirement benefit scheme;
- 82.2.12 any consolidation or amalgamation with any other company;
- 82.2.13 the transfer or cessation of any material business operation;
- 82.2.14 any material change to the nature or scope of the business carried on by the Company;
- 82.2.15 any material transaction with a member or any of its Affiliates not in the ordinary course of its activities or not on arms' length commercial terms;
- 82.2.16 the entry into any contract or commitment under which the Company may incur costs of £5 million or more;
- 82.2.17 the acquisition of any assets or property at a total cost per transaction of more than £5 million;
- 82.2.18 the sale or disposition of any assets or property for a total price per transaction of more than £5 million;
- 82.2.19 the borrowing of any amounts whatsoever (other than as authorised pursuant to the terms of a working capital facility for the Company which working capital facility has been consented to in accordance with this Article 82.2);
- 82.2.20 the disposal of or dilution of interests, directly or indirectly, in a subsidiary undertaking (if any);
- 82.2.21 the payment or declaration of any dividend or other distribution on account of shares in its capital;

- 82.2.22 the commencement or settlement of any litigation, arbitration or other proceedings which are material in the context of its business (which includes any litigation, arbitration or other proceedings involving £500,000 or more);
- 82.2.23 the incorporation of a new subsidiary undertaking or the acquisition of any share capital or other securities of any body corporate;
- 82.2.24 the giving of any guarantee or indemnity other than in the normal course of its business; and
- 82.2.25 the making of any loan or advance to any person, firm, body corporate or other business other than in the normal course of business and on an arms' length basis.

A series of related transactions shall be construed as a single transaction, and any amounts involved in the related transactions shall be aggregated, to determine whether a matter is a Shareholder Reserved Matter.

83 Appointment of attorney

The Directors may from time to time and at any time by power of attorney or otherwise appoint any person to be the agent of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and may also authorise any such agent to delegate all or any of the powers, authorities and discretions vested in him.

84 Borrowing powers

Subject to the provisions of the Act, any other applicable statute and Article 82.2, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

SECRETARY

85 Secretary

Subject to the Act, the Secretary shall be appointed by the Directors on such terms and for such period as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

THE SEAL

86 The Seal

- 86.1 The Directors shall provide for the safe custody of the Seal and the Seal shall not be used without the authority of the Directors or of a committee authorised by the Directors in that behalf.

- 86.2** Every instrument to which the Seal shall be affixed (other than a certificate for or evidencing shares, debentures or other securities (including options) issued by the Company) shall be signed autographically by one Director and the Secretary or by two Directors.
- 86.3** Any instrument signed by one Director and the Secretary or by two Directors and expressed to be executed by the Company shall have the same effect as if executed under the Seal, provided that no instrument which makes it clear on its face that it is intended to have effect as a deed shall be so signed without the authority of the Directors or of a committee authorised by the Directors in that behalf.

DIVIDENDS

87 Final dividends

Subject to the Act and Article 82.2, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.

88 Interim dividends

Subject to the Act and Article 82.2, if and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay interim dividends. If the share capital is divided into different classes, the Directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Directors may also pay interim dividend on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit. Provided the Directors act in good faith they shall not incur any liability to the holders of any shares for any loss they may suffer by the lawful payment, on any other class of shares having rights ranking after or *pari passu* with those shares, of any such fixed or interim dividend as aforesaid.

89 Distribution in specie

Subject to Article 82.2, the Company may upon the recommendation of the Directors by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

90 No dividend except out of profits

No dividend shall be paid otherwise than out of profits available for distribution under the Act.

91 Ranking of shares for dividend

Unless and to the extent that the rights attached to any shares or their terms of issue otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article 91 no amount paid on a share in advance of calls shall be treated as paid on the share.

92 Manner of payment of dividends

Any dividend or other moneys payable on or in respect of a share shall be paid to the member or to such other person as the member (or, in the case of joint holders of a share, all of them) may in writing direct. Such dividend or other moneys may be paid (i) by cheque sent by post to the payee or, where there is more than one payee, to any one of them, or (ii) by inter-bank transfer to such account as the payee or payees shall in writing direct, or (iii) using the facilities of a relevant system, or (iv) by such other method of payment as the member (or in the case of joint holders of a share, all of them) may agree to. Every such cheque shall be sent at the risk of the person or persons entitled to the money represented thereby, and payment of a cheque by the banker upon whom it is drawn, and any transfer or payment within (ii) or (iii) above, shall be a good discharge to the Company.

93 No interest on dividends

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

94 Retention of dividends

94.1 The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the moneys payable to the Company in respect of that share.

94.2 The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

95 Unclaimed dividend

Any dividend which has remained unclaimed for 12 years from the date on which it was declared or became due for payment shall be forfeited and shall revert to the Company.

ACCOUNTS

96 Accounting records

Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Act shall be kept at the Office, or at such other place as the Directors think fit, and shall always be open to inspection by the officers of the Company. Every member of the Company shall have the right to inspect and take copies of any account or book or document of the Company during the Company's normal hours of business.

NOTICES

97 Service of notices

- 97.1 Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it by post in a pre-paid cover addressed to such member at his registered address, or (if he has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the Company as his address for the service of notices, or by delivering it to such address addressed as aforesaid.
- 97.2 Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the expiration of 24 hours (or, where second-class mail is employed, 48 hours) after the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.
- 97.3 The accidental failure to send, or the non-receipt by any person entitled to, any notice of or other document relating to any meeting or other proceeding shall not invalidate the relevant meeting or other proceeding.
- 97.4 Any notice to be given to or by any person pursuant to these Articles shall be in writing except that a notice calling a meeting of the Directors need not be in writing.

98 Statutory requirements as to notices

Nothing in Article 97 shall affect any requirement of the Act that any particular offer, notice or other document be served in any particular manner.

WINDING UP

99 Distribution of assets in specie

If the Company is wound-up (whether the liquidation is voluntary, under supervision, or by the Court) the Liquidator may, with the authority of an extraordinary resolution, divide among the members *in specie* or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the

Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

100 Indemnity

100.1 Subject to the provisions of the Act and so far as may be permitted by law, every Director, Secretary, or other officer of the Company shall be indemnified by the Company against and/or exempted by the Company from all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

100.2 Without prejudice to the provisions of Article 65 or Article 100.1, the Directors shall have the power to purchase and maintain insurance for or for the benefit of:

- (i) any person who is or was at any time a Director or officer of the Company;
- (ii) any person who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of the Company are interested; or
- (iii) any other persons, including but not limited to contractors or agents of the Company, who the Directors feel it is appropriate to insure,

including insurance against any liability incurred by him in respect of any act or omission in the actual or purported execution and/or discharge of his duties and/or in the exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to the Company, or any such pension fund or employees' share scheme.

RULES OR STANDING ORDERS

101 Making Rules or Standing Orders

Pursuant to Articles 69 and 82.1, the Directors may from time to time make such Rules or Standing Orders as they may deem necessary or expedient or convenient for the proper conduct and management of the Company.

102 DELETED

ELECTRONIC COMMUNICATIONS

103 Signature of documents

Where these Articles require a document to be signed by a member or other person then, if that document is in the form of an electronic communication, to be valid it must incorporate the electronic signature or personal identification details (which may be details previously allocated by the Company) of that member or other person, in such form as the Directors may approve, or be accompanied by such other evidence as the Directors may require to satisfy themselves that the document is genuine. The Company may designate mechanisms for validating any such document, and any such document not so validated shall be deemed not to have been received by the Company.

104 Electronic communication

104.1 A member may notify the Company of an address for the purpose of his receiving electronic communications from the Company. If a member does so, he shall be deemed to have agreed to receive from the Company notices and other documents of the kind to which the address relates by electronic communication. In addition, if a member notifies the Company of his e-mail address, the Company may satisfy its obligation to send him any notice or other document by:

104.1.1 publishing such notice or other document on a web site; and

104.1.2 notifying him by e-mail to that e-mail address that such notice or document has been so published, specifying the address of the web site on which it has been published, the place on the web site where the notice may be accessed, how it may be accessed and (if the notice relates to a shareholders' meeting) stating (a) that the notice concerns a notice of a company meeting served in accordance with the Act (b) the place, date and time of the meeting, (c) whether the meeting is to be an annual or extraordinary general meeting and (d) such other information as the Act may prescribe.

104.2 Any amendment or revocation of a notification given to the Company under this Article 104 shall only take effect if in writing, signed by the member and on actual receipt by the Company of it.

104.3 An electronic communication shall not be treated as received by the Company if it is rejected by computer virus protection arrangements.

Dated 24 October 2002

SRA Investment Company Limited (1)

and

Transport Trading Limited (2)

and

The Strategic Rail Authority (3)

and

Transport for London (4)

and

Cross London Rail Links Limited (5)

**JOINT VENTURE SHAREHOLDERS'
AGREEMENT**

Relating to
Cross London Rail Links Limited

Table of Contents

Clause	Page
1 Interpretation.....	2
2 Warranties and General Undertakings	5
3 The Board	6
4 Reserved matters	6
5 Budgets, Plans and financial information	8
6 Finance for the Company	9
7 Transfers of Shares	10
8 Deadlock.....	10
9 Default	12
10 Terms and consequences of transfers of Shares	15
11 Public announcements	16
12 Information, insurance, records, licences	17
13 Letters of Support	17
14 Liability for Redundancy Costs for seconded employees.....	18
15 Duration and termination	18
16 Confidentiality	19
17 Notices	20
18 Whole agreement and remedies	20
19 General	21
20 Contracts (Rights of Third Parties) Act 1999	22
21 Governing law and submission to jurisdiction	22
Schedule 1 Notices	25

Schedule 2 Letters of Support26

Schedule 3 Deed of Adherence1

This Agreement is made on 24 October 2002 between:

- (1) **SRA Investment Company Limited**, a limited liability company registered in England under registered number 4212658, a wholly-owned subsidiary of the SRA, whose registered office is at 55 Victoria Street, London SW1H 0EU ("**SICL**");
- (2) **Transport Trading Limited**, a limited liability company registered in England under registered number 03914810, a wholly owned subsidiary of TfL, whose registered office is at Windsor House, 42-50 Victoria Street, London SW1H 0TL ("**TTL**" and together with SICL, the "**Shareholders**");
- (3) **The Strategic Rail Authority**, a statutory authority established under the Transport Act 2000 whose principal office is at 55 Victoria Street, London SW1H 0EU (the "**SRA**");
- (4) **Transport for London**, a statutory corporation established under the Greater London Authority Act 1999 whose principal office is at Windsor House, 42-50 Victoria Street, London SW1H 0TL ("**TfL**" and together with the SRA, the "**Transport Authorities**"); and
- (5) **Cross London Rail Links Limited**, a limited liability company registered in England under registered number 4212657, whose registered office is at 1 Butler Place, London SW1H 0PT (the "**Company**"),

together the "**parties**".

Recitals:

- (A) The SRA (through its subsidiary, SICL) and TfL (through its subsidiary, TTL) have established the Company as a joint venture company to facilitate the Objectives.
- (B) The Company was incorporated in England on 8 May 2001 (registration no. 4212657) under the name Hackremco (no. 1811) Limited and changed its name to Cross London Rail Links Limited on 31 July 2001. As at the date of this Agreement, it has an authorised share capital of £100 divided into 100 shares of £1 each. 100 shares have been issued at a subscription price of £1 per share. SICL holds 50 A Shares and TTL holds 50 B Shares, the A Shares and B Shares being identical in respect of voting rights and ranking.
- (C) The first Directors appointed by SICL were Michael John Grant, Richard John Morris and Peter George Hansford. The first Directors appointed by TTL were Ian Arthur Brown, Robert Raymond Kiley and Jay Herbert Walder. The first Director appointed by the Secretary of State was Robert Wynne Linnard. The first Director appointed as a non-affiliated/neutral chair of the Board was Sir Christopher Benson.
- (D) TfL and the Company entered into a secondment agreement in respect of secondees from TfL to the Company on 29 January 2002. The SRA and the Company intend to enter into a secondment agreement in respect of secondees from the SRA to the Company on or around the date of this Agreement.
- (E) The Mayor of London (the "**Mayor**") has a duty under Section 141 of the Greater London Authority Act 1999 (the "**GLA Act**") to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities to, from and within Greater London. Section 142 of the GLA Act requires the Mayor to prepare a transport strategy containing his policies and proposals for discharging these duties (the "**Transport Strategy**").

- (F) The Transport Strategy was published on 10 July 2001 and Section 4(Q) relates to expanding London's transport system through major projects and in particular the development of the Schemes.
- (G) TfL has a duty under Section 154(3) of the GLA Act to exercise its functions for the purpose of securing or facilitating the implementation of the Transport Strategy. TfL is entering into this Agreement pursuant to its powers under Section 156(2) of the GLA Act to secure the implementation of the Schemes.

It is agreed as follows:

1 Interpretation

In this Agreement (including the Recitals):

1.1 Definitions

"Act" means the Companies Act 1985 as amended by the Companies Act 1989;

"A Director" means each of the three directors appointed by SICL from time to time in accordance with the Articles and **"A Directors"** shall be construed accordingly;

"Agreement" means this document executed by the parties as an agreement;

"Articles" mean the articles of association of the Company;

"A Shares" mean the A Shares in the capital of the Company and held by SICL;

"Affiliate" means, in relation to a Shareholder, its holding company (or authority or corporation which would, if it were a company, be a holding company), any subsidiary of that Shareholder, any other subsidiaries of any such holding company (or authority or corporation which would, if it were a company, be a holding company) or a director of any of the foregoing;

"Audited Accounts" mean the report and audited accounts of the Company for the financial period ending on the relevant balance sheet date;

"Auditors" means a firm of Chartered Accountants appointed as auditors of the Company from time to time;

"B Director" means each of the three directors appointed by TTL from time to time in accordance with the Articles and **"B Directors"** shall be construed accordingly;

"B Shares" mean the B Shares in the capital of the Company and held by TTL;

"Board" means the board of directors of the Company;

"Budget" means the budget for the Company approved from time to time by the Board;

"Business Day" means a day which is not a Saturday or Sunday or a bank or public holiday in England and Wales;

"Business Plan" means the plan for the Company which sets out the financial case (revenues and costs), funding strategy, procurement strategy, capital costs and other benefits of the Schemes;

"Control" means, in relation to a Shareholder, where a person (or person acting in concert) acquires direct or indirect control (1) over more than 50 per cent. of the total voting rights

conferred by all the issued shares in the capital of that Shareholder which are ordinarily exercisable in general meeting or (2) of the composition of the main board of directors of a Shareholder (other than through internal re-organisation). For these purposes "**persons acting in concert**", in relation to a Shareholder, are persons which actively co-operate, pursuant to an agreement or understanding (whether formal or informal) with a view to obtaining or consolidating Control of that Shareholder;

"**Corporate Plan**" means the plan for the Company's activities setting out details of the Company's strategic planning, capital expenditure, financing, tax and contingency planning prepared and approved in accordance with Clause 5.4;

"**Deadlock Matter**" shall have the meaning set out in Clause 8.1;

"**Deed of Adherence**" means a deed in the form set out in Schedule 3;

"**Director**" means a director of the Company duly appointed under the Articles and "**Directors**" shall be construed accordingly;

"**High Level Group**" means the group established by the Secretary of State for the purpose of co-ordinating and overseeing rail projects in London comprised of the four persons appointed from time to time to the offices of Minister of Transport, Mayor of London, Chair of the SRA and Commissioner of TfL or instead of any such persons, a representative of that person nominated for the purpose of the High Level Group;

"**Letter of Support**" means each of the following:

- (i) letter from TfL to the Company; and
- (ii) letter from the SRA to the Company,

in the form annexed to this Agreement in Schedule 2 and "**Letters of Support**" shall be construed accordingly;

"**Memorandum of Association**" means the memorandum of association of the Company;

"**Objectives**" means the objects of the Company set out in Article 4.1 of the Memorandum of Association;

"**Plans**" means both or either of the Corporate Plan and the Start Up Plan as the context so requires;

"**Recruited Employees**" means the employees who are recruited for the following posts: Train Planning Manager, Communications Assistant, Media Manager, Interface Manager, Station Planning Manager and Commercial Manager;

"**Redundancy Costs**" means all costs, losses, expenses and liabilities incurred by either of the Transport Authorities arising out of or in connection with the redundancy of any employees of the Transport Authorities following the expiry or termination of such employees' secondment to the Company;

"**Respective Subsidiary**" (i) in relation to the SRA means SICL, and (ii) in relation to TfL means TTL;

"**Scheme**" means each of (1) the proposed rail scheme linking sections of the national rail network or the London Underground from west to east London through a tunnel between the vicinity of Paddington and Liverpool Street and Stratford, or such other destinations as may

from time to time be agreed by the Transport Authorities, and (2) the proposed rail scheme linking sections of the national rail network or the London Underground network from the northeast to the southwest of London, or such other destination as may from time to time be agreed by the Transport Authorities, and "**Schemes**" shall be construed accordingly;

"**Secretary of State**" means the Secretary of State for Transport;

"**Shares**" mean the A Shares and the B Shares and (1) any shares issued in exchange for those shares or by way of conversion or reclassification and (2) any shares representing or deriving from those shares as a result of an increase in, reorganisation or variation of the capital of the Company;

"**Start Up Plan**" means the plan prepared by the Company dated 1 November 2001 identifying the general purpose and objectives of the Company, the proposed programme of work and funding arrangements for an initial five year period (or any amendments or revisions thereto that may from time to time be adopted by the Company or as the same may be supplemented or ultimately superseded in whole or in part by the Corporate Plan and/or Budget);

"**Successor Entity**" means in relation to a Shareholder,

- (i) the Transport Authority which would, if it were a company, be the holding company of that Shareholder,
- (ii) the corporation, authority or body which is the successor to the Transport Authority in paragraph (i) and performs the same or substantially similar functions as that Transport Authority, or
- (iii) any company which is a subsidiary of the Transport Authority in paragraph (i);

"**Transferred Employees**" means those employees whose contracts of employment transferred from LUL to TfL on 5 November 2001 under the Transfer Regulations; and

"**Transfer Regulations**" means the Transfer of Undertakings (Protection of Employment) Regulations 1981.

1.2 Interpretation Act 1978

The Interpretation Act 1978 shall apply to this Agreement in the same way as it applies to an enactment.

1.3 Subordinate legislation

References to a statutory provision include any subordinate legislation made from time to time under that provision.

1.4 Modification etc. of statutes

References to a statute or statutory provision include that statute or provision as from time to time modified or re-enacted or consolidated whether before or after the date of this Agreement so far as such modification or re-enactment or consolidation applies or is capable of applying to any transactions entered into in accordance with this Agreement.

1.5 Companies Act 1985

The expressions "**holding company**", "**subsidiary**" and "**subsidiary undertaking**" shall have the same meanings in this Agreement as their respective definitions in the Act.

1.6 Clauses, Schedules etc.

References to this Agreement include any Schedules to it and this Agreement as from time to time amended and references to Clauses and Schedules are to Clauses of and Schedules to this Agreement.

1.7 Headings

Headings shall be ignored in construing this Agreement.

1.8 Information

Any reference to books, records or other information means books, records or other information in any form including paper, electronically stored data, magnetic media, film and microfilm.

1.9 Singular, plural etc

References in this Agreement to the singular shall include the plural and vice versa and references to the masculine shall include the feminine and vice versa.

2 Warranties and General Undertakings

2.1 Warranties

Each of the parties warrants to the others that:

2.1.1 it has the full power and authority to enter into and to perform its obligations under this Agreement and any of the Letters of Support to which it is a signatory which when executed will constitute valid and binding obligations on it in accordance with their terms; and

2.1.2 the entry into, and the performance by it of this Agreement and any of the Letters of Support to which it is a signatory will not result in any breach of, in the case of the Company and the Shareholders, any provision of its memorandum and articles of association and in the case of the Transport Authorities, any statutory provision under which it is established or any other statutory restriction imposed on it, or so far as it is aware result in any claim by a third party against any of the other parties.

2.2 Undertakings by the Transport Authorities

2.2.1 The SRA and TfL each undertake that they will use their respective reasonable endeavours to (so far as they lawfully can) ensure that their Respective Subsidiary performs and complies with all of its obligations under this Agreement.

2.2.2 The SRA and TfL shall each perform and comply with all of its obligations under any Letter of Support to which it is a signatory.

2.2.3 The Transport Authorities agree:

- (i) that their respective rights in the Company shall be regulated by this Agreement; and
- (ii) to be bound by and comply with the provisions of this Agreement which relate to them.

2.3 Undertakings by the Shareholders

2.3.1 SICL and TTL each undertake that they will use their respective reasonable endeavours to (so far as they lawfully can) ensure that the Company performs and complies with all of its obligations under the Articles and this Agreement.

2.3.2 The Shareholders agree:

- (i) that their respective rights in the Company shall be regulated by this Agreement and the Articles; and
- (ii) to be bound by and comply with the provisions of this Agreement which relate to them and all provisions of the Articles will be enforceable by the Shareholders between themselves in whatever capacity.

3 The Board

3.1 Shareholder appointments

3.1.1 Any Shareholder who wishes to exercise its rights under Articles 61.1.1 or 61.1.2 of the Articles to appoint a Director shall take reasonable steps to ensure that its nominee is able to perform his duties competently and such appointment shall be effected in accordance with the Articles.

3.1.2 In respect of any new Director appointments under Articles 61.1.1 or 61.1.2, each appointing Shareholder shall give notice to the Company of the name of its nominee and intended date of appointment at least 5 Business Days prior to the intended date of appointment.

3.2 Frequency of Meetings

The Shareholders shall procure, as far as they can, that Board meetings shall be held at least four times a year.

4 Reserved matters

4.1 Shareholder Reserved Matters - limitations on the Board

The Shareholders shall procure, as far as they can, that no action is taken or resolution passed by the Company in respect of the following matters ("**Shareholder Reserved Matters**"), without the prior written consent of the Shareholders or authorised representatives thereof:

- 4.1.1** any change to the Memorandum of Association and Articles;
- 4.1.2** the appointment (excluding the first appointment) and removal of Auditors;
- 4.1.3** any change of name;

- 4.1.4 the adoption (but not the approval) of Audited Accounts;
- 4.1.5 any change to accounting policies;
- 4.1.6 the presentation of any petition for winding-up;
- 4.1.7 any change in share capital or the creation, allotment or issue of any shares or of any other security or the grant of any option or rights to subscribe for or to convert any instrument into such shares or securities;
- 4.1.8 any reduction of the share capital or variation of the rights attaching to any class of shares or any redemption, purchase or other acquisition of any shares or other securities;
- 4.1.9 the entry into of any joint venture, partnership, consortium or other similar arrangement;
- 4.1.10 the appointment, removal and conditions of employment of the chief executive officer, any employee reporting directly to the chief executive officer and any Director (other than the appointment or removal of Directors in accordance with the Articles);
- 4.1.11 the adoption of any bonus or profit-sharing scheme, any share option or share incentive scheme or employee share trust or share ownership plan or retirement benefit scheme;
- 4.1.12 any consolidation or amalgamation with any other company;
- 4.1.13 the transfer or cessation of any material business operation;
- 4.1.14 any material change to the nature or scope of the business carried on by the Company;
- 4.1.15 any material transaction with a Shareholder or any of its Affiliates not in the ordinary course of its activities or not on arms' length commercial terms;
- 4.1.16 the entry into any contract or commitment under which the Company may incur costs of £5 million or more;
- 4.1.17 the acquisition of any assets or property at a total cost per transaction of more than £5 million;
- 4.1.18 the sale or disposition of any assets or property for a total price per transaction of more than £5 million;
- 4.1.19 the borrowing of any amounts whatsoever (other than as authorised pursuant to the terms of a working capital facility for the Company which working capital facility has been consented to in accordance with this Clause 4.1.19);
- 4.1.20 the incorporation of a new subsidiary undertaking or the acquisition of any share capital or other securities of any body corporate;
- 4.1.21 the disposal of or dilution of interests, directly or indirectly, in a subsidiary undertaking (if any);
- 4.1.22 the payment or declaration of any dividend or other distribution on account of shares in its capital;

- 4.1.23 the commencement or settlement of any litigation, arbitration or other proceedings which are material in the context of its business (which includes any litigation, arbitration or other proceedings involving £500,000 or more);
- 4.1.24 the giving of any guarantee or indemnity other than in the normal course of its business; and
- 4.1.25 the making of any loan or advance to any person, firm, body corporate or other business other than in the normal course of business and on an arms' length basis.

4.2 Related transactions

A series of related transactions shall be construed as a single transaction, and any amounts involved in the related transactions shall be aggregated, to determine whether a matter is a Shareholder Reserved Matter.

5 Budgets, Plans and financial information

5.1 Information to be submitted to the Board

The Company shall prepare and submit to the Board the following information as soon as possible and no later than the dates set out below:

- 5.1.1 the management accounts of the Company for the previous financial year within 25 Business Days of the end of each financial year;
- 5.1.2 Audited Accounts for the previous financial year within two months of the end of each financial year (except in respect of the Company's first financial year);
- 5.1.3 a draft Corporate Plan for the Company for the following five year period by 30 September each year and in doing so shall have regard to the Start Up Plan (until such time as it shall have been superseded) and/or Business Plan;
- 5.1.4 a detailed draft Budget for the Company for the following financial year by 30 September each year (including estimated major items of revenue and capital expenditure). The Budget shall be broken down on a monthly basis, shall contain a cash flow forecast and a balance sheet showing the projected position of the Company as at the end of the following financial year. The Budget shall be drafted on the basis of the activities of the Company proposed for that financial year under the current Corporate Plan with an explanation for any assumptions or proposals not envisaged in the current Corporate Plan; and
- 5.1.5 monthly unaudited management accounts including (1) a detailed profit and loss account, balance sheet and cash flow statement and cash flow forecast for the next three months as detailed in Clause 5.3, and (3) a review of the Budget including a reconciliation of results with revenue and capital budgets within 8 Business Days after the end of each month except in respect of the cash flow forecast which shall be prepared and submitted within 3 Business Days after the end of each month.

5.2 Information to be submitted to the Shareholders and Transport Authorities

- 5.2.1 The Board shall submit the Audited Accounts to the Shareholders in accordance with the Act.

5.2.2 The Company shall prepare and submit to the Shareholders and the Transport Authorities:

- (i) copies of the information to be submitted to the Board pursuant to Clause 5.1 at the same time as it submits such information to the Board; and
- (ii) any further information as any Shareholder and/or Transport Authority may require relating to the business or financial condition of the Company including without limitation information relating to potential major capital commitments and periodically updated forecasts.

5.3 Monthly cash flow report

The Company shall:

- 5.3.1 in preparing the cash flow forecast for the next three months, take into account any cash surpluses over or shortfalls under the forecast in the last cash flow forecast; and
- 5.3.2 in preparing the cash flow statement for the previous month, report the actual spending figures for the previous month with a variance analysis for material differences between these figures and the figures in (1) the last cash flow forecast including a forecast for that month and (2) the relevant sections of the current Budget, together with an explanation for any material variations.

5.4 Approval of Budgets and Plans

The Shareholders shall procure, as far as they can, that the Board shall approve the draft Budget and Corporate Plan within 30 Business Days of receiving them, subject to such amendments as they agree are appropriate.

5.5 Review and Variation of Plans and Budget

The Shareholders shall procure, as far as they can, that the Board shall review the Plans and Budget at such intervals as they think fit (but not less than once every six months) and if appropriate, shall issue interim Budgets and Corporate Plans.

6 Finance for the Company

6.1 Provision of Finance by Transport Authorities

The SRA and TfL shall provide finance to the Company equal to the sums they have received from the Department for Transport in respect of the facilitation of the Schemes by the Company on a monthly basis, following receipt of:

- 6.1.1 the cash flow statement and cash flow forecast prepared by the Company in accordance with Clauses 5.1 and 5.3; and
- 6.1.2 copies of the current Corporate Plan and Budget,

except that the SRA and TfL may withhold from the Company sums equal to the legal costs and expenses incurred by them, or on their behalf, in setting up the joint venture the subject of this Agreement.

6.2 Financial Commitments

The Company shall in accordance with this Agreement not enter into any financial commitments in excess of the funding allocated to the Company in the letters of support from the Secretary of State dated 16 January 2002 (as the same may from time to time be amended or replaced) and the Letters of Support (as amended or replaced from time to time), and in any case, the Company shall not enter into any financial commitments not envisaged in the Corporate Plan or Budget (or the Start Up Plan until such time as it has been superseded by a Corporate Plan and/or Budget).

6.3 Financing Options

Subject to the provisions of this Agreement and the Articles, the Board may explore such means of providing finance for the Company as may be appropriate in pursuance of the Objectives.

7 Transfers of Shares

7.1 General prohibition against Share transfers

No Shareholder may do, or agree to do, any of the following without the prior written consent of the other Shareholder unless it is permitted by this Clause 7 or otherwise required by the Articles or the rest of this Agreement:

- 7.1.1 pledge, mortgage, charge or otherwise encumber any of its Shares or any interest in any of its Shares;
- 7.1.2 sell, transfer or otherwise dispose of, or grant any option over, any of its Shares or any interest in its Shares other than a sale, transfer or disposal to its respective Successor Entity (which shall be on the basis set out in Clause 7.2 below); or
- 7.1.3 enter into any agreement in respect of the votes attached to any of its Shares.

7.2 Transfers to Successor Entities

Any Shareholder may transfer all but not part of its Shares to a Successor Entity on:

- (i) giving at least 14 days prior written notice to the other Shareholder; and
- (ii) procuring that the transferee enters into a Deed of Adherence agreeing to be bound by this Agreement as a Shareholder.

8 Deadlock

8.1 Escalation procedure

- 8.1.1 If the A Directors and the B Directors present at a Board meeting cannot reach agreement on any resolution before the Board within 14 Business Days of such resolution first being tabled at that Board meeting (or such other longer period as the A Directors and the B Directors present at that Board meeting, acting unanimously, agree) or three or more consecutive Board meetings have been dissolved because a quorum is not present (except where meetings have been dissolved due to a genuine unavailability of Directors), the subject of any such resolution before them must be referred to the Shareholders and where the matter is one which may be dealt with by

the Company in general meeting upon referral by the Board or otherwise, by calling a general meeting of the Company or circulation of a proposed written resolution with an explanation of the resolution and its context.

- 8.1.2 If the Shareholders cannot reach agreement on (1) any matter referred to them under Clause 8.1.1 or (2) any resolution before them as Shareholders, within five Business Days of (1) that matter being referred to them or (2) such resolution first being considered at a Shareholders meeting (or such longer period as the Shareholders may agree) (a "**Deadlock Matter**"), the Shareholders shall refer the Deadlock Matter to the High Level Group.
- 8.1.3 If three or more consecutive Shareholder meetings have been dissolved because a quorum is not present (except where meetings have been dissolved due to a genuine unavailability of corporate representatives of the Shareholders), the subject of any resolution before them in these meetings (a "**Deadlock Matter**") must be referred to the High Level Group.
- 8.1.4 Any dispute arising out of or in connection with this Agreement ("**Dispute**") shall be referred first to the High Level Group. The parties must not bring any action or make a claim in any court of law until the expiration of 30 clear days from the date on which the matter is first referred to the High Level Group. This Clause does not prevent a party from seeking injunctive relief.

8.2 Process

- 8.2.1 The High Level Group shall have access to all relevant documents of the parties, subject to any reasonable confidentiality provisions.
- 8.2.2 The parties may make representations and submissions to the High Level Group but there shall be no formal hearing.
- 8.2.3 Determinations of the High Level Group shall be made by unanimous decision.
- 8.2.4 The High Level Group shall seek to resolve any Deadlock Matter or Dispute or shall seek to determine a direction in respect of a Default Notice (as defined in Clause 9.3.1) and shall make determinations within a reasonable period of time of any referral to it, acting expeditiously, and shall notify the parties in writing of its determination but need not give any reason for its decisions.
- 8.2.5 The High Level Group shall not act as an arbitrator and its decision shall be final and binding on all parties (in the absence of fraud or manifest error).
- 8.2.6 If the Deadlock Matter or Dispute concerns the approval of the Budget (excluding the capital expenditure budget) or the Corporate Plan for any year, the prior year's Budget (other than the capital expenditure budget) or Corporate Plan, as appropriate, adjusted for inflation, shall continue to apply unless and until a new Budget or Corporate Plan, as appropriate, is approved.
- 8.2.7 If the Deadlock Matter or Dispute concerns the approval of the capital expenditure budget in any year, the Company may continue to incur capital expenses which:
 - (i) relate to the business of the Company and have been approved pursuant to this Agreement; and

- (ii) are reasonably necessary to enable the Company to meet all of its existing contractual commitments.

8.2.8 Subject to Clauses 8.2.6 and 8.2.7, if the Deadlock Matter or Dispute concerns any other matter then the status quo shall prevail.

9 Default

9.1 Events of Default

A Shareholder (the "**Defaulting Shareholder**") suffers an Event of Default where:

- 9.1.1 it commits a material breach of this Agreement and either (1) the breach is not capable of being remedied or (2) the Defaulting Shareholder does not remedy that breach within 21 Business Days of the other Shareholder sending it written notice requiring it to remedy that breach;
- 9.1.2 it commits a breach of Clause 6.1 or the Letter of Support and fails to remedy that breach within 21 Business Days of the other Shareholder sending it written notice requiring it to remedy that breach;
- 9.1.3 by reason of actual or anticipated financial difficulties:
 - (i) it is unable or admits inability to pay a substantial part of its debts as they fall due; or
 - (ii) it suspends making payments on all or a substantial part of its debts except where such suspension is made in good faith and the demand for payment is being contested by that Shareholder with recourse to all appropriate measures and procedures and that Shareholder has adequate funds to discharge the obligations the subject of the suspension;
- 9.1.4 any corporate action, legal proceedings or other procedure or step is taken (or any analogous procedure or step is taken in any jurisdiction) in relation or with a view to:
 - (i) the suspension of payments of all of or a substantial part of its debts, a moratorium of all or a substantial part of its indebtedness, winding-up, dissolution or administration;
 - (ii) a composition, assignment or arrangement with any creditor or creditors in respect of all or a substantial part of its debts;
 - (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of all or a substantial part of its assets; or
 - (iv) enforcement of any security over the whole or a substantial part of its assets or undertakings except where such enforcement is being contested in good faith by that Shareholder with recourse to all appropriate measures and procedures and that Shareholder has adequate funds to discharge the obligations the subject of the security;
- 9.1.5 it is subject to any change of Control such that the Transport Authority with Control over that Shareholder loses such Control, except where that Transport Authority is

replaced by a company, corporation, authority or other body which performs the same or substantially similar functions as that Transport Authority;

- 9.1.6 any of the events in Clauses 9.1.1 to 9.1.4 occurs in relation to its holding company (or authority or corporation which would, if it were a company, be its holding company); or
- 9.1.7 it or the Transport Authority with Control over that Shareholder no longer receives funding in respect of the Schemes from the sources specified in the Letters of Support.

9.2 Notice of Default

If an Event of Default or anything which with passing of this time is reasonably likely to constitute an Event of Default occurs, the Defaulting Shareholder shall notify the other Shareholder in writing as soon as reasonably practicable.

9.3 Default Notice

- 9.3.1 Following an Event of Default under any of Clauses 9.1.1 to 9.1.6, the non-defaulting Shareholder may give written notice (a "**Default Notice**") to the Defaulting Shareholder and each member of the High Level Group within 60 Business Days of receiving notification of the Event of Default from the Defaulting Shareholder or of its becoming aware of the Event of Default, whichever is the earlier, proposing that the Defaulting Shareholder transfers all of the Shares held by the Defaulting Shareholder (the "**Transfer Shares**") to the non-defaulting Shareholder for nil consideration.
- 9.3.2 Following receipt of a Default Notice under Clause 9.3.1, the High Level Group shall consider the Event of Default and may make any direction it considers appropriate including:
 - (i) directing the Defaulting Shareholder to transfer the Transfer Shares to the non-defaulting Shareholder; or
 - (ii) requiring the non-defaulting Shareholder expressly to waive its rights in respect of that Event of Default.

The Shareholders must comply with such directions of the High Level Group.

- 9.3.3 If so directed by the High Level Group, the Defaulting Shareholder shall transfer to the non-defaulting Shareholder or such other person as the High Level Group directs ("**transferee**") the Transfer Shares in accordance with this Clause 9 and Clause 10.
- 9.3.4 Following an Event of Default under Clause 9.1.7 and within 20 Business Days of either:
 - (i) the Defaulting Shareholder notifying the non-defaulting shareholder of the Event of Default pursuant to Clause 9.2; or
 - (ii) the non-defaulting Shareholder becoming aware of the Event of Default and giving notice to the Defaulting Shareholder requiring the Defaulting Shareholder to transfer the Transfer Shares to the non-defaulting Shareholder,whichever shall be the earlier, the Defaulting Shareholder shall transfer to the non-defaulting Shareholder the Transfer Shares for nil consideration in accordance with this Clause 9 and Clause 10.

9.4 Completion of transfer

9.4.1 The Shareholder transferring the Transfer Shares under Clause 9.3.3 shall deliver to the transferee in respect of the Transfer Shares within 10 Business Days of the date of the direction from the High Level Group or such date as may be specified by the High Level Group:

- (i) duly executed share transfer forms;
- (ii) the relevant share certificates; and
- (iii) where the Transfer Shares are transferred to a transferee other than the non-defaulting Shareholder, a duly executed Deed of Adherence.

9.4.2 The Shareholder transferring the Transfer Shares to the non-defaulting Shareholder under Clause 9.3.4 shall deliver to the non-defaulting Shareholder in respect of the Transfer Shares on the date of such transfer:

- (i) duly executed share transfer forms; and
- (ii) the relevant share certificates.

9.5 Failure to transfer

9.5.1 If the Defaulting Shareholder does not comply with its obligations in this Clause 9, the Company may authorise a person to execute and deliver the necessary transfer on its behalf and cause the transferee to be registered as the holder of the Transfer Shares.

9.5.2 If the transferring Shareholder fails or refuses to transfer any Shares in accordance with this Clause 9 the transferee may serve a default notice. Within five Business Days of service of such a default notice (unless such non-compliance has previously been remedied to the reasonable satisfaction of the transferee), the transferring Shareholder shall not exercise any of its powers or rights in relation to management of, and participation in the profits of, the Company under this Agreement, the Articles or otherwise. The Directors appointed by the transferring Shareholder (or its predecessor in title) shall not:

- (i) be entitled to vote at any Board meeting;
- (ii) be required to attend any meeting of Directors in order to constitute a quorum; or
- (iii) be entitled to receive or request any information from the Company.

9.6 General

9.6.1 The Shareholders shall keep the Company and the Transport Authorities informed at all times of the issue and contents of any notice served pursuant to this Clause 9 and any election or acceptance relating to those notices.

9.6.2 The Shareholders shall do all things within their power to ensure that the Company is continued to be run as a going concern in pursuance of the Objectives during the period between the Event of Default and the completion of the transfer of the Transfer Shares.

9.6.3 The Shareholders acknowledge that in respect of a transfer of the Transfer Shares under this Clause 9:

- (i) their respective acquisition of Shares has been wholly funded under the letter of support from the Secretary of State dated 16 January 2002 (as amended or replaced from time to time) and therefore where it is a transferring Shareholder, it has not suffered a material loss; and
- (ii) this is a practical, fair and reasonable mechanism in the circumstances taking into account the nature of the relationship between the parties and the purposes and objectives for which they have entered into this Agreement, notwithstanding that the Transfer Shares shall have been transferred for nil consideration.

10 Terms and consequences of transfers of Shares

10.1 Transfer terms

Any sale and/or transfer of Shares pursuant to this Agreement shall be, subject to Clause 7, on terms that those Shares:

- 10.1.1 are transferred free from all claims, pledges, equities, liens, charges and encumbrances; and
- 10.1.2 are transferred with the benefit of all rights attaching to them as at the date of the relevant sale and/or transfer as appropriate.

10.2 Registration

The parties shall procure that a transfer of Shares is not approved for registration unless this Agreement and Articles have been complied with. The Company shall procure that each share certificate issued by it from the date of this Agreement shall carry the following statement:

"Any disposition, transfer, charge of or dealing in any other manner in the Shares represented by this certificate is restricted by a Shareholders' Agreement dated [] and made between SRA Investment Company Limited, Transport Trading Limited, the Strategic Rail Authority, Transport for London and the Company".

10.3 Further assurance

Each party shall do all things and carry out all acts which are reasonably necessary to effect the transfer of the Shares in accordance with the terms of this Agreement in a timely fashion.

10.4 Return of documents, etc.

On ceasing to be a Shareholder, a Shareholder must hand over to the Company or a Successor Entity to whom the Shareholder transfers its shares, material correspondence, Budgets, Plans, schedules, documents and records relating to the business of the Company held by it or any third party which has acquired such matter through that Shareholder but may keep copies of documents the Shareholder reasonably believes to be relevant to its business subject to the obligation of confidentiality in Clause 16.

10.5 Loans, borrowings, guarantees and indemnities

10.5.1 Except for a transfer in breach of this Agreement, upon a transfer of all the Shares held by a Shareholder:

- (i) the continuing Shareholder shall procure that all loans, borrowings and indebtedness in the nature of borrowings outstanding owed by the Company to a transferring Shareholder (together with any accrued interest) are either assigned to the continuing Shareholder for such value as may be agreed between the transferring Shareholder and the continuing Shareholder, or failing agreement with the continuing Shareholder, are repaid by the Company;
- (ii) all loans, borrowings and indebtedness in the nature of borrowings outstanding owed by that transferring Shareholder to the Company shall be repaid; and
- (iii) the continuing Shareholder shall use all reasonable endeavours (but without involving any financial obligation on its part) to procure the release of any guarantees, indemnities, security or other comfort given by the transferring Shareholder to or in respect of the Company or its business and, pending such release, shall indemnify the transferring Shareholder in respect of them (except in relation to the right of the continuing Shareholder to claim from the transferring Shareholder in respect of liabilities arising prior to the completion date of the transfer of Shares).

10.5.2 Any assumption of the obligations of a transferring Shareholder by the continuing Shareholder is without prejudice to the right of the continuing Shareholder and/or the Company to claim from the transferring Shareholder in respect of liabilities arising prior to the completion date of the transfer of Shares.

10.6 Removal of appointees

10.6.1 If a Shareholder ceases to be a Shareholder it shall immediately upon transfer of its Shares procure the resignation of all its appointees to the Board. If the continuing Shareholder requests, it shall do all such things and sign all such documents as may otherwise be necessary to procure the resignation or dismissal of such persons from such appointments in a timely manner.

10.6.2 Those resignations shall take effect without any liabilities on the Company for compensation for loss of office or otherwise except to the extent that the liability arises in relation to a service contract with a Director who was acting in an executive capacity. Any Shareholder removing a Director appointed by it shall fully indemnify and hold harmless the other Shareholder and the Company from and against any claim for unfair or wrongful dismissal arising out of such removal.

11 Public announcements

11.1 Approval of the parties

Each Shareholder and Transport Authority shall use all reasonable endeavours to consult with the other parties, allowing a reasonable time for responses before making any public announcement or issuing any circular relating to the Company, this Agreement or the associated arrangements, provided that nothing shall prevent or delay any party making any announcement or issuing any circular required by law or any regulatory body.

11.2 Oral statements

The Shareholders and the Transport Authorities intend that any oral statements made or replies to questions given by any party relating to the Company shall be consistent with any such public announcements or circulars.

12 Information, insurance, records, licences

12.1 Rights to information

A Shareholder may at all reasonable times and at its own expense:

- 12.1.1 discuss the affairs, finances and accounts of the Company with that Shareholder's officers and principal executives and those of its holding company (or authority or corporation which would, if it were a company, be its holding company); and
- 12.1.2 inspect and make copies of all books, records, accounts, documents and vouchers relating to the business and the affairs of the Company.

12.2 Insurance, records and licences

The Shareholders undertake that they shall use their reasonable endeavours to procure that:

- 12.2.1 the Company maintains with a well established and reputable insurer prudent insurance in accordance with current industry practice from time to time against all risks of a nature reasonably expected to be insured against which shall include (where appropriate) employer's liability insurance, public liability insurance and where insurable on reasonable commercial terms, insurance against loss of profits and consequential loss and insurance for the full replacement or reinstatement value of all its assets of an insurable nature including against terrorist acts;
- 12.2.2 the Company keeps proper books of account and makes true and complete entries of all its dealings and transactions; and
- 12.2.3 the Company shall obtain and maintain in full force and effect all approvals, consents or licences necessary in pursuance of the Objectives.

13 Letters of Support

Each of the SRA and TfL shall deliver their respective Letter of Support, duly signed, on or around the date of this Agreement.

14 Liability for Redundancy Costs for seconded employees

14.1 Subject to the provisions of Clauses 14.2 and 14.3 the SRA shall be responsible for all Redundancy Costs howsoever arising relating to those of its employees seconded to the Company and TfL shall be responsible for all Redundancy Costs howsoever arising relating to those of its employees seconded to the Company.

14.2 The Company shall pay to and indemnify TfL and the SRA against all Redundancy Costs howsoever arising relating to employees recruited by TfL or the SRA solely in order to be seconded to the Company whose recruitment commenced either:

14.2.1 before the date of this Agreement (for the avoidance of doubt this provision shall include but not be limited to the Recruited Employees); or

14.2.2 after the date of this Agreement provided that such recruitment shall only take place if requested by the Chief Executive of the Company and with the prior written consent of a director of the SRA and a chief officer of TfL

provided that the SRA or TfL (as appropriate) as employer shall have taken all reasonable steps to re-deploy any seconded staff at the expiry or termination of their period of secondment to the Company.

14.3 The Company shall pay to and indemnify TfL against all Redundancy Costs howsoever arising relating to the Transferred Employees provided that TfL as employer shall have taken all reasonable steps to re-deploy such employees at the expiry or termination of their period of secondment to the Company.

14.4 Without prejudice to the above provisions the parties agree and acknowledge that the Company will normally undertake the recruitment of its own employees.

15 Duration and termination

15.1 Duration

Subject to the other provisions of this Agreement, this Agreement shall continue in full force and effect until the earlier of:

15.1.1 the date which the Shareholders agree in writing to be the date on which this Agreement terminates; or

15.1.2 an effective resolution is passed or a binding order is made for the winding-up of the Company other than to effect a scheme of reconstruction or amalgamation,

provided that this Agreement shall cease to have effect as regards any Shareholder who ceases to hold any shares in the Company save for any provisions which are expressed to continue in force after termination.

15.2 Termination

Termination of this Agreement shall be without prejudice to any liability or obligation in respect of any matters, undertakings or conditions which shall not have been observed or performed by the relevant Shareholder prior to such termination.

16 Confidentiality

16.1 Confidential Information

Except as set out in Clauses 16.3 and 16.4, the parties shall use their respective reasonable endeavours to ensure that all information relating to this Agreement and/or the Company which, by its nature, is confidential (including but not limited to commercially sensitive information, information relating to any personnel of the parties or information related to security issues) ("**Confidential Information**") is kept confidential.

16.2 Restrictions

A party shall not use for its own business purposes or disclose to any third party or cause the disclosure to any third party, without the prior written consent of the party or parties to which the Confidential Information belongs or relates.

16.3 Exceptions

The obligations of confidentiality and restrictions on use of Confidential Information in Clause 16.2 shall not extend to:

- 16.3.1** information which is or subsequently comes into the public domain (unless as a result of breach of this undertaking);
- 16.3.2** disclosure of information to the extent required to be disclosed by any applicable law, to the Department for Transport, the Audit Commission, the National Audit Office, the Health and Safety Executive, the Inland Revenue, H M Customs and Excise or any other similar law enforcement agency or by order of a court of competent jurisdiction. The relevant party shall notify the other parties of the Confidential Information to be disclosed (and of the circumstances in which the disclosure is alleged to be required) as soon as reasonable before such disclosure is to be made and shall take into account their reasonable requirements;
- 16.3.3** information which has previously been agreed in writing by each of the other parties to be disclosed or announced; or
- 16.3.4** information which is disclosed to any member of the High Level Group;
- 16.3.5** information which was lawfully in the possession of the relevant party free of any restriction on disclosure as can be shown by that party's written records or other reasonable evidence;
- 16.3.6** information which following disclosure under this Clause, becomes available to the relevant party (as can be demonstrated by that party's written records or other reasonable evidence) from a source which is not bound by any obligation of confidentiality in relation to such information; and
- 16.3.7** the disclosure of information to any tax authority to the extent reasonably required for the purposes of the tax affairs of the party concerned or any member of its group.

16.4 Permitted Disclosures

A party shall be entitled to disclose any data or information, without the prior written consent of any other party, if such disclosure is made in good faith and only if and to the extent:

16.4.1 it is strictly necessary for the purposes of giving effect to this Agreement; or

16.4.2 it is disclosed on a confidential basis to directors, officers, employees or professional advisers of the relevant party, where such persons need to know the same for purposes relating to this Agreement and who are informed of the confidential nature of the information.

16.5 Damages not an adequate remedy

Without prejudice to any other rights or remedies which a party may have, the parties acknowledge and agree that damages would not be an adequate remedy for any breach of this Clause 16 and the remedies of injunction, specific performance and other equitable relief are appropriate for any threatened or actual breach of any such provision and no proof of special damages shall be necessary for the enforcement of the rights under this Clause 16.

17 Notices

17.1 Addresses

Any notice, claim or demand in connection with this Agreement shall be in writing (each a "Notice") and shall be sufficiently given if delivered or sent to the recipient at its fax number or address set out in Schedule 1 or any other fax number or address notified to the sender by the recipient for the purposes of this Agreement.

17.2 Form

Any Notice shall be in writing and may be sent by messenger, fax or prepaid first class post. Any Notice shall be deemed to have been received on the next working day in the place to which it is sent, if sent by fax, or 60 hours from the time of posting, if sent by post.

18 Whole agreement and remedies

18.1 Whole agreement

This Agreement contains the whole agreement between the parties relating to the subject matter of this Agreement at the date hereof to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the parties in relation to the matters dealt with in this Agreement. For the avoidance of doubt, nothing in this Clause affects the secondment agreements referred to in Recital D.

18.2 No inducement

Each of the parties acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated into it.

18.3 Remedies

So far as permitted by law and except in the case of fraud, each party agrees and acknowledges that its only right and remedy in relation to any representation, warranty or

undertaking made or given in connection with this Agreement shall be for breach of the terms of this Agreement to the exclusion of all other rights and remedies (including those in tort or arising under statute).

19 General

19.1 Survival of rights, duties and obligations

19.1.1 The provisions of Clauses 1, 2.1, 11, 16, 17, 18, 19.1, 19.3, 20 and 21 shall survive any termination of this Agreement and continue in full force and effect together with any other Clauses or Schedules necessary to give effect to them.

19.1.2 Termination of this Agreement for any cause shall not release a party from any liability which at the time of termination has already accrued to another party or which thereafter may accrue in respect of any act or omission prior to such termination.

19.2 Conflict with the Articles

In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Articles, it is intended that the provisions of this Agreement shall prevail and accordingly the Shareholders shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of this Agreement and shall further if necessary procure any required amendment to the Articles. The Company is not bound by this Clause until such time as the Articles have been so amended.

19.3 No partnership

Nothing in this Agreement shall be deemed to constitute a partnership between the parties nor constitute any party the agent of any other party for any purpose.

19.4 Release etc.

Any liability to any party under this Agreement may in whole or in part be released, compounded or compromised or time or indulgence given by that party in its absolute discretion as regards any party under such liability without in any way prejudicing or affecting its rights against any other party under the same or a like liability, whether joint and several or otherwise.

19.5 Waiver

No failure of any party to exercise, and no delay by it in exercising, any right, power or remedy in connection with this Agreement (each a "**Right**") shall operate as a waiver of that Right, nor shall any single or partial exercise of any Right preclude any other or further exercise of that Right or the exercise of any other Right. Any express waiver of any breach of this Agreement shall not be deemed to be a waiver of any subsequent breach.

19.6 Variation

No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the parties.

19.7 Assignment

This Agreement is personal to the parties and the rights and obligations of the parties may not be assigned or otherwise transferred except as provided for under this Agreement.

19.8 Further assurance

At any time after the date of this Agreement the parties shall, and shall use their reasonable endeavours to procure that any necessary third party shall, at the cost of the relevant party execute such documents and do such acts and things as that party may reasonably require for the purpose of giving to that party the full benefit of all the provisions of this Agreement.

19.9 Invalidity

If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, under any enactment or rule of law, such provision or part shall to that extent be deemed not to form part of this Agreement but the legality, validity and enforceability of the remainder of this Agreement shall not be affected.

19.10 Counterparts

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any party may enter into this Agreement by signing any such counterpart.

19.11 Review

The Shareholders and the Transport Authorities shall review the provisions of this Agreement as necessary and shall negotiate in good faith acting reasonably to agree any changes that may be necessary for the implementation of the Schemes.

20 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement except for third party transferees to whom the High Level Group directs a Defaulting Shareholder to transfer its Transfer Shares under Clause 9.

21 Governing law and submission to jurisdiction

21.1 Governing law

This Agreement and any documents to be entered into pursuant to it shall be governed by and construed in accordance with English law.

21.2 Jurisdiction

All the parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Agreement and the documents to be entered into pursuant to it and accordingly any proceedings arising out of or in connection with this Agreement shall be brought in such courts.

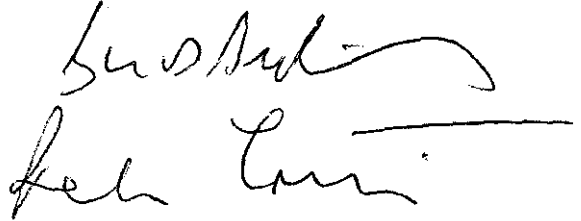
21.3 Submission and waiver

All the parties irrevocably submit to the jurisdiction of such courts and waive any objection to proceedings in any such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

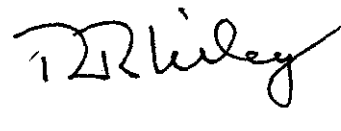
In witness whereof this Agreement has been duly executed on the date first stated above.

Executed by
SRA Investment Company Limited

Director
Director/Secretary


} 

Executed by *Robert R. Kiley*
for and on behalf of
Transport Trading Limited


} 

Executed for and on behalf of
The Strategic Rail Authority
in acknowledgement of its agreement to the terms
set out herein

by *Peter TALEWILL*
a person authorised by
The Strategic Rail Authority

} 

Executed by *Robert R. Kiley*
for and on behalf of
Transport for London

} 

Executed by
Cross London Rail Links Limited

~~Director~~
Director/Secretary

}

A handwritten signature in black ink, appearing to read 'Norman Hasse', written over a horizontal line. To the left of the signature is a large closing curly bracket '}'.

Norman Hasse

Schedule 1 Notices

SRA Investment Company Limited and The Strategic Rail Authority

- fax number: 020 7654 6010
- address: 55 Victoria Street
London SW1H 0EU
- FAO in respect of Clause 5.2: The Finance Director
- FAO in respect of all other matters: The Solicitor

Transport Trading Limited and Transport for London

- fax number: 020 7941 4748
- address: Windsor House
42-50 Victoria Street
London SW1H 0TL
- FAO in respect of Clause 5.2: The Chief Finance Officer
- FAO in respect of all other matters: The Secretary

Cross London Rail Links Limited

- fax number: 020 7941 7600
- address: 1 Butler Place
London SW1H 0PT
- FAO: The Secretary

Schedule 2
Letters of Support

Transport for London

Cross London Rail Links Limited ("**CLRL**")
1 Butler Place
London SW1H 0PT

SRA Investment Company Limited ("**SICL**")
55 Victoria Street
London SW1H 0EU

The Strategic Rail Authority ("**SRA**")
55 Victoria Street
London SW1H 0EU

Transport Trading Limited ("**TTL**")
Windsor House
42-50 Victoria Street
London SW1H 0TL

Dear Sirs

Cross London Rail Links Limited ("Company") - Financing

We refer to the Joint Venture Shareholders' Agreement between us relating to the Crossrail and South-West to North-East schemes (the "**Schemes**") dated:

We hereby confirm that:

1. we have received a letter from the Department of Transport, Local Government and the Regions (now called Department for Transport) ("**DfT**") dated 16 January 2002 ("**Letter**") which confirms that £154 million has been allocated by the DfT for the period 2001/2 to 2003/4 for the purposes of progressing the Schemes ("**Grant**");
2. an initial £7.15 million ("**Initial Grant**") has been included in the GLA transport grant for 2001/2;
3. other than the Initial Grant, amounts payable out of the Grant for the benefit of CLRL will be paid on an equal 50/50 proportion to SRA and us subject to the conditions set out in the Letter;
4. subject to the terms of the Joint Venture Shareholders' Agreement, we will use our reasonable endeavours to fulfil or advance the fulfilment of the conditions imposed upon TfL set out in the Letter for the payment of the Grant by the DfT which, for the avoidance of doubt, does not extend to any condition to be fulfilled by the SRA and/or CLRL; and

Robert R Kiley
Commissioner of Transport

Transport for London, Windsor House, 42-50 Victoria Street, London SW1H 0TL
Telephone 020 7941 4100, Fax 020 7941 4249, Email bobbkiley@tfl.gov.uk

VAT No 756 2769 90

5. we will provide finance to the Company equal to the sums we have received or will receive either directly from the DfT or through the GLA transport grant in respect of the facilitation of the Schemes by the Company, subject to and in accordance with the terms of the Joint Venture Shareholders' Agreement.

We do not undertake to provide financial support for CLRL other than through amounts of the Grant received from the DfT or any other sums received by us from the DfT or through the GLA transport grant in respect of the facilitation of the Schemes by CLRL.

Yours faithfully

Robert R Kiley

55 VICTORIA STREET, LONDON SW1H 0EU
 SWITCH 020 7654 6000
 FAX 020 7654 6010
 www.sra.gov.uk

PETER TREWIN
 THE SECRETARY

DIRECT 020 7654 6102
 EMAIL peter.trewin@sra.gov.uk

21 October 2002

Your ref:
 Our ref:

To: Cross London Rail Links Limited ("CLRL")
 1 Butler Place
 London SW1H 0PT

SRA Investment Company Limited ("SICL")
 55 Victoria Street
 London SW1H 0EU

Transport Trading Limited ("TTL")
 Windsor House
 42-50 Victoria Street
 London SW1H 0TL

Transport for London ("TfL")
 Windsor House
 42-50 Victoria Street
 London SW1H 0TL

Dear Sirs

Cross London Rail Links Limited ("Company") - Financing

We refer to the Joint Venture Shareholders' Agreement between us relating to the Crossrail and South-West to North-East schemes (the "Schemes") dated

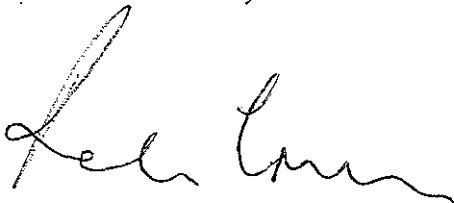
We hereby confirm that:

1. we have received a letter from the Department of Transport, Local Government and the Regions (now called Department for Transport) ("DfT") dated 16 January 2002 ("Letter") which confirms that £154 million has been allocated by the DfT for the period 2001/2 to 2003/4 for the purposes of progressing the Schemes ("Grant");

2. an initial £7.15 million ("Initial Grant") has been allocated to us for 2001/2 and ring-fenced to the Schemes as set out in a letter from the DfT to us dated 18 July 2001;
3. other than the Initial Grant, amounts payable out of the Grant for the benefit of CLRL will be paid on an equal 50/50 proportion to TfL and us subject to the conditions set out in the Letter;
4. subject to the terms of the Joint Venture Shareholders' Agreement, we will use our reasonable endeavours to fulfil or advance the fulfilment of the conditions imposed upon the SRA set out in the Letter for the payment of the Grant by the DfT which, for the avoidance of doubt, does not extend to any condition to be fulfilled by TfL and/or CLRL; and
5. we will provide finance to the Company equal to the sums we have received or will receive from the DfT in respect of the facilitation of the Schemes by the Company, subject to and in accordance with the terms of the Joint Venture Shareholders' Agreement.

We do not undertake to provide financial support for CLRL other than through amounts of the Grant received from the DfT or any other sums received by us from the DfT in respect of the facilitation of the Schemes by CLRL.

Yours faithfully



On behalf of SRA

Schedule 3
Deed of Adherence

THIS DEED OF ADHERENCE is made on _____ by _____ of _____ (the "Covenantor")

SUPPLEMENTAL to a Joint Venture Shareholders' Agreement dated [DATE] and made between SRA Investment Company Limited, Transport Trading Limited, the Strategic Rail Authority, Transport for London and the Company (the "Agreement").

The Covenantor covenants as follows:

- 1 The Covenantor confirms that it has been supplied with and has read a copy of the Agreement and covenants with each of the persons named in the Schedule to this Deed to observe perform and be bound by all the terms of the Agreement which are capable of applying to the Covenantor as a shareholder and which have not been performed at the date of this Deed to the intent and effect that the Covenantor shall be deemed with effect from the date on which the Covenantor is registered as a member of the Company to be a party to the Agreement (as if named as a party to that Agreement).
- 2 This Deed shall be governed by and construed in accordance with English law and the Covenantor hereby submits irrevocably to the exclusive jurisdiction of the English Courts (but accepts that this Deed may be enforced in any court of competent jurisdiction).
- 3 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed.

EXECUTED as a deed on the date written above.

Schedule
[Parties to Agreement including those who have executed earlier Deeds of Adherence]