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COMPANIES FORM No. 395

395

Particulars of a mortgage or charge

Please do not
write in
this margin

Pursuant to section 395 of the Companies Act 1985

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

To the Registrar of Companies
(Address overleaf)

For official use

Company number

13

2328402

Name of company

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

*
insert full name
of company

Date of creation of the charge

2nd February 1996

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

Floating Charge (the "Charge")

Amount secured by the mortgage or charge

all present and future obligations and liabilities of the Chargor to the Chargee, the Banks, the Issuing Bank and the Overdraft Bank (or any of them) under the Charge and under any of the other Finance Documents and/or any deed or document supplemental thereto, whether actual, contingent, sole, joint and/or several or otherwise, including, without prejudice to the foregoing generality, all obligations to indemnify the Chargee (the "Secured Liabilities") PROVIDED THAT, until the date of delivery to the Chargee of an Accession Agreement in accordance with Clause 20.16.1 of the Agreement, a copy of which is attached as relative hereto, the expression "Secured Liabilities" shall not include any Relevant Liabilities of the Chargor

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

See Paper Apart 1

Postcode

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

Dundas & Wilson CS
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN
Tel: BS/SMS/MPS/B0056.264

For official Use

Mortgage Section

Post room



Time critical reference

Short particulars of all the property mortgaged or charged

See Paper Apart 2

Please do not
write in
this margin

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

Particulars as to commission allowance or discount

Nil

Signed

Dundas & Wilson

Date

16.2.96

On behalf of [~~company~~] [chargee]*

*
delete as
appropriate

The address of the Registrar of Companies is: -

Companies House, Crown Way, Cardiff CF4 3UZ

Paper Apart 1 applicable to the foregoing Form 395 in respect of a Floating Charge by East London Bus & Coach Company Limited executed on 2nd February 1996:-

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

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Paper Apart 2 applicable to the foregoing Form 395 in respect of a Floating Charge by East London Bus & Coach Company Limited executed on 2nd February 1996:-

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



Definitions applicable to the foregoing Companies Form 395 in respect of a Floating Charge executed by East London Bus & Coach Company Limited on 2nd February 1996:-

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

Agent means the Chargee;

Agreement means the Facility Agreement dated 28th January 1996 among the Chargor and others, the Banks, the Issuing Bank, the Overdraft Bank and the Chargee as amended by a Side Letter executed on 2nd February 1996;

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

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

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

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

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

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

Clawback Security means (a) the Encumbrances granted by Group Companies and specified in Part 2 of Schedule 7 of the Agreement, a copy of which is annexed as relative hereto, and (b) Encumbrances granted by Group Companies acquired after the Signing Date in favour of governmental or quasi-governmental entities to secure clawback arrangements, to the extent granted prior to or as a result of the relevant acquisition;

Commitment means in relation to any Bank, its Facility A Commitment, its Facility B Commitment, its Facility C Commitment and its Facility D Commitment and means, in relation to the Overdraft Bank its Overdraft Commitment;

Co-Op Facility Agreement means a Facility Agreement between inter alia the Borrower and The Co-Operative Bank PLC executed 9th February 1995, as amended by a supplemental agreement (**the Co-Op Supplemental Agreement**) in the Required Form;

Co-Op Security means the Encumbrances granted by NE Group Companies pursuant to the Co-Op Facility Agreement and specified in Part 1 of Schedule 7 of the Agreement, a copy of which is annexed as relative hereto;

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

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

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

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

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

Existing Security means all the Security Documents (as defined in the Principal Facility Agreement) in existence at the Signing Date;

Existing Vendor Loan Notes means:-

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

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

Facilities means each of Facility A, Facility B, Facility C, Facility D and the Overdraft Facility;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Group means:-

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

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

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

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

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

Issuing Bank means the Chargee;

Loan means a Facility A Loan and/or a Facility B Loan and includes, in any such case, any part thereof having a separate Interest Period;

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

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

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

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

Overdraft Bank means the Chargee;

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

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

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

- (a) all amounts then outstanding under any overdraft, cheque drawing or other current account facilities;
- (b) the face amount of all bills of exchange then outstanding under any acceptance credit facilities;
- (c) 10% (in the case of contracts not exceeding one year) or 20% (in all other cases) of all amounts payable to the Overdraft Bank under any contracts entered into but which have not yet matured under any foreign exchange facilities;
- (d) the maximum face amount (excluding amounts stated to be in respect of interest) of all guarantees, indemnities, bonds and letters of credit then outstanding under any guarantee, indemnity or bonding or letter of credit facilities (including the Existing Guarantees refinanced thereby); and
- (e) in respect of any other facility or financial accommodation such other amount as the Overdraft Bank may determine (after consultation with the Agent) fairly represents its aggregate exposure at such time;

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

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

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

Permitted Encumbrance means:-

- (a) Encumbrances in favour of the Agent as agent and trustee for the Banks, the Issuing Bank and the Overdraft Bank;
- (b) any lien or hypothec arising solely by operation of law in the ordinary course of the business of the relevant Debtor Party in respect of any obligation which is not overdue for settlement;

- (c) Encumbrances granted with the prior written consent of the Banks;
- (d) the Co-Op Security;
- (e) the Clawback Security; and
- (f) the Existing Security, provided the same is fully released and discharged by no later than 30th April 1997;

Principal Facility Agreement means the Facility Agreement between inter alia the Borrower and the Agent executed 5th and 6th April 1993, as amended and restated by a Supplemental Agreement executed 6th September 1994, and as further amended by a Second Supplemental Agreement executed 9th February 1995 and a Third Supplemental Agreement executed on or around 21st December 1995;

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

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

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

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

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

Security Documents means:-

- (a) a Floating Charge by the Borrower and each other Charging Group Company in the Required Form;
- (b) an Assignment of the Borrower Collateral Account (the **Borrower Assignment**) by the Borrower in the Required Form;
- (c) an Assignment of the SWT Collateral Account (the **SWT Assignment**) by SWT in the Required Form; and
- (d) each other document executed or to be executed (whether pursuant to Clause 20.16 of the Agreement, a copy of which is annexed as relative hereto, or otherwise) in connection with the Agreement guaranteeing and/or constituting or evidencing rights in security for, or

otherwise in support of the obligations of any Debtor Party to the Agent, the Banks, the Issuing Bank and the Overdraft Bank;

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

Signing Date means 28th January 1996;

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

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

SWT means South West Trains Limited (registered in England and Wales number 29389935) with its registered office, as at the Signing Date, at Euston House, 24 Eversholt Street, London NW1 1DZ;

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

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

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

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

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

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

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

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

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

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

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

20.13.1.2 all other applicable Environmental Law;

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

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

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

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

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

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

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

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

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

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

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

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

20.16.2 Notification The Borrower will forthwith notify the Agent:-

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

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

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

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

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

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

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

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

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

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

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

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

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

Forms of Accession Agreement

ACCESSION AGREEMENT dated []

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

and

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

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

- E021 C:\CLIENTS\B0056264\160024AG.DOC

Part 2 - Acquisitions (Non-Rail)

ACCESSION AGREEMENT dated []

between

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

and

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

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

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

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

Part 3 - Acquisitions (Rail)

ACCESSION AGREEMENT dated []

between

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

and

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

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

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

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

Part 4 - New Material Companies

ACCESSION AGREEMENT dated []

between

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

and

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

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

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

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

Part 5 - Nominated Subsidiaries

ACCESSION AGREEMENT dated []

between

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

and

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

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

NOW IT IS HEREBY AGREED AND DECLARED THAT:-

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

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

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

Banks and Commitments

| Name and Facility Office | Banks | Commitments | | | | | Total |
|--|-------|---------------|-------------------------|---------------|--------------------------|--------------|-------------|
| | | Facility A | Facility B | Facility C | Facility D | Overdraft | |
| Name: The Governor and Company of the Bank of Scotland Address: Uberior House The Grassmarket Edinburgh EH1 2JF Tel: 0131 243 5769 Fax: 0131 243 5615 | | 16,666,667 | 15,000,000 ⁰ | 5,000,000 | 13,333,333 ⁰ | £20,000,000* | £65,000,000 |
| Name: National Westminster Bank PLC Address: 1st Floor 1/2 Broadgate London EC2M 2AD Tel: 0171 714 4586 Fax: 0171 714 4146 | | 20,370,370 | 18,333,333 ⁰ | — | 16,296,297 ⁰ | — | £55,000,000 |
| Name: The Royal Bank of Scotland plc Address: PO Box 1727 Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN Tel: 0131 523 7180 Fax: 0131 317 1003 | | 12,962,963 | 11,666,667 ⁰ | — | 10,370,370 ⁰ | — | £35,000,000 |
| | | 50,000,000 | 45,000,000 ⁰ | 5,000,000 | 40,000,000 ^{0x} | 20,000,000* | 155,000,000 |

⁰ interchangeable to the extent of £15,000,000 as provided in Clause 2.1 (a) *less the amount of Facility C Outstandings from time to time
^x net of SWT Collateral Deposit and other similar deposits as provided in Clause 2.1(b)

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

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

28. NOTICES

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

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

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

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

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

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

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

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

29. ASSIGNMENT AND TRANSFER

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

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

- 29.3 **Assignment by Banks** Any Bank (an assignor) may with the prior written consent of the Borrower (such consent not to be unreasonably withheld or delayed) assign or transfer all or any part of its rights, benefits and obligations hereunder to another bank (an assignee) which is carrying on a bona fide banking business in the United Kingdom. Any such assignment or transfer must be pro rata as between its Commitments relative to each of the Facilities. This sub-clause shall not, for the avoidance of doubt, apply to a sub-participation of all or any part of the rights and benefits of any Bank hereunder which may be effected from time to time at the discretion of any such Bank.
- 29.4 **Novation** A transfer of obligations shall only be effective if the assignee has confirmed to the Agent and the Borrower, prior to the transfer taking effect, that it undertakes to be bound by the terms of this Agreement as a Bank in form and substance satisfactory to the Agent and the Borrower; on any such transfer being made, the assignor shall be relieved of its obligations to the extent that they are transferred to the assignee. A proportion of the assignor's rights under the Security Documents equal to the proportion of the assignor's rights under this Agreement being transferred or assigned, shall automatically be assigned or transferred, as appropriate, to the assignee at the same time as the rights under this Agreement. Such transfer shall take effect by way of novation.
- 29.5 **Transfer Agreements** Any permitted transfer of all or any part of a Bank's (each an Existing Bank) rights, benefits and obligations hereunder may, as an alternative to Clauses 29.3 and 29.4 and subject to the provisions of Clause 29.6 and to compliance with the Financial Services Act 1986 and all other legal requirements, be effected by way of a transfer by the delivery to the Agent of a duly completed and duly executed Transfer Agreement.
- 29.6 **Effect of Transfer Agreements** On the date specified in the Transfer Agreement referred to in Clause 29.5, to the extent that in such Transfer Agreement that Existing Bank seeks to transfer its rights, benefits and obligations hereunder to the New Bank:-
- 29.6.1 the Debtor Party and such Existing Bank shall each be released from further obligations to the other hereunder and their respective rights against each other (except for any such rights as may have accrued prior to the date of delivery of such Transfer Agreement to the Agent) shall be cancelled (such rights, benefits and obligations being referred to in this Clause 29.6 as **discharged rights, benefits and obligations**);
 - 29.6.2 the Debtor Party, and the New Bank party thereto, shall each assume obligations towards each other and acquire rights and benefits against each other which differ from the discharged rights, benefits and obligations only insofar as the Debtor Party and such New Bank have assumed and/or acquired the same in place of the Debtor Party and that Existing Bank;
 - 29.6.3 the Agent, the New Bank and the other Banks shall acquire the same rights and benefits and assume the same obligations between themselves as they would have acquired and assumed had such New Bank been an original party hereto as a Bank, with the rights, benefits and obligations acquired and/or assumed by it as a result of such transfer (and, to that extent, the Agent, the Existing Bank and the other Banks shall each be released from further obligations to each other hereunder); and
 - 29.6.4 there shall be transferred to and assumed by the New Bank that percentage specified in the Transfer Agreement of that Existing Bank's Commitment in respect of the

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

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

- 29.7 **Notification** The Agent shall promptly notify the Borrower and the other Banks for the time being of the receipt of a Transfer Agreement and shall deliver a copy of such Transfer Agreement to the Borrower.
- 29.8 **Agent** Each of the parties hereto hereby irrevocably authorises the Banks, the Issuing Bank and the Overdraft Bank to deliver and the Agent to receive each Transfer Agreement in accordance with the foregoing provisions of this Clause. Each Finance Party hereby irrevocably authorises the Agent to execute any duly completed Transfer Agreement on its behalf. Each Debtor Party hereby irrevocably authorises the Borrower, whom failing the Agent, to execute any duly completed Transfer Agreement on its behalf and confirms that its obligations hereunder and under the other Finance Documents shall remain in full force and effect notwithstanding any Transfer Agreement becoming effective.
- 29.9 **Information** A Bank may subject to this Clause 29 and to Clause 33 disclose to a potential assignee or sub-participant such information about a Debtor Party as it may possess, subject further to imposing a requirement on such potential assignee, New Bank or sub-participant to keep the information supplied to it confidential.
- 29.10 **Facility Office** A Bank may change its lending office hereunder to another office located within the United Kingdom by not less than five Business Days' prior notice to the Borrower

30. CURRENCY INDEMNITY

30.1 Deficiencies If:-

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

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

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

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

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

- 7.3 **Operation** Subject to the provisions of this Agreement, the Overdraft Facility shall be operated and maintained in accordance with normal banking practice. In particular, in respect of any contingent or third party obligations undertaken by the Overdraft Bank under the Overdraft Facility on behalf of the Borrower or any Nominated Subsidiary the provisions of Clauses 6.5, 6.9 and 6.10 shall apply to such obligations as if they were Performance Bonds or Guarantees hereunder, and as if references therein to the Issuing Bank were references to the Overdraft Bank and to the Borrower included a reference to the relevant Nominated Subsidiary.
- 7.4 **Utilisations** The first Utilisation of the Overdraft Facility shall take place on the Second Drawdown Date and shall take effect (in relation to any Existing Guarantees to be refinanced thereby) by the Overdraft Bank being deemed to have issued the relevant Existing Guarantees as Guarantees hereunder. Any Utilisation by a Nominated Subsidiary is subject to prior written notice to the Overdraft Bank and to compliance with Clause 20.16.
- 7.5 **Information** The relevant Debtor Party and the Overdraft Bank will, promptly upon request by the Agent, supply the Agent with such information relating to the operation of the Overdraft Facility to the extent operated by the Overdraft Bank (including, without limitation, the Overdraft Outstandings thereunder) as the Agent may from time to time request. The Debtor Parties consent to all such information being released to the Agent and each Bank.

8. **COLLATERAL ACCOUNTS**

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

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

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

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

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

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

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

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

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

SCHEDULE 1

Group Companies

DW.

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

(B) NE Group Companies

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

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

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

(D) Overseas Subsidiaries

| | | |
|---|-----------------|---|
| Stagecoach Malawi Limited | Malawi | PO Box 176, Chichiri, Blantyre, Malawi |
| Halls Transport Services Limited | Malawi | PO Box 176, Chichiri, Blantyre, Malawi |
| North Charterland Transport Company Limited | Malawi | PO Box 176, Chichiri, Blantyre, Malawi |
| Stagecoach (Hong Kong) Limited | Hong Kong | Flat K 18/F International Industrial Centre, 2-8 Kwei Tei Street, Fotan, Hong Kong |
| Kenya Bus Services (Mombassa) Limited | Kenya | General Wairoingi Street, East Leigh, Nairobi, Kenya |
| Wellington City Transport Limited | New Zealand | 45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand |
| New Zealand Bus Limited | New Zealand | 45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand |
| Cityline (NZ) Limited | New Zealand | 45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand |
| North City Bus Limited | New Zealand | 45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand |
| Harbour City Cable Car Limited | New Zealand | 45 Onepu Road, PO Box 14070 Kilbirnie, Wellington, New Zealand |
| Skipburn Limited | Ontario, Canada | c/o Fasken Campbell Godfrey, Solicitors, PO Box 20, Toronto-Dominion Bank, Toronto, M5K 1N6, Canada |
| Kenya Bus Services Limited | Kenya | General Wairuingi Street, East Leigh, Nairobi, Kenya |

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

(E) **Trustee Companies**

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

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

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

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

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

(G) **Associated Companies**

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

SCHEDULE 7*Qw.***Part 1 - Co-Op Security**

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

Part 2 - Clawback Security

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

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

Road, Upton Park

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

South East London &
Kent Bus Company
Limited

London Regional
Transport

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

Plumstead Garage,
Pettman Crescent,
Plumstead

SCHEDULE 8
Existing Guarantees

DW.

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

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

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

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

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

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

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

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

5. **TERM FACILITIES**

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

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

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

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

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

- 5.2.1 **Qualifying Acquisition** means a purchase after the Signing Date by the Borrower or any other Charging Group Company of the whole (or such part as the Banks may agree in writing) of the issued share capital of another body corporate or of the undertaking and assets of any body corporate (**the Target**) where the purchase complies with the following conditions:-
- 5.2.1.1 the Target carries on the business, or comprises assets used in the business, of the provision of bus or coach services, but not in the business of train operating or leasing services;
- 5.2.1.2 the proposed purchase has either:-
- (a) received clearance following delivery of a merger notice under Section 75, Fair Trading Act 1973; or
 - (b) been the subject of confidential guidance from the Office of Fair Trading which confirms that the purchase is unlikely to be investigated by the Monopolies and Mergers Commission,
- or (if the proposed Purchase Price does not exceed £10,000,000 or equivalent) the Borrower confirms to the Agent in writing that in the opinion of the Board of Directors of the Borrower it is unlikely that the purchase would be so investigated;
- 5.2.1.3 the value of the goodwill (determined in accordance with the Applicable Accounting Principles and as evidenced by the latest available audited accounts or, if the Borrower so requires, management accounts of the Target at completion of the purchase as adjusted to reflect the Borrower's estimate of the fair value of the net assets of the Target) of the Target does not exceed 25% of the Purchase Price (if the Purchase Price exceeds £5,000,000) disregarding always, for the purpose of this sub-clause the value of any goodwill the purchase of which is paid for or satisfied by the issue to the vendor or vendors of the Target of ordinary share capital of the Borrower listed on the London Stock Exchange Limited; and
- 5.2.1.4 the proposed Target is incorporated or located in the United Kingdom;
- 5.2.2 **Purchase Price** means in respect of a Qualifying Acquisition the aggregate of (a) the cash consideration and (b) the value of any assumed or retained liabilities of the Target and (c) the value of any non-cash consideration;
- 5.2.3 **Initial Costs** means the amount of any cash payment of the Purchase Price due on completion and/or the amount of any cash payment which is to be made within 30 days after completion to discharge any liabilities (including term Borrowings) assumed by the relevant Obligor or retained by the Target; and
- 5.2.4 **Subsequent Costs** means the amount of any cash payment of the Purchase Price due within 2 years after completion and/or the amount of any cash payment by the relevant Debtor Party or the Target within 2 years after completion to finance redundancy costs, property upgradings, 20% of the cost of replacement vehicles and such other liabilities in the nature of capital expenditure (but not working capital requirements) as the Banks may agree in writing.

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

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

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

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

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

5.3.2 the amount of the proposed Utilisation which:-

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

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

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

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

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

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

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

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

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

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

6. ANCILLARY FACILITIES

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

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

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

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

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

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

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

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

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

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

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

- 2.5.1 failure of a Bank, the Issuing Bank or the Overdraft Bank to carry out its obligations hereunder shall not relieve any other party hereto of any of its obligations hereunder;
- 2.5.2 no Bank shall be responsible for the obligations of any other Bank, the Issuing Bank or the Overdraft Bank hereunder;
- 2.5.3 the Overdraft Bank shall not be responsible for the obligation of any other Bank or the Issuing Bank hereunder; and
- 2.5.4 the Issuing Bank shall not be responsible for the obligations of any Bank or the Overdraft Bank hereunder.

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

DW **3. PURPOSE AND UTILISATION**

- 3.1 **Facility A** The proceeds of the Utilisation of Tranche A(1) of Facility A shall be applied in refinancing all Existing Debt which comprises the Term Loan under the Principal Facility Agreement. The proceeds of the Utilisation of Tranche A(2) of Facility A shall be applied in refinancing all Existing Debt which comprises all the Revolving Loans under the Principal Facility Agreement.
- 3.2 **Facility B** The proceeds of the first Utilisation of Facility B shall be applied in refinancing all Existing Debt under the Cambus/SWT Advance Letter (including all outstanding obligations of BoS under the Existing Guarantees issued in respect of the Cambus Notes). The proceeds of each subsequent Utilisation of Facility B shall be applied to finance or refinance Qualifying Acquisitions (and/or in the issue, through the Issuing Bank, of Guarantees in connection therewith) in accordance with the provisions of Clause 5.
- 3.3 **Facility C** Facility C shall be used for, and shall be applied in the refinancing through the Issuing Bank of, all outstanding obligations of BoS under the Existing Guarantees issued in respect of the Existing Vendor Loan Notes (other than the Cambus Notes).
- 3.4 **Facility D** Tranche D(1) of Facility D shall be used for the issue, through the Issuing Bank, of the SWT Performance Bond. Tranche D(2) of Facility D shall be used for the issue, through the Issuing Bank, from time to time of the SWT Season Ticket Bond. Each other Utilisation of Facility D shall be applied in the support of such obligations of any Rail Group Company to the Director of Passenger Rail Franchising required in terms of any Franchise Agreement, and on such terms, and within such further tranches, as the Banks may agree.

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

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2. **COMMITMENT**

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

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

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

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

- 2.2 **Time Limit** If the Initial Drawdown Date has not occurred by 2nd March 1996, or such later date as all the Banks may agree in writing, then all the Commitments shall automatically be cancelled at close of business on such date.
- 2.3 **Annual Reviews** The following Facilities are subject to annual review beginning with a first review as at 31st August 1996:-
 - 2.3.1 Facility C, by the Banks;
 - 2.3.2 Facility D (other than in respect of Tranches D(1) and D(2)), by the Banks; and
 - 2.3.3 the Overdraft Facility, by the Overdraft Bank.

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

- 2.4 **Increase in Commitments** If the Borrower wishes to request any increase in the Commitments at any time it will give notice in writing to the Agent, which shall promptly be copied to the Banks, the Issuing Bank and the Overdraft Bank, specifying:-
 - 2.4.1 the amount of the proposed increase;
 - 2.4.2 the purpose towards which any utilisation of the increased commitment would be applied;
 - 2.4.3 such other supporting documentation as the Borrower may consider relevant.

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

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

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

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

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

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

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

3. PURPOSE AND UTILISATION

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

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

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

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

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

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

6. ANCILLARY FACILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. OVERDRAFT FACILITY

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

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

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

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

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

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

24. FEES

- DW* 24.1 **Non-Utilisation Fee** The Borrower will pay to the Agent for distribution amongst the Banks pro rata to their Facility B Commitments a non-utilisation fee in Sterling computed at the rate of one half of one per cent (0.5%) per annum on the daily uncanceled undrawn amount of the Facility B Commitment during the Commitment Period relative thereto. Accrued non-utilisation fee shall be payable every three months in arrears and in any case on the Final Repayment Date relative thereto and on full drawing of the Facility B Commitment, commencing with a payment three months after the date hereof. Accrued non-utilisation fee shall also be payable on the cancelled amount of any Facility B Commitment at the time such cancellation comes into effect. Non-utilisation fee shall accrue from day to day and be calculated on the basis of a year of 365 days for the actual number of days elapsed and be payable together with any value added tax thereon.
- 24.2 **Arrangement Fee** The Borrower agrees to pay to the Agent on the Signing Date an arrangement fee as agreed in a letter between the Borrower and the Agent dated 26th January 1996 for distribution by the Agent to the Banks as agreed between them prior to the Signing Date plus any applicable value added tax thereon.

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

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

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

25. **EXPENSES**

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

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

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

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

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

26. **STAMP DUTIES**

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

27. **WAIVERS, REMEDIES CUMULATIVE**

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

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

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

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

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

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

7. OVERDRAFT FACILITY

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

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

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

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

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

- 7.3 **Operation** Subject to the provisions of this Agreement, the Overdraft Facility shall be operated and maintained in accordance with normal banking practice. In particular, in respect of any contingent or third party obligations undertaken by the Overdraft Bank under the Overdraft Facility on behalf of the Borrower or any Nominated Subsidiary the provisions of Clauses 6.5, 6.9 and 6.10 shall apply to such obligations as if they were Performance Bonds or Guarantees hereunder, and as if references therein to the Issuing Bank were references to the Overdraft Bank and to the Borrower included a reference to the relevant Nominated Subsidiary.
- 7.4 **Utilisations** The first Utilisation of the Overdraft Facility shall take place on the Second Drawdown Date and shall take effect (in relation to any Existing Guarantees to be refinanced thereby) by the Overdraft Bank being deemed to have issued the relevant Existing Guarantees as Guarantees hereunder. Any Utilisation by a Nominated Subsidiary is subject to prior written notice to the Overdraft Bank and to compliance with Clause 20.16.
- 7.5 **Information** The relevant Debtor Party and the Overdraft Bank will, promptly upon request by the Agent, supply the Agent with such information relating to the operation of the Overdraft Facility to the extent operated by the Overdraft Bank (including, without limitation, the Overdraft Outstandings thereunder) as the Agent may from time to time request. The Debtor Parties consent to all such information being released to the Agent and each Bank.

8. COLLATERAL ACCOUNTS

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

- 8.1.1 shall be held subject to the terms of the Borrower Assignment;
- 8.1.2 shall bear interest at LIBOR less 0.5% per annum; and
- 8.1.3 may be released to the Borrower from time to time, to the extent it exceeds the amount of the Facility D Outstandings in respect of Tranche D(1) at the relevant time, if no Default has occurred and is continuing.

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

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

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

13.3 **Following Utilisation** If a Suspension Notice relates to any Loan outstanding at the time of a Suspension Notice, during the period of 30 days from such Suspension Notice, the Banks or such Affected Bank shall, in consultation with the Agent and the Borrower, certify to the Agent and the Borrower such alternative basis as the Banks or such Affected Bank in their sole and absolute discretion shall determine (in this Agreement referred to as their **Substitute Basis**) for maintaining the participation of the Banks or such Affected Bank in such Loan. Without limitation, such Substitute Basis may be retroactive to the beginning of such Interest Period (being the Interest Period commencing at or around the date of the Suspension Notice), and may include an alternative method of fixing the interest rate (which shall reflect the cost to the Banks or such Affected Bank of funding its participation in such Loan from other sources plus the Applicable Margin), alternative Interest Periods or alternative currencies for such Loan. Each Substitute Basis so certified shall be binding upon the Borrower and the certifying Banks or Affected Bank and shall be treated as part of this Agreement.

13.4 **Consultation** So long as any Substitute Basis is in force the Agent (in consultation with the Borrower and each Bank certifying a Substitute Basis) shall from time to time, but not less often than monthly, review whether or not the circumstances referred to in Clause 13.1 still prevail with a view to returning to the normal provisions of this Agreement.

13.5 **Prepayment** The Borrower shall notify the Agent in writing within thirty days of the receipt of a notice from the Agent certifying a Substitute Basis in relation to any Loan whether or not it wishes to prepay the Loan concerned. If the Borrower gives such notice that it wishes to prepay, then the Borrower shall prepay the Loan concerned within ten days after delivery of such notice without penalty but together with interest accrued thereon up to the date of prepayment at the rate specified in the Agent's certificate of Substitute Basis.

14. **GUARANTEE AND INDEMNITY**

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

14.1.1 guarantees the due and punctual payment of all moneys and performance of all other obligations expressed to be payable or performed by each other Debtor Party under the Finance Documents (including this Agreement), and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. PAYMENTS

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

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

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

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

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

reasonable times on reasonable notice to enter upon the Security Assets and view the state of the same;

7. **WHEN SECURITY BECOMES ENFORCEABLE**

At any time after the occurrence of a Default (whether or not the same is then continuing) the security hereby conferred shall become immediately enforceable and the power of sale and other powers conferred by Section 101 of the Law of Property Act 1925 as varied or amended by this Deed shall be immediately exercisable. After this security has become enforceable the Chargee may in its discretion as the Chargee may consider necessary or desirable, enforce all or any part of this security in such manner as the Chargee sees fit.

8. **ENFORCEMENT OF SECURITY**

- (1) For the purpose of all powers implied by statute, but subject always to Clause 2 above, the Secured Liabilities shall be deemed to have become due and payable on the date hereof and Section 103 of the Law of Property Act 1925 (restricting the power of sale) and Section 93 of the same Act (restricting the right of consolidation) shall not apply to this Deed. The statutory powers of leasing conferred on the Chargee shall be extended so as to authorise the Chargee to lease, make agreements for leases, accept surrenders of leases and grant options as the Chargee shall think fit and without the need to comply with any of the provisions of Sections 99 and 100 of the said Act.
- (2) The Chargee may at any time after the security constituted hereby has become enforceable (and whether or not any Default is then continuing) exercise (but only so as to protect or enforce the security constituted hereby), at its discretion (in the name of the Chargor and without any further consent or authority on the part of the Chargor but after notice has been given to the Chargor) in respect of any of shares, stocks, bonds, debentures or other securities, any voting rights and any powers or rights which may be exercised by the person or persons in whose name such shares, stocks, bonds, debentures or other securities are registered or who is the holder thereof under the terms thereof or otherwise including, but without limitation, all the powers given to trustees by Section 9 of the Trustee Investment Act, 1961 in respect of securities or property subject to a trust.

9. **RECEIVER**

- DW .
- (1) At any time after this security becomes enforceable the Chargee may without further notice appoint under seal or in writing under its hand any one or more qualified persons to be a receiver, administrative receiver or receiver and manager (hereinafter each called a Receiver) of all or any part of the Security Assets in like manner in every respect as if the Chargee had become entitled under the Law of Property Act 1925 to exercise the power of sale thereby conferred. In this Clause 9 **qualified person** means a person who, under the Insolvency Act 1986, is qualified to act as a receiver of the property of any Chargor with respect to which he is appointed.
 - (2) Every Receiver appointed in accordance with Clause 9(1) shall have and be entitled to exercise all powers conferred by the said 1925 Act as if such Receiver had been duly appointed thereunder. In particular by way of addition to but without hereby limiting any general powers hereinbefore referred to every such Receiver so appointed shall have power to do the following things:-

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 02328402

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A FLOATING CHARGE DATED THE 2nd FEBRUARY 1996 AND CREATED BY EAST LONDON BUS & COACH COMPANY LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND FOR ITSELF AND AS SECURITY TRUSTEE FOR AND ON BEHALF OF THE BANKS, THE ISSUING BANK AND THE OVERDRAFT BANK UNDER THE CHARGE AND UNDER ANY OF THE OTHER FINANCE DOCUMENTS AND/OR ANY DEED OR DOCUMENT SUPPLEMENTAL THERETO WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 17th FEBRUARY 1996.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 20th FEBRUARY 1996.


for the Registrar of Companies



C O M P A N I E S H O U S E

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for