

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY GUARANTEE
ARTICLES OF ASSOCIATION
OF
RAIL NORTH LIMITED (the "Company")

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THE COMPANIES ACT 2006

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ARTICLES OF ASSOCIATION

OF

RAIL NORTH LIMITED (the "Company")

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, unless the context otherwise requires:

Act: means the Companies Act 2006;

Appointor: has the meaning given in article 27.1;

Articles: means the Company's articles of association for the time being in force;

Business Day: means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;

Clear Days: means (in relation to the period of a notice) that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

Conflict: means a situation in which a director has or can have, a direct or indirect interest that conflicts or possibly may conflict, with the interests of the Company;

Eligible Director: means a director who would be entitled to vote on the matter at a meeting of directors (but excluding in relation to the authorisation of a Conflict pursuant to Article 19, any director whose vote is not to be counted in respect of the particular matter);

"Group" means the Company and its subsidiary undertakings for the time being and references to a **"Group Member"** shall be construed accordingly;

Interested Director: has the meaning given in article 19.2;

Member: means a member of the Company;

Model Articles: means the model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (*SI 2008/3229*) as amended prior to the date of adoption of these Articles and reference to a numbered "**Model Article**" is a reference to that article of the Model Articles; and

Rail North Area: means that area in England which is served by the Northern or TransPennine Express rail franchises or any franchise, concession or operating agreement which may replace them.

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "**article**" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
 - (a) any subordinate legislation from time to time made under it; and
 - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms "**including**", "**include**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 No regulations set out in any statute or in any statutory instrument or other subordinate legislation concerning companies, including but not limited to the Model Articles, shall apply to the Company, but the following shall be the articles of association of the Company.

2. OBJECTS

The objects for which the Company is established is to:

- (a) promote and improve rail services in the Rail North Area;

- (b) arrange for the carriage of passengers by railway between places in Great Britain;
- (c) manage the performance of obligations under franchise agreements let by the Secretary of State in respect of carriage of passengers by railway; and
- (d) support the delivery of the long term rail strategy of the Members.

3. POWERS

In pursuance of the objects set out in article 2, the Company has the power to:

- (a) buy, lease or otherwise acquire and deal with any property real or personal and any rights or privileges of any kind over or in respect of any property real or personal and to improve, manage, develop, construct, repair, sell, lease, mortgage, charge, surrender or dispose of or otherwise deal with all or any part of such property and any and all rights of the Company;
- (b) (without granting security) borrow and raise money in such manner as the directors shall think fit;
- (c) invest and deal with the funds of the Company not immediately required for its operations in or upon such investments, securities or property as may be thought fit;
- (d) subscribe for, take, buy or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority in any part of the world;
- (e) lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others, to enter into guarantees, contracts of indemnity and suretyships of all kinds to receive money on deposit or loan upon such terms as the Company may approve and to guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding company or subsidiary;
- (f) lobby, advertise, publish, educate, examine, research and survey in respect of all matters of law, regulation, economics, accounting, governance, politics and/or other issues and to hold meetings, events and other procedures and co-operate with or assist any other body or organisation in each case in such way or by such means as may, in the opinion of the directors, affect or advance the principal object in any way;
- (g) pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company and to contract with any person, firm or company to pay the same;

- (h) enter into contracts to provide services to or on behalf of other bodies;
- (i) provide and assist in the provision of money, materials or other help;
- (j) open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments;
- (k) incorporate subsidiary companies to carry on any trade; and
- (l) do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of any of the objects set out in article 2

provided always that the Company shall not have power to take any action which any of its Members are prohibited from so doing.

4. NOT FOR DISTRIBUTION

4.1 The income and property of the Company shall be applied solely in promoting the objects of the Company as set out in article 2.

4.2 No dividends or bonus may be paid or capital otherwise returned to the Members, provided that nothing in these Articles shall prevent any payment in good faith by the Company of:

- (a) reasonable and proper remuneration to any Member, officer or servant of the Company for any services rendered to the Company;
- (b) any interest on money lent by any Member or any director at a reasonable and proper rate;
- (c) reasonable and proper rent for premises demised or let by any Member or director; or
- (d) reasonable out-of-pocket expenses properly incurred by any director.

5. WINDING UP

On the winding-up or dissolution of the Company, any assets or property that remains available to be distributed or paid to the Members shall be paid to such Members as then have the right to vote at a general meeting of the Company pro-rata to the number of votes they are entitled to cast on a poll at a general meeting of the Company.

6. GUARANTEE

The liability of each Member is limited to £1, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while he is a Member or within one year after he ceases to be a Member, for

- (a) payment of the Company's debts and liabilities contracted before he ceases to be a Member,
- (b) payment of the costs, charges and expenses of the winding up, and
- (c) adjustment of the rights of the contributories among themselves.

DIRECTORS

7. DIRECTORS GENERAL AUTHORITY

Subject to the Articles and to the applicable provisions for the time being of the Act, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

8. MEMBERS' RESERVE POWER

- 8.1 The Members may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- 8.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

9. DIRECTORS MAY DELEGATE

- 9.1 Subject to the Articles, the directors may delegate (in writing) any of the powers which are conferred on them under the Articles:
 - (a) to such person or committee;
 - (b) by such means (including by a power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;as they think fit.
- 9.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- 9.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

10. COMMITTEES

- 10.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by directors.
- 10.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.
- 10.3 Where a provision of the Articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

DECISION-MAKING BY DIRECTORS

11. DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 11.1 The general rule about decision-making by directors is that any decision of the directors must be taken as a majority decision at a meeting or as a directors' written resolution in accordance with Article 12 (Directors' written resolutions) or otherwise as a unanimous decision taken in accordance with Article 13 (Unanimous decisions).
- 11.2 If:
- (a) the Company only has one director for the time being, and
 - (b) no provision of the Articles requires it to have more than one director,
- the general rule does not apply, and the director may (for so long as he remains the sole director) take decisions without regard to any of the provisions of the Articles relating to directors' decision-making.
- 11.3 Subject to the Articles, each director participating in a directors' meeting has one vote.

12. DIRECTORS' WRITTEN RESOLUTIONS

- 12.1 Any director may propose a directors' written resolution by giving notice in writing of the proposed resolution to each of the other directors (including alternate directors).
- 12.2 If the Company has appointed a company secretary, the company secretary must propose a directors' written resolution if a director so requests by giving notice in writing to each of the other directors (including alternate directors).
- 12.3 Notice of a proposed directors' written resolution must indicate:
- (a) the proposed resolution; and

(b) the time by which it is proposed that the directors should adopt it.

12.4 A proposed directors' written resolution is adopted when a majority of the non-conflicted directors (or their alternates) have signed one or more copies of it, provided that those directors (or their alternates) would have formed a quorum at a directors' meeting were the resolution to have been proposed at such meeting.

12.5 Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the Articles.

13. UNANIMOUS DECISIONS

13.1 A decision of the directors is taken in accordance with this Article 13 when all non-conflicted directors indicate to each other by any means that they share a common view on a matter.

13.2 A decision may not be taken in accordance with this Article 13 if the non-conflicted directors would not have formed a quorum at a directors' meeting had the matter been proposed as a resolution at such a meeting.

13.3 Once a directors' unanimous decision is taken in accordance with this Article 13 it must be treated as if it had been a decision taken at a directors' meeting in accordance with the Articles.

14. CALLING A DIRECTORS' MEETING

14.1 Any director may call a directors' meeting by giving notice of the meeting to each of the directors (including alternate directors), whether or not he is absent from the United Kingdom, or by authorising the company secretary (if any) to give such notice.

14.2 Notice of any directors' meeting must indicate:

(a) its proposed date and time;

(b) where it is to take place; and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

14.3 Subject to Article 14.4, notice of a directors' meeting must be given to each director but need not be in writing.

14.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company prior to or up to and including not more than seven days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

15. PARTICIPATION IN DIRECTORS' MEETINGS

15.1 Subject to the Articles, directors participate in a directors' meeting, or part of a directors' meeting, when:

- (a) the meeting has been called and takes place in accordance with the Articles, and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

15.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

15.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

16. CHAIRING OF DIRECTORS' MEETINGS

16.1 The Members shall appoint a director to chair the meetings of directors. Any such appointment shall be made at a general meeting of the Company by way of a majority vote and shall (unless earlier terminated in accordance with article 16.3) be for a period of 12 months or (if earlier) until the next annual general meeting of the Members.

16.2 The person so appointed for the time being is known as the chairman.

16.3 The Members may (in a similar manner as the appointment) terminate the chairman's appointment at any time.

16.4 If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

17. CHAIRMAN'S CASTING VOTE AT DIRECTORS' MEETINGS

17.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall not have a casting vote.

18. QUORUM FOR DIRECTORS' MEETINGS

18.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

18.2 Subject to Article 18.3, the quorum for the transaction of business at a meeting of directors may be fixed from time to time by a decision of the directors but subject to article 18.4 it must never be less than at least half of the directors who are then appointed. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. If and so long as there is a sole

director, he may exercise all the powers and authorities vested in the directors by these Articles and accordingly the quorum for the transaction of business in these circumstances shall be one.

- 18.3 For the purposes of any meeting (or part of a meeting) held pursuant to Article 19 (Directors' conflicts of interests) to authorise a director's conflict, if there is only one non-conflicted director in office in addition to the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one non-conflicted director.
- 18.4 For so long the Company has less than six Members, the quorum for the transaction of business at a meeting of directors must never be less than three.

19. DIRECTORS' CONFLICTS OF INTEREST

- 19.1 Subject to the director declaring the nature and extent of his interest (other than an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest or one that the other directors are aware of, or ought reasonably to be aware of) for the purposes of section 175 of the Act:
- (a) a director shall be authorised to hold office as a director or other officer of, be employed or engaged by, hold shares or other securities in, or otherwise be interested in, whether directly or indirectly, any other Group Member or any other undertaking in which the Company is otherwise (directly or indirectly) interested; and
 - (b) a director (and his alternate director) shall be authorised to hold office as a director or other officer of, be employed or engaged by, hold shares or other securities in, or otherwise be interested in, whether directly or indirectly, a Member.
- 19.2 The directors may, in accordance with the requirements set out in this article, authorise any Conflict proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest.
- 19.3 Any authorisation under this article 19 shall be effective only if:
- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

- 19.4 Any authorisation of a Conflict under this article 19 may (whether at the time of giving the authorisation or subsequently):
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
 - (c) provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
 - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
 - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he shall not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
 - (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.
- 19.5 Where the directors authorise a Conflict, the Interested Director shall be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 19.6 The directors may revoke or vary such authorisation at any time, but this shall not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 19.7 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 19.8 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act, and provided he has declared the nature and extent of his interest in accordance with the

requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- (d) may act by himself or his organisation in a professional capacity for the Company (otherwise than as auditor) and he or his organisation shall be entitled to remuneration for professional services as if he were not a director;
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

19.9 If a matter, office, employment, engagement, position, transaction or arrangement or interest has been authorised either pursuant to this article 19 or by the directors in accordance with section 175 of the Act, then the director in question shall not be required to disclose to the Company any confidential information received by him (other than by virtue of his position as a director) relating to such matter, office, employment, engagement, position, transaction or arrangement or interest, or to use such information in relation to the Company's affairs, if to do so would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that matter, office, employment, engagement, position, transaction or arrangement or interest.

20. RECORDS OF DECISIONS TO BE KEPT

- 20.1 The directors must ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.
- 20.2 Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

21. DIRECTORS' DISCRETION TO MAKE FURTHER RULES

Subject to the Articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

22. NUMBER OF DIRECTORS

Unless otherwise determined by special resolution, the number of directors (other than alternate directors) shall be subject to a maximum of fourteen and shall not be less than three.

23. APPOINTMENT AND REMOVAL OF DIRECTORS

- 23.1 For so long as Greater Manchester Combined Authority is a Member then, for so long as it has a right to vote at a general meeting of the Members, it shall have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company by Greater Manchester Combined Authority, who may in a similar manner remove from office any director appointed by it pursuant to this article 23.1, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.
- 23.2 For so long as any of West Yorkshire Combined Authority and City of York Council are Members then such Members who then have a right to vote at a general meeting of Members, shall collectively have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company signed by any one such Member (acting on behalf of all such Members), who may in a similar manner remove from office any director appointed by them pursuant to this article 23.2, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.
- 23.3 For so long as Sheffield City Region Combined Authority is a Member then, for so long as it has a right to vote at a general meeting of the Members, it shall have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company by Sheffield City Region Combined Authority, who may in a similar manner remove from office any director

appointed by it pursuant to this article 23.3, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.

- 23.4 For so long as Liverpool City Region Combined Authority is a Member then, for so long as it has a right to vote at a general meeting of the Members, it shall have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company by Liverpool City Region Combined Authority, who may in a similar manner remove from office any director appointed by it pursuant to this article 23.4, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.
- 23.5 For so long as North East Combined Authority is a Member then, for so long as it has a right to vote at a general meeting of the Members, it shall have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company by North East Combined Authority, who may in a similar manner remove from office any director appointed by it pursuant to this article 23.5, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.
- 23.6 For so long as any of Blackburn with Darwen Borough Council, Blackpool Borough Council, Cumbria County Council, and Lancashire County Council are Members then such Members who then have a right to vote at a general meeting of Members shall collectively have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company signed by any one such Member acting on behalf of all such Members, who may in a similar manner remove from office any director appointed by them pursuant to this article 23.6, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.
- 23.7 For so long as any of Darlington Borough Council, Hartlepool Borough Council, Middlesbrough Council, Redcar and Cleveland Borough Council and Stockton-On-Tees Borough Council are Members then such Members, who then have a right to vote at a general meeting of Members, shall collectively have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company signed by any one such Member acting on behalf of all such Members, who may in a similar manner remove from office any director appointed by them pursuant to this article 23.7, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.

- 23.8 For so long as North Yorkshire County Council is a Member then, for so long as it has a right to vote at a general meeting of the Members, it shall have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company by North Yorkshire County Council , who may in a similar manner remove from office any director appointed by them pursuant to this article 23.8, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.
- 23.9 For so long as any of East Riding of Yorkshire Council, Hull City Council, North East Lincolnshire Council and North Lincolnshire Council are Members then such Members who then have a right to vote at a general meeting of Members shall collectively have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company signed by any one such Member acting on behalf of all such Members, who may in a similar manner remove from office any director appointed by them pursuant to this article 23.9, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.
- 23.10 For so long as any of Cheshire East Council, Cheshire West and Chester Council, Staffordshire County Council, Stoke-on-Trent City Council and, Warrington Borough Council are Members then such Members, who then have a right to vote at a general meeting of Members, shall collectively have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company signed by any one such Member acting on behalf of all such Members, who may in a similar manner remove from office any director appointed by them pursuant to this article 23.10, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.
- 23.11 For so long as any of Derby City Council, Derbyshire County Council, Lincolnshire County Council, Nottingham City Council and, Nottinghamshire County Council are Members then such Members, who then have a right to vote at a general meeting of Members, shall collectively have the right to appoint one person as a director of the Company. Any such appointment must be effected by notice in writing to the Company signed by any one such Member acting on behalf of all such Members, who may in a similar manner remove from office any director appointed by them pursuant to this article 23.11, and appoint any person in place of any such director so removed, any such appointment or removal to take effect when such notice is received by the Company or on such later date (if any) specified in the notice.
- 23.12 The Members having a right to vote at a general meeting of Members and acting by way of majority vote, may appoint up to three people as directors of the Company and may, in a similar manner remove any such persons appointed.

23.13 Save as required by law, a director shall not be removed from office other than as set out in these Articles.

24. TERMINATION OF DIRECTOR'S APPOINTMENT

In addition to the circumstances set out in article 23, a person ceases to be a director as soon as:

24.1 that person ceases to be a director by virtue of any provision of CA 2006 or is prohibited from being a director by law;

24.2 a bankruptcy order is made against that person;

24.3 a composition is made with that person's creditors generally in satisfaction of that person's debt and the Company resolves that his office be vacated; or

24.4 notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

24.5 all of the Members who appointed that director pursuant to article 23 either cease to be Members or, cease to be able to vote at a general meeting of the Members.

25. DIRECTORS' REMUNERATION

25.1 Directors may undertake any services for the Company that the directors decide.

25.2 Subject to article 25.5, directors are entitled to such remuneration as the directors determine:

(a) for their services to the Company as directors, and

(b) for any other service which they undertake for the Company.

25.3 Subject to the Articles, a director's remuneration may:

(a) take any form, and

(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

25.4 Unless the directors decide otherwise, directors' remuneration accrues from day to day.

25.5 Article 25.2 shall not apply in respect of a director who is also a councillor or elected mayor.

26. DIRECTORS' EXPENSES

26.1 Subject to clause 26.2, the Company may pay any reasonable expenses which the directors (including alternate directors) and the secretary (if any) properly incur in connection with their attendance at:

- (a) meetings of directors or committees of directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

26.2 Article 26.1 shall not apply if the payment or receipt of any such payments is prohibited under the Local Authorities (Companies) Order 1995.

27. APPOINTMENT OF ALTERNATE DIRECTORS

27.1 Any director (other than an alternate director) (**Appointor**) may (with the prior approval of those Members who were entitled to appoint him as a director pursuant to article 26) appoint as an alternate any other person, to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's Appointor.

27.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company signed by the Appointor.

27.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.

28. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

28.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's Appointor.

28.2 Except as the Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;

- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their Appointors; and
- (d) are not deemed to be agents of or for their Appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his Appointor is a Member.

28.3 A person who is an alternate director but not a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating);
- (b) may participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate); and
- (c) shall not be counted as more than one director for the purposes of articles 28.3(a) and (b).

28.4 A director who is also an alternate director is entitled, in the absence of his Appointor(s), to a separate vote on behalf of each Appointor, in addition to his own vote on any decision of the directors (provided that an Appointor for whom he exercises a separate vote is an Eligible Director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.

28.5 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive any remuneration from the Company for serving as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

29. TERMINATION OF ALTERNATE DIRECTORSHIP

An alternate director's appointment as an alternate (in respect of a particular Appointor) terminates:

- (a) when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director;
- (c) on the death of the alternate's Appointor; or

- (d) when the alternate director's Appointor ceases to be a director for whatever reason.

30. SECRETARY

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

31. APPLICATIONS FOR MEMBERSHIP

Unless all Members unanimously agree otherwise, only those undertakings listed in Article 41.1 (or any successor authority or body to such) are (for so long as they remain a local transport authority (as such term is defined in s.108 of the Local Transport Act 2000) in the Rail North Area) entitled to become a Member of the Company.

32. TERMINATION OF MEMBERSHIP

- 32.1 A Member may withdraw from membership of the Company by giving seven days' notice to the Company in writing.
- 32.2 Membership is not transferable.
- 32.3 A person's membership terminates when that person dies or ceases to exist or when they cease to be a local transport authority (as such term is defined in s.108 of the Local Transport Act 2000) in the Rail North Area.

DECISION MAKING BY MEMBERS

33. CONVENING GENERAL MEETINGS

The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall proceed to convene a general meeting in accordance with the Act. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or the Members requisitioning the meeting (or any of them representing more than one half of the total voting rights of them all) may call a general meeting. If the Company has only a single member, such Member shall be entitled at any time to call a general meeting.

34. NOTICE OF GENERAL MEETINGS

- 34.1 General meetings (other than an adjourned meeting) shall be called by at least fourteen Clear Days' notice but a general meeting may be called by shorter notice if it is so agreed by a majority in number of the Members having a right to attend and vote, being a majority who together represent not less than ninety per cent (90%) of the total voting rights at that meeting of all the Members.

- 34.2 The notice shall specify the time, date and place of the meeting, the general nature of the business to be transacted and the terms of any resolution to be proposed at it.
- 34.3 Subject to the provisions of these Articles and to any restrictions imposed on Members, the notice shall be given to all Members and to the directors, alternate directors (if any) and the auditors for the time being of the Company.
- 34.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

35. RESOLUTIONS REQUIRING SPECIAL NOTICE

- 35.1 If the Act requires special notice to be given of a resolution, then the resolution will not be effective unless notice of the intention to propose it has been given to the Company at least twenty-eight Clear Days before the general meeting at which it is to be proposed.
- 35.2 Where practicable, the Company must give the Members notice of the resolution in the same manner and at the same time as it gives notice of the general meeting at which it is to be proposed. Where that is not practicable, the Company must give the Members at least fourteen Clear Days' before the relevant general meeting by advertisement in a newspaper with an appropriate circulation.
- 35.3 If, after notice to propose such a resolution has been given to the Company, a meeting is called for a date twenty-eight days or less after the notice has been given, the notice shall be deemed to have been properly given, even though it was not given within the time required by article 35.1.

36. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

- 36.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 36.2 A person is able to exercise the right to vote at a general meeting when:
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 36.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 36.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

36.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

37. QUORUM FOR GENERAL MEETINGS

37.1 No business shall be transacted at any meeting unless a quorum is present. Subject to section 318(2) of the Act and subject also to article 40, a majority in number of Members entitled to vote upon the business to be transacted shall be a quorum; provided that if the Company has only two Members, a quorum shall be two Members and if the Company has only a single Member, the quorum shall be one member.

37.2 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

38. CHAIRING GENERAL MEETINGS

38.1 If the Members have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

38.2 If the Members have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

- (a) the directors present, or
- (b) (if no directors are present), the meeting,

must appoint a director or Member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

38.3 The person chairing a meeting in accordance with this article is referred to as the chairman of the meeting.

39. ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-MEMBERS

39.1 Directors may attend and speak at general meetings, whether or not they are Members.

39.2 The chairman of the meeting may permit other persons who are not:

- (a) Members, or
- (b) otherwise entitled to exercise the rights of Members in relation to general meetings,

to attend and speak at a general meeting.

40. ADJOURNMENT

- 40.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it. If, at the adjourned meeting, a quorum is not present within half an hour from the time appointed for the meeting, or if during such an adjourned meeting a quorum ceases to be present, the quorum shall be those such Members who between them hold the right to cast a majority of votes at a general meeting of the Company.
- 40.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:
- (a) the meeting consents to an adjournment, or
 - (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 40.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 40.4 When adjourning a general meeting, the chairman of the meeting must:
- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 40.5 If the continuation of an adjourned meeting is to take place more than fourteen days after it was adjourned, the Company must give at least seven Clear Days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- (a) to the same persons to whom notice of the Company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- 40.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

41. VOTES OF MEMBERS

- 41.1 The total maximum number of votes capable of being cast by Members is 1003. Unless a resolution is not passed unanimously by those Members then present having a right to vote, all votes shall be taken by way of a poll. Upon any resolution proposed at a general meeting of the Company on a poll, then for so long as an

undertaking identified in column 1 in the table below is a Member, it shall have such number of votes set against its name in column 2 of the table. No other Member shall have the right to vote at a general meeting of the Company.

Member	No. of Votes
Blackburn with Darwen Borough Council	6
Blackpool Borough Council	15
Cheshire East Council	21
Cheshire West and Chester Council	11
City of York Council	54
Cumbria County Council	40
Darlington Borough Council	15
Derby City Council	10
Derbyshire County Council	14
East Riding of Yorkshire Council	9
Greater Manchester Combined Authority	223
Hartlepool Borough Council	3
Hull City Council	13
Lancashire County Council	55
Lincolnshire County Council	7
Liverpool City Region Combined Authority	59
Middlesbrough Council	7
North East Combined Authority	65
North East Lincolnshire Council	6
North Lincolnshire Council	4
North Yorkshire County Council	32
Nottingham City Council	15
Nottinghamshire County Council	3
Redcar and Cleveland Borough Council	3

Member	No. of Votes
Sheffield City Region Combined Authority	78
Staffordshire County Council	1
Stockton-on-Tees Borough Council	5
Stoke-on-Trent City Council	8
Warrington Borough Council	12
West Yorkshire Combined Authority	209

- 41.2 No Member shall vote at any general meeting, either in person or by proxy, unless all monies presently payable by it to the Company have been paid.
- 41.3 In the case of joint Members the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint Members; and seniority shall be determined by the order in which the names of the Members stand in the register of members.
- 41.4 Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 41.5 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid. Any such objection must be referred to the chairman of the meeting whose decision is final.

42. PROXIES

Content of proxy notices

- 42.1 Subject to the provisions of these Articles, a Member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a general meeting.
- 42.2 Proxies may only validly be appointed by a notice in writing (**proxy notice**) which:
- (a) states the name and address of the member appointing the proxy;
 - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

- (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
- (d) is delivered to the Company in accordance with the Articles and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate and received by the Company:
 - (i) subject to articles 42(d)(ii) and 42(d)(iii) in the case of a general meeting or adjourned meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the right to vote is to be exercised;
 - (ii) in the case of a poll taken more than forty-eight hours after it is demanded, after the poll has been demanded and not less than twenty-four hours before the time appointed for the taking of the poll; or
 - (iii) where the poll is not taken forthwith but is taken not more than forty-eight hours after it was demanded, at the time at which the poll was demanded or twenty-four hours before the time appointed for the taking of the poll, whichever is the later,

and a proxy notice which is not delivered and received in such manner shall be invalid.

42.3 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

42.4 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions and the proxy is obliged to vote or abstain from voting in accordance with the specified instructions. However, the Company is not obliged to check whether a proxy votes or abstains from voting as he has been instructed and shall incur no liability for failing to do so. Failure by a proxy to vote or abstain from voting as instructed at a meeting shall not invalidate proceedings at that meeting.

42.5 Unless a proxy notice indicates otherwise, it must be treated as:

- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
- (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

42.6 Any notice of a general meeting must specify the address or addresses (**proxy notification address**) at which the Company or its agents will receive proxy notices

relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.

- 42.7 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person to a proxy notification address.
- 42.8 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 42.9 A notice revoking a proxy appointment only takes effect if it is received by the Company:
- (a) in the case of a general or adjourned meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the right to vote is to be exercised;
 - (b) in the case of a poll taken more than forty-eight hours after it was demanded, not less than twenty-four before the time appointed for the taking of the poll; or
 - (c) in the case of a poll not taken forthwith but not more than forty-eight hours after it was demanded, at the time at which it was demanded or twenty-four hours before the time appointed for the taking of the poll, whichever is later, and a notice which is not delivered and received in such manner shall be valid.
- 42.10 In calculating the periods referred to in articles 42.1 to 42.5 (inclusive) (Content of proxy notices) and articles 42.6 to 42.11, no account shall be taken of any part of a day that is not a working day.
- 42.11 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

Representation of corporations at meetings

- 42.12 Subject to the Act, a company which is a member may, by resolution of its directors or other governing body, authorise one or more persons to act as its representative or representatives at a meeting of the company (**corporate representative**). A director, secretary or other person authorised for the purpose by the directors may require a corporate representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

Amendments to resolutions

- 42.13 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- 42.14 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 42.15 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

ADMINISTRATIVE ARRANGEMENTS

43. MEANS OF COMMUNICATION TO BE USED

- 43.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
 - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
 - (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and

- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a Business Day.

- 43.2 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.

44. COMPANY SEALS

44.1

- (a) Any common seal may only be used by the authority of the directors.
- (b) The directors may decide by what means and in what form any common seal is to be used.
- (c) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (d) For the purposes of this article, an authorised person is:
 - (i) any director of the Company;
 - (ii) the company secretary (if any); or
 - (iii) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

45. NO RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS

- 45.1 Except as provided by law or authorised by the directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a Member.

46. PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS

- 46.1 The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

47. INDEMNITY AND INSURANCE

47.1 Subject to article 47.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

(a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:

(i) in the actual or purported execution and/or discharge of his duties, or in relation to them; and

(ii) in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and

(b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 47.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

47.2 This article does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Act or by any other provision of law and any such indemnity is limited accordingly.

47.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

47.4 In this article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

(b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and

- (c) a "relevant officer" means any director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).