

DATED 19 APRIL 2006

ARRIVA PLC

and

D R MARTIN

SERVICE AGREEMENT



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THIS AGREEMENT is made the 19th day of April 2006.

BETWEEN

- (1) ARRIVA plc of Admiral Way, Doxford International Business Park, Sunderland SR3 3XP ("the Company") and
- (2) DAVID ROBERT MARTIN of Bondwood Barn, Repton Shrubs, Bretby, Burton on Trent, Staffs, DE15 0RJ (the Executive").

IT IS AGREED as follows:-

1. DEFINITIONS

1.1 In this Agreement the following words have the following meaning:-

"Board" means the Board of Directors of the Company.

"Change of Control" means a situation where any person or persons acting in concert (as defined in the City Code on Take-overs and Mergers) obtains "control" (as defined in section 840 of the Income and Corporation Taxes Act 1988) of the Company otherwise than pursuant to a group reconstruction not resulting in a material change in the identity of the ultimate shareholders of the Company.

"Confidential Information" means all information and trade secrets (howsoever stored) including all financial, marketing and technical information, ideas, concepts, technology, processes and knowledge together with lists or details of customers, suppliers, prices, discounts, margins, information relating to research and development, current trading performance and future business strategy and any information derived from them in each case concerning the business or affairs of the Company

and any Group Company, and information in respect of which the Company or any Group Company is bound by any obligation restricting its use.

“Effective Date”

means 19 April 2006.

“Employment”

means the employment established by this Agreement.

“Group Company”

means any of:-

- (a) the Company;
- (b) any holding company for the time being of the Company;
- (c) any subsidiary for the time being of the Company or any such holding company;

and “Group” shall be construed accordingly.

“Material Interest”

means:-

- (a) any position as director, officer, employee, consultant, adviser, partner, principal or agent;
- (b) the direct or indirect control or ownership (whether jointly or alone) of any shares (or voting rights attached to them) or debentures (except for the ownership for investment purposes only of not more than 3% of the issued ordinary shares of any company whose shares are listed on any recognised investment exchange); or

(c) direct or indirect financial assistance.

“Recognised Investment Exchange” shall have the meaning given by section 285 of the Financial Services and Markets Act 2000.

“Remuneration Committee” means any remuneration committee appointed from time to time by the Board to consider issues relating to the remuneration of executive directors.

“Termination Date” means the date on which the Executive’s employment under this Agreement terminates.

1.2 In this Agreement:-

- 1.2.1 any gender includes any other gender;
- 1.2.2 the singular includes the plural and vice versa;
- 1.2.3 references to persons include bodies corporate, unincorporated associations, governments, states, partnerships and trusts (in each case, whether or not having separate legal personality);
- 1.2.4 references to clauses are to clauses of this Agreement;
- 1.2.5 the headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement;
- 1.2.6 any reference to a statutory provision includes a reference to any modification, consolidation or re-enactment of the provision from time to time in force and all subordinate instruments, orders or regulations made under it;
- 1.2.7 a reference to any of the parties includes, where appropriate, persons deriving title under such party;

- 1.2.8 the *cuiusdem generis* rule shall not apply, so that general words shall not be given a restrictive interpretation by reason of them being preceded or followed by words indicating a particular class of acts, matters or things;
- 1.2.9 "subsidiary" and "holding company" shall have the meanings given to them by sections 736 and 736A of the Companies Act 1985;
- 1.2.10 references to a person acting "directly or indirectly" include acting alone or jointly with or by means of any other person;
- 1.2.11 references to any document (including this Agreement) or a provision of such document shall be construed as a reference to that document or provision as from time to time supplemented, varied or replaced; and
- 1.2.12 references to writing include facsimiles and electronic mail and any method of reproducing words in a legible and non-transitory form.

## 2. EMPLOYMENT

- 2.1 The Company shall employ the Executive and the Executive shall serve the Company as Chief Executive on the terms of this Agreement from the Effective Date. Subject to the following provisions of this Agreement the Employment shall continue unless and until terminated by not less than twelve months' written notice served by the Company on the Executive or six months' written notice served by the Executive on the Company.
- 2.2 In the event of the termination of the Employment by the Company for any reason other than a reason pursuant to sub-clause 13.2 the Company may elect to make a severance payment to the Executive in which case the Executive's employment shall immediately terminate and the Executive shall be entitled to receive by way of liquidated damages a severance payment calculated in accordance with clause 14 below.
- 2.3 The Company may suspend the Executive from his duties pursuant to clause 13.3. during any notice period.

2.4 The Employment shall in any event automatically cease and terminate (if not already terminated) upon the day on which the Executive attains the age of sixty-five years. The Employment shall be on and subject to the terms contained in this Agreement.

2.5 The Executive's continuous period of employment began on 1 August 1986. No period of employment with any previous employer counts towards the Executive's continuous period of employment.

### 3. DUTIES

3.1 The Executive shall perform all duties attaching to the position of Chief Executive and shall be responsible to the Board. The Executive shall perform such duties as may from time to time reasonably be assigned to him by or under the authority of the Board and shall comply with all reasonable directions made by or under the authority of the Board. The Executive may be required in pursuance of his Employment to be engaged not only on work on behalf of the Company but also on work on behalf of any other Group Company.

3.2 The Executive shall at all times during the Employment unless prevented by incapacity or otherwise agreed with the Board:-

3.2.1 devote the whole of his time, attention and ability during the agreed hours to the affairs of the Company and any Group Company;

3.2.2 faithfully and diligently serve the Company and the Group and perform his duties under this Agreement;

3.2.3 in all respects comply with all lawful and reasonable directions made by or under the authority of the Board;

3.2.4 to promote the interests of the Company and any Group Company which shall include not acting in a manner that, at the time, is objectively regarded as materially harmful to the reputation of the Company;

- 3.2.5 keep the Board or a person duly authorised by the Board promptly and fully informed (in writing if so requested) of his conduct of the business or affairs of the Company or any other Group Company and provide such explanations as the Board may require.
- 3.3 The Executive will be based in Derby. The Head Office of the Company is currently located in Sunderland. In the event that the Head Office is relocated from Sunderland, the Company can require the Executive to perform his duties from this new location without any change to his remuneration package.
- 3.4 The Executive may from time to time be required to spend periods of time travelling either in the United Kingdom or abroad on Company or Group Company business.
- 3.5 The Executive shall promptly disclose to the Board any interest which he has:-
- 3.5.1 in any trade, business or occupation which directly or indirectly competes with the Company or any other Group Company and in particular but not limited to one which operates or is bidding for or might reasonably be expected in the foreseeable future to bid for a contract to operate passenger transport services;
- 3.5.2 in any trade or business carried on by any supplier or customer of the Company or any other Group Company; and
- 3.5.3 in any actual or proposed contract, arrangement or transaction entered into or to be entered into by the Company or other Group Company.
- 3.6 During the period of his employment (including any period of suspension and any notice period) the Executive shall not (without the Board's prior written consent) hold any Material Interest in any person which:-
- 3.6.1 directly or indirectly competes with the Company or any other Group Company and in particular but not limited to one which operates or is bidding for or might reasonably be expected in the foreseeable future to bid for a contract to operate passenger transport services; or

- 3.6.2 impairs or is reasonably considered by the Company to be likely to impair his ability to act at all times in the best interests of the Company or any other Group Company;  
or
- 3.6.3 requires or is thought by the Company to require him to disclose any Confidential Information in order properly to discharge his duties to or to further his interest in such person.
- 3.7 The Executive agrees and undertakes that in the event of him accepting from any person an offer of employment either during the continuance of this Agreement or during the continuance in force of any restrictions set out in clause 10 he will immediately provide to such person a full and accurate copy of this Agreement including details of any variation and inform the Board of the identity of the offeror.
- 3.8 During the period of his employment (including any period of suspension and any notice period) the Executive shall not (without the Board's prior written consent):
- 3.8.1 make copies of any documents, memoranda, correspondence, computer disks, videos, tapes or any similar matter belonging to the Company or any Group Company or remove any such items from the premises of the Company or any Group Company other than in the proper performance of his duties;
- 3.8.2 become a Member of Parliament or a councillor of a local authority or a magistrate or occupy or be engaged in public offices; or
- 3.8.3 accept any non-executive position.
- 3.9 The Executive agrees and undertakes that in the event that he receives any fees in respect of any non-executive position he holds during the period of his employment (including any period of suspension and any notice period) the Executive shall account for such fees to the Company.

4. SALARY AND BONUS

- 4.1 The Executive's salary during the Employment shall be at the rate of £447,000 per annum (or at such other rate as may from time to time be agreed in writing) payable monthly in arrears. This salary shall be deemed to accrue from day to day.
- 4.2 The rate of the Executive's salary specified in Clause 4.1 above shall be reviewed in January of each year by the Board or the Remuneration Committee.
- 4.3 In addition to his salary the Executive shall be entitled to participate in any bonus scheme or incentive scheme which may from time to time be put in place by the Board or the Remuneration Committee subject to the terms and conditions of any such scheme.

5. EXPENSES AND COMPANY VEHICLES

- 5.1 The Company (or another Group Company) shall reimburse the Executive any travelling, hotel, entertainment and other out of pocket expenses properly incurred by him in the course of the Employment subject to the production by the Executive of relevant invoices or other appropriate proof of expenditure. Any credit card supplied to the Executive by the Company shall be used solely for expenses incurred by him in the course of the Employment.
- 5.2 The Executive shall be entitled to be provided with two motor vehicles for himself and his spouse, of an age and type appropriate (in the opinion of the Remuneration Committee) to his responsibilities and position in the Company. The expenses of taxing, insuring, repairing, maintaining and the expense of running any such vehicles for both business and private use shall be borne by the Company save that the Executive shall be responsible for fuel costs for his spouse's vehicle. The Executive agrees to take good care of the vehicles, to ensure they are regularly maintained and to immediately report any damage to the Company. The Executive will acquaint himself with, and ensure the vehicles are used in accordance with, any insurance limitations on the use of the vehicles.
- 5.3 Any cars provided to the Executive shall at all times remain the property of the Company and shall be handed over by him (together with all sets of keys of and registration and other

documents relating to such car as may be in the Executive's possession or under his control) to the Company (or to such other Group Company as the Board specifies) immediately upon any request given by or on behalf of the Board.

5.4 If the Company agrees, the Executive may choose not to be provided with a car by the Company in which case he will receive annually a sum of £15,740, such sum to be reviewed annually by the Board. The Executive shall, if exercising this option, either, at the election of the Company:-

5.4.1 be reimbursed all fuel costs in respect of business and private mileage undertaken in his own car by means of the provision of a fuel card; or

5.4.2 receive a fuel allowance in respect of private mileage and be reimbursed for all business mileage undertaken in his own car at the rate determined by the Company (which may change from time to time).

5.5 If the Company agrees, the Executive may choose not to be provided with a second car for use by his spouse in which case he will receive annually a sum of £3,252, such sum to be reviewed annually by the Board.

## 6. HOURS OF WORK AND HOLIDAYS

6.1 The Executive's hours of work shall be such hours as may be reasonably required for the proper performance of his duties.

6.2 The Executive shall be entitled in each calendar year to thirty working days holiday with full salary (in addition to statutory holidays) to be taken at times mutually agreed between the Executive and the Chief Executive.

6.3 The Executive's holiday entitlement shall accrue pro rata (to the nearest whole day) to the proportion of a holiday year worked. The Company's holiday year runs from 1 January to 31 December in each year. In the year in which he joins the Company the Executive shall be entitled to the appropriate pro rata holiday entitlement.

6.4 During the Employment untaken holiday entitlement may with the written approval of the Board be carried forward from one holiday year to the next. There will be no payment in lieu of any untaken holiday entitlement except in the year of termination of Employment when the following provisions shall apply. In the year of termination the Executive will be entitled to holiday pro rata to the period of the holiday year worked (rounded up or down to the nearest whole day). If the Executive has any untaken holiday entitlement he will be paid in lieu at the end of the Employment. If the Executive has at the date of termination of the Employment taken more than his holiday entitlement for that holiday year the Company will be entitled to make an appropriate deduction from his final salary payment.

## 7. SICKNESS

- 7.1 If the Executive is absent from work as a result of sickness or injury he is required to notify the Company by telephone on the first morning of his absence or as soon as reasonably practicable thereafter. If the Executive is absent from work as a result of sickness or injury for more than two consecutive working days he should complete a self-certification sickness form on his return and deliver it to the Company. A medical certificate signed by a practising medical practitioner may be required if the Executive is absent from work as a result of sickness or injury for more than seven consecutive days. Thereafter the Executive should promptly submit certificates at agreed intervals covering the whole of the period of incapacity.
- 7.2 The Company will, subject to the receipt of the appropriate certificate(s) in accordance with sub-clause 7.1 (if requested), continue to pay the Executive at his normal rate of pay during any periods of absence through sickness or injury up to an aggregate maximum of six months in each twelve month period and thereafter at half his normal rate of pay for an aggregate maximum of a further six months in each twelve month period.
- 7.3 Statutory Sick Pay ("SSP") will be paid by the Company where appropriate in accordance with the legislation in force at the time of absence. Details of the payment of SSP can be obtained from the Company. All payments made pursuant to sub-clause 7.2 above are deemed to include SSP.

**8. PENSIONS, INSURANCE AND OTHER BENEFITS**

- 8.1 The provisions relating to the Executive's pension entitlement are set out in a side letter from the Company to the Executive dated 19 April 2006.
- 8.2 The Company shall provide private medical insurance cover for the Executive his wife or registered civil partner and children under the age of 21 years or in full time education with such scheme as the Company shall deem appropriate subject to the terms and conditions of that scheme.
- 8.3 The Company acknowledges that the Executive will use his home telephone in the performance of his duties hereunder and agrees to pay the Executive's home telephone account.
- 8.4 The Company shall provide to the Executive a mobile telephone and shall pay for all rental and for all calls incurred or made by the Executive up to a limit decided by the Board in its absolute discretion.

**9. CONFIDENTIALITY**

- 9.1 The Executive shall keep secret and shall not at any time whether during the Employment or after its termination for whatever reason use for his own or another's advantage or reveal to any person, or through any failure to exercise due care and diligence cause or fail to prevent any unauthorised disclosure of any Confidential Information
- 9.2 The restriction contained in this clause shall not apply:-
- 9.2.1 to any disclosure or use authorised by the Board in writing or required to be made by law (other than by reason of a contractual obligation) or by the rules of any

recognised investment exchange to which the Company or any Group Company is subject; or

9.2.2 where the information has come into the public domain other than through unauthorised disclosure by the Executive or another.

9.3 In accordance with the above provision the Executive shall take all reasonable steps to ensure that all confidential papers, files and computer records which are in his possession are kept secure and that confidential business matters are not discussed in public places or where they can be overheard.

#### 10. POST TERMINATION RESTRICTIONS

10.1 For a period of six months after the date of termination of his employment the Executive shall not nor shall he endeavour to (without the previous consent in writing of the Board) directly or indirectly whether on his own account or for any other person, firm or company:-

10.1.1 carry on or be engaged or interested in or hold a Material Interest in any business, trade or occupation in the United Kingdom which is competitive with the business of the Company or any other Group Company for which the Executive was responsible or with which the Executive was involved during the course of his employment by the Company in the twelve month period leading up to the termination of his employment and which was carried on at the date of such termination except that he may hold (for investment purposes only) up to 3% of any class of securities quoted or dealt in on a recognised investment exchange;

10.1.2 carry on or be engaged or interested in or hold a Material Interest in any person, firm or Company which (as at the date of termination of employment) operates, holds or is bidding for or might reasonably be expected in the foreseeable future to operate, hold or bid for a contract for:-

(a) the operation of passenger transport services in circumstances where the Company or any other Group Company holds or operates that contract or is considering bidding for that contract.; or

(b) services of a kind that have in the period of twelve months prior to the Termination Date been provided by the Company or any other Group Company in the ordinary course of business

10.1.3 solicit or entice away from the Company or any Group Company, solicit business from or deal with in competition with the Company or any Group Company any person who in the preceding 12 months shall have been a customer of or in the habit of dealing with the Company or Group Company and with whom the Executive had personal dealings or contact during the period of 12 months prior to the termination of the Employment.

10.1.4 solicit or entice away or endeavour to solicit or entice away from the Company or any other Group Company any person employed by such company in an executive, managerial, technical or financial capacity as at the date of such termination;

10.1.5 employ or otherwise engage any person employed by the Company or any other Group Company in an executive, managerial, technical or financial capacity as at the date of such termination.

10.2 Following the termination of the Executive's employment under this Agreement for whatever reason:-

10.2.1 the Executive shall not use, in connection with any business, the name of or any trading name used by the Company or any other Group Company as at or at the time before the date of such termination or any name confusingly similar thereto;

10.2.2 the Executive shall not do or say anything which is harmful to the reputation of the Company or any other Group Company or which may lead to any person to cease to

do business with any such company on substantially equivalent terms to those previously offered or at all.

## 11. PROVISIONS RELATING TO RESTRICTIONS

The Executive acknowledges and agrees that:-

- 11.1 the Company and each other Group Company possesses a valuable body of Confidential Information and he has been given and will be given access to such Confidential Information to enable him to carry out his duties under this Agreement;
- 11.2 such duties include, amongst other things, a duty of trust and confidence and a duty to act at all times in the best interests of the Company and Group Companies;
- 11.3 the disclosure of any Confidential Information to any actual or potential competitor of the Company or any other Group Company may place the Company at a serious competitive disadvantage and may cause financial and other damage which it would not be possible to quantify;
- 11.4 if, upon termination of his employment, he were to hold any Material Interest in any actual or potential competitor of the Company or any other Group Company and/or any person firm or company of the type described in clause 10.1.2 above, it may place the Company or Group Company at a serious competitive disadvantage and may cause financial and other damage which it would not be possible to quantify;
- 11.5 each of the restrictions contained in clauses 10.1.1 to 10.1.5 constitutes an entirely separate and independent restriction on him;
- 11.6 the duration, extent and application of each of the restrictions are to protect the business of the Company and Group Companies and to maintain the services of its key employees and

are no greater than is necessary for the protection of the interests of the Company and the other Group Companies;

11.7 The restrictions set out in clause 10 are considered reasonable by the parties and the Executive acknowledges that, in the light of the nature of the business carried out by the Company and all other relevant matters, the provisions of this clause are necessary for the protection of the proprietary and commercial interests of the Company and any Group Company.

11.8 Should the Executive be suspended during any period of notice under clause 13.3, the period of such suspension up to a maximum of three months shall be deducted from the six month period referred in clause 10.1 above.

## 12. SHARE DEALINGS

The Executive shall use his best endeavours to comply where relevant with every rule of law, every Regulation of the International Stock Exchange of the United Kingdom and Republic of Ireland and every regulation of the Company from time to time in force in relation to dealings in shares, debentures or other securities of the Company or any Group Company and unpublished price sensitive information affecting the shares, debentures or other securities of any other company. Provided always that in relation to overseas dealings the Executive shall also comply with all laws of the state and all regulations of the stock exchange, market or dealings system in which such dealings take place.

## 13. TERMINATION AND SUSPENSION

13.1 The Employment may be terminated by the parties by notice given in accordance with clause 2.

13.2 Notwithstanding the other provisions of this Agreement the Company shall be entitled to terminate the Employment forthwith in any of the following cases, namely:-

- 13.2.1 if the Executive is guilty of dishonesty or gross misconduct or persistent misconduct whether or not in connection with or referable to his employment or gross negligence; or
- 13.2.2 in the event of any material breach or material non-observance by him of any of the provisions of this Agreement; or
- 13.2.3 if the Executive becomes bankrupt or has a Receiving Order made against him or makes any composition with his creditors or has an Administration Order made against him; or
- 13.2.4 if he becomes of unsound mind or a patient within the meaning of the Mental Health Act 1983; or
- 13.2.5 if he is convicted of a criminal offence (save for an offence under the Road Traffic Acts for which an immediate custodial sentence is not imposed) which prevents him from fulfilling his Employment hereunder.

If the Employment is terminated for any of the reasons set out above the Company shall have no obligation to pay any further sums to the Executive whether by way of damages, compensation or otherwise in respect of any notice period or any unexpired period of this Agreement (but without prejudice to the rights and remedies of the Company for any breach of this Agreement and to the Executive's continuing obligations hereunder).

- 13.3 At any time during the Employment the Company shall be entitled to suspend the Executive from his duties and to require the Executive to stay away from any premises of the Company or other Group Company, and not contact any of the employees, officers, customers or suppliers of the Company or any Group Company (known as "Garden Leave"). The Executive shall be entitled to receive his salary and other contractual benefits during such period of Garden Leave.
- 13.4 Upon termination of the Employment for whatever reason the Executive shall:

13.4.1 deliver to the Company (or to its order) all Confidential Information relating to the Company or any Group Company and all books, documents, disks, computer hardware and software, papers (including copies), materials, credit cards, car keys and other property relating to the business of the Company or any other Group Company which may then be in his possession or under his power or control including, without limitation, any car provided in connection with the Employment

13.4.2 upon request forthwith resign any position in or office of the Company or any other Group Company;

13.4.3 if so requested by the Company, delete all Confidential Information from any personal computer, computer disks, tapes or other reusable material in his possession or under his control and destroy all other documents and tangible items in his possession or under his control which contain or refer to Confidential Information.

13.5 The termination of the Employment and/or this Agreement shall not affect such of the provisions hereof as are expressed to have effect or to operate thereafter.

#### 14. SEVERANCE PAYMENT

14.1 On termination of the Employment by the Company pursuant to clause 2.2 above the Company may pay to the Executive by way of liquidated damages a severance payment and benefits calculated and payable as set out below.

14.2 To calculate the severance payment referred to in sub-clause 14.1 above there shall be added together:

14.2.1 the Executive's annual salary at the date of service of the notice.

14.2.2 the amount of the annual bonus estimated to be payable to the Executive in respect of the financial year in which notice is served subject to a maximum bonus of 40% of basic salary.

14.2.3 the figure representing the value of 'benefits in kind' in the audited accounts for the financial year immediately preceding the date of termination (which the parties agree represents reasonable compensation for the annual value of the benefits provided pursuant to sub-clauses 5.2, 8.2, 8.3, and 8.4 above).

The total sum produced by the addition of the above figures shall be the gross amount of the severance payment ("the Payment").

14.3 In the event of the Company terminating the Employment for any reason other than a reason pursuant to clause 13.2 above the Company agrees to use its best endeavours to procure that for the purposes of the pension scheme referred to in sub-clause 8.1 above the Executive shall be credited with twelve months' service under the Scheme calculated from the date of termination of the Employment (or, if shorter, the period between the date of termination and the Executive's normal retirement date). If for whatever reason the Trustees of the Scheme fail, refuse or are unable to grant such additional service, the Company shall be obliged to pay compensation to the Executive of an amount equal to the cost of purchasing an annuity to provide the pension benefits reflecting the difference between the pension, lump sum and any other benefits (including any escalation in benefits) the Executive would have received had the additional service been granted and the benefits the Executive would be entitled to in the event of the additional service not being granted.

14.4 The provisions of sub-clauses 14.1 to 14.3 above shall apply mutatis mutandis if the Executive terminates the Employment for any reason whatsoever (except in circumstances where the Company was entitled to terminate under sub-clause 13.2 above) within a period of six months following a Change of Control save that:

14.4.1 the Payment shall be divided by two, and

14.4.2 the period of additional service referred to in sub-clause 14.3 above shall be six months instead of twelve months.

## **15. GRIEVANCE AND DISCIPLINARY PROCEDURES**

15.1 If the Executive has any grievance relating to the Employment he may seek redress orally or in writing by referring the grievance to the Board.

15.2 All disciplinary matters will be dealt with by the Board.

15.3 In addressing any such matters the Company will comply with the relevant statutory procedures.

#### 16. DATA PROTECTION

The Executive consents to the Company and any other Group Company holding and processing, both electronically and manually, the data it collects in relation to the Executive, in the course of the Executive's employment, for the purposes of the Company's administration and management of its employees and its business and for compliance with applicable procedures, laws and regulations and to the transfer, storage and processing by the Company or any Group Company of such data.

#### 17. COLLECTIVE AGREEMENTS

There are no collective agreements which apply to the Employment.

#### 18. RIGHTS OF THIRD PARTIES

18.1 The Executive and the Company agree that the obligations and duties to the Company accepted by the Executive under this Agreement shall also be owed by him to any Group Company for which he performs services, carries out duties or to which he is seconded [and/or to the trustees of the Scheme (referred to in clause 8 of this Agreement)] and that this Agreement may be enforced by any Group Company [and/or trustees of the Scheme] pursuant to section 1 of the Contracts (Rights of Third Parties) Act 1999.

18.2 Where a Group Company and/or trustees of the Scheme is entitled to enforce a term of this Agreement, the consent of the Group Company and/or trustees of the Scheme is not required for any amendment, variation or rescission of any provision of this Agreement.

18.3 Except as provided for in the above clauses, pursuant to section 1(2) of the Contracts (Rights of Third Parties) Act 1999 the parties intend that no term of this Agreement may be enforced by any person not a party to this Agreement.

19. **GENERAL**

19.1 This Agreement takes effect in substitution for all previous agreements or arrangements whether written or oral between the parties hereto all of which shall be deemed to have been terminated by mutual agreement as from the date of this Agreement and superseded by the terms hereof.

19.2 This Agreement shall be governed by and construed in accordance with the provisions of English law.

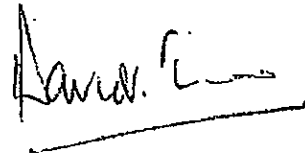
20. **GOVERNING LAW**

This Agreement is governed by and shall be construed in accordance with the laws of England and Wales whose courts have exclusive jurisdiction to determine all claims relating to this Agreement.

IN WITNESS whereof this Agreement has been executed as a deed and delivered on the date specified on page 1.

SIGNED by

) 



For and on behalf of the Company )

in the presence of:- )

SIGNED by

) 

the Executive )

in the presence of:- )

  
S d Cockburn  
Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP



23 April 2009

Mr. D.R. Martin,  
Bondwood,  
Repton Shrubs,  
Bretby,  
Burton on Trent,  
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Dear David,

Following the review of executive remuneration in 2008 I am writing to advise you of a change to your pension arrangements, which was approved on 4 March 2009 and applies to your pension benefit in respect of your service before 1 January 2000. There is no change to your pension arrangements for service on or after 1 January 2000 which continues to accrue benefit at the rate of 1/30<sup>th</sup> of Base Pay for each year of service.

The terms used in this letter have the meaning given in the rules of the Arriva Passenger Services Pension Plan ('the Plan'), except where specified in this letter. This letter replaces in its entirety the Pensions Side Letter dated 19 April 2006 and should be read in conjunction with your Service Agreement dated 19 April 2006.

1. **Contributions**

You are currently a non-contributory member of the Plan.

Arriva plc will meet the cost of your benefit entitlement under the Plan.

2. **Normal Retirement Date**

Your Normal Retirement Date is your 65<sup>th</sup> birthday.

3. **Benefits for Service pre 1 January 2000**

Pension benefits for service completed before 1 January 2000 will be calculated in accordance with the following formula:

$$\frac{12.26}{30} \times \text{Base Pay}$$

4. **Benefits for Pensionable Service on and after 1 January 2000**

Pension benefits will accrue at 1/30<sup>th</sup> of Base Pay for each complete year and month(s) of Pensionable Service from 1 January 2000.

5. **Total Pension**

Your total pension at retirement will therefore be:

$$\frac{12.26}{30} \times \text{Base Pay} + \frac{n}{30} \times \text{Base Pay}$$



Registered number 347103 England

Where: (i) *n* = the number of complete years and months of Pensionable Service from 1 January 2000.

(ii) "Base Pay" means your basic annual salary in the twelve months immediately preceding the end of your Pensionable Service.

6. **Early retirement**

In the event that you retire and draw your pension before Normal Retirement Date, your pension will be reduced by the appropriate early retirement factor in force under the Plan at that time.

7. **Leaving service**

In the event that you leave Pensionable Service before Normal Retirement Date without drawing a pension, your accrued pension will be calculated as set out in Clause 5 of this letter, re-valued in accordance with the rules of the Plan.

8. **Death in service benefit**

Whilst you remain in Pensionable Service, you will be provided with death in service benefits under the terms of the Plan which will include a lump sum payment equal to four times Base Pay at the date of death.

9. **Plan rules**

Other benefits are payable in respect of your membership of the Plan in accordance with the rules of the Plan, as they apply from time to time.

Please confirm your agreement to this letter by signing the attached copy and returning it to me.


Yours sincerely,



N.P. Buckles,  
**Chairman, Remuneration Committee.**

Enc.,

Signed: .....



Dated: .....

31/10/09

DATED 19 APRIL 2006

ARRIVA PLC

and

S P L O N S D A L E

SERVICE AGREEMENT



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THIS AGREEMENT is made the 19th day of April 2006.

BETWEEN

- (1) ARRIVA plc of Admiral Way, Doxford International Business Park, Sunderland SR3 3XP ("the Company") and
- (2) STEPHEN PHILIP LONSDALE of 5 Lintfort, Picktree Farm, Picktree, Chester le Street, County Durham (the Executive").

IT IS AGREED as follows:-

1. **DEFINITIONS**

1.1 In this Agreement the following words have the following meaning:-

- |                            |   |
|----------------------------|---|
| "Board"                    | means the Board of Directors of the Company.  |
| "Change of Control"        | means a situation where any person or persons acting in concert (as defined in the City Code on Take-overs and Mergers) obtains "control" (as defined in section 840 of the Income and Corporation Taxes Act 1988) of the Company otherwise than pursuant to a group reconstruction not resulting in a material change in the identity of the ultimate shareholders of the Company. |
| "Confidential Information" | means all information and trade secrets (howsoever stored) including all financial, marketing and technical information, ideas, concepts, technology, processes and knowledge together with lists or details of customers, suppliers, prices, discounts, margins, information relating to research and development, current trading performance and future                          |

business strategy and any information derived from them in each case concerning the business or affairs of the Company and any Group Company, and information in respect of which the Company or any Group Company is bound by any obligation restricting its use.

“Effective Date”

means 19 April 2006.

“Employment”

means the employment established by this Agreement.

“Group Company”

means any of:-

- (a) the Company;
- (b) any holding company for the time being of the Company;
- (c) any subsidiary for the time being of the Company or any such holding company;

and “Group” shall be construed accordingly.

“Material Interest”

means:-

- (a) any position as director, officer, employee, consultant, adviser, partner, principal or agent;
- (b) the direct or indirect control or ownership (whether jointly or alone) of any shares (or voting rights attached to them) or debentures (except for the ownership for investment purposes only of not more than 3% of the

issued ordinary shares of any company whose shares are listed on any recognised investment exchange); or

(c) direct or indirect financial assistance.

“Recognised Investment Exchange” shall have the meaning given by section 285 of the Financial Services and Markets Act 2000.

“Remuneration Committee” means any remuneration committee appointed from time to time by the Board to consider issues relating to the remuneration of executive directors.

“Termination Date” means the date on which the Executive’s employment under this Agreement terminates.

1.2 In this Agreement:-

1.2.1 any gender includes any other gender;

1.2.2 the singular includes the plural and vice versa;

1.2.3 references to persons include bodies corporate, unincorporated associations, governments, states, partnerships and trusts (in each case, whether or not having separate legal personality);

1.2.4 references to clauses are to clauses of this Agreement;

1.2.5 the headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement;

- 1.2.6 any reference to a statutory provision includes a reference to any modification, consolidation or re-enactment of the provision from time to time in force and all subordinate instruments, orders or regulations made under it;
- 1.2.7 a reference to any of the parties includes, where appropriate, persons deriving title under such party;
- 1.2.8 the *cuiusdem generis* rule shall not apply, so that general words shall not be given a restrictive interpretation by reason of them being preceded or followed by words indicating a particular class of acts, matters or things;
- 1.2.9 "subsidiary" and "holding company" shall have the meanings given to them by sections 736 and 736A of the Companies Act 1985;
- 1.2.10 references to a person acting "directly or indirectly" include acting alone or jointly with or by means of any other person;
- 1.2.11 references to any document (including this Agreement) or a provision of such document shall be construed as a reference to that document or provision as from time to time supplemented, varied or replaced; and
- 1.2.12 references to writing include facsimiles and electronic mail and any method of reproducing words in a legible and non-transitory form.

## 2. **EMPLOYMENT**

- 2.1 The Company shall employ the Executive and the Executive shall serve the Company as Group Managing Director, Finance on the terms of this Agreement from the Effective Date. Subject to the following provisions of this Agreement the Employment shall continue unless and until terminated by not less than twelve months' written notice served by the Company on the Executive or six months' written notice served by the Executive on the Company.

- 2.2 In the event of the termination of the Employment by the Company for any reason other than a reason pursuant to sub-clause 13.2 the Company may elect to make a severance payment to the Executive in which case the Executive's employment shall immediately terminate and the Executive shall be entitled to receive by way of liquidated damages a severance payment calculated in accordance with clause 14 below.
- 2.3 The Company may suspend the Executive from his duties pursuant to clause 13.3. during any notice period.
- 2.4 The Employment shall in any event automatically cease and terminate (if not already terminated) upon the day on which the Executive attains the age of sixty-five years. The Employment shall be on and subject to the terms contained in this Agreement.
- 2.5 The Executive's continuous period of employment began on 5 January 1987. No period of employment with any previous employer counts towards the Executive's continuous period of employment.

### 3. **DUTIES**

- 3.1 The Executive shall perform all duties attaching to the position of Group Managing Director, Finance and shall be responsible to the Board. The Executive shall perform such duties as may from time to time reasonably be assigned to him by or under the authority of the Board and shall comply with all reasonable directions made by or under the authority of the Board. The Executive may be required in pursuance of his Employment to be engaged not only on work on behalf of the Company but also on work on behalf of any other Group Company.
- 3.2 The Executive shall at all times during the Employment unless prevented by incapacity or otherwise agreed with the Board:-
- 3.2.1 devote the whole of his time, attention and ability during the agreed hours to the affairs of the Company and any Group Company;

- 3.2.2 faithfully and diligently serve the Company and the Group and perform his duties under this Agreement;
  - 3.2.3 in all respects comply with all lawful and reasonable directions made by or under the authority of the Board;
  - 3.2.4 to promote the interests of the Company and any Group Company which shall include not acting in a manner that, at the time, is objectively regarded as materially harmful to the reputation of the Company;
  - 3.2.5 keep the Board or a person duly authorised by the Board promptly and fully informed (in writing if so requested) of his conduct of the business or affairs of the Company or any other Group Company and provide such explanations as the Board may require.
- 3.3 The Executive will be based at the Company's Head Office. This is currently located in Sunderland. In the event that the Head Office is relocated, the Executive will perform his duties from the new location without any change to his remuneration package. However, if called upon to do so and without any further remuneration the Executive shall perform his duties at such place in the United Kingdom whether on a temporary or permanent basis as the Company may reasonably require.
- 3.4 The Executive may from time to time be required to spend periods of time travelling either in the United Kingdom or abroad on Company or Group Company business.
- 3.5 The Executive shall promptly disclose to the Board any interest which he has:-
- 3.5.1 in any trade, business or occupation which directly or indirectly competes with the Company or any other Group Company and in particular but not limited to one which operates or is bidding for or might reasonably be expected in the foreseeable future to bid for a contract to operate passenger transport services;

- 3.5.2 in any trade or business carried on by any supplier or customer of the Company or any other Group Company; and
  - 3.5.3 in any actual or proposed contract, arrangement or transaction entered into or to be entered into by the Company or other Group Company.
- 3.6 During the period of his employment (including any period of suspension and any notice period) the Executive shall not (without the Board's prior written consent) hold any Material Interest in any person which:-
- 3.6.1 directly or indirectly competes with the Company or any other Group Company and in particular but not limited to one which operates or is bidding for or might reasonably be expected in the foreseeable future to bid for a contract to operate passenger transport services; or
  - 3.6.2 impairs or is reasonably considered by the Company to be likely to impair his ability to act at all times in the best interests of the Company or any other Group Company; or
  - 3.6.3 requires or is thought by the Company to require him to disclose any Confidential Information in order properly to discharge his duties to or to further his interest in such person.
- 3.7 The Executive agrees and undertakes that in the event of him accepting from any person an offer of employment either during the continuance of this Agreement or during the continuance in force of any restrictions set out in clause 10 he will immediately provide to such person a full and accurate copy of this Agreement including details of any variation and inform the Board of the identity of the offeror.

3.8 During the period of his employment (including any period of suspension and any notice period) the Executive shall not (without the Board's prior written consent):

3.8.1 make copies of any documents, memoranda, correspondence, computer disks, videos, tapes or any similar matter belonging to the Company or any Group Company or remove any such items from the premises of the Company or any Group Company other than in the proper performance of his duties; or

3.8.2 become a Member of Parliament or a councillor of a local authority or a magistrate or occupy or be engaged in public offices; or

3.8.3 accept any non-executive position.

3.9 The Executive agrees and undertakes that in the event that he receives any fees in respect of any non-executive position he holds during the period of his employment (including any period of suspension and any notice period) the Executive shall account for such fees to the Company.

#### 4. **SALARY AND BONUS**

4.1 The Executive's salary during the Employment shall be at the rate of £290,000 per annum (or at such other rate as may from time to time be agreed in writing) payable monthly in arrears. This salary shall be deemed to accrue from day to day.

4.2 The rate of the Executive's salary specified in Clause 4.1 above shall be reviewed in January of each year by the Board or the Remuneration Committee.

4.3 In addition to his salary the Executive shall be entitled to participate in any bonus scheme or incentive scheme which may from time to time be put in place by the Board or the Remuneration Committee subject to the terms and conditions of any such scheme.

**5. EXPENSES AND COMPANY VEHICLES**

- 5.1 The Company (or another Group Company) shall reimburse the Executive any travelling, hotel, entertainment and other out of pocket expenses properly incurred by him in the course of the Employment subject to the production by the Executive of relevant invoices or other appropriate proof of expenditure. Any credit card supplied to the Executive by the Company shall be used solely for expenses incurred by him in the course of the Employment.
- 5.2 The Executive shall be entitled to be provided with two motor vehicles for himself and his spouse, of an age and type appropriate (in the opinion of the Remuneration Committee) to his responsibilities and position in the Company. The expenses of taxing, insuring, repairing, maintaining and the expense of running any such vehicles for both business and private use shall be borne by the Company save that the Executive shall be responsible for fuel costs for his spouse's vehicle. The Executive agrees to take good care of the vehicles, to ensure they are regularly maintained and to immediately report any damage to the Company. The Executive will acquaint himself with, and ensure the vehicles are used in accordance with, any insurance limitations on the use of the vehicles.
- 5.3 Any cars provided to the Executive shall at all times remain the property of the Company and shall be handed over by him (together with all sets of keys of and registration and other documents relating to such car as may be in the Executive's possession or under his control) to the Company (or to such other Group Company as the Board specifies) immediately upon any request given by or on behalf of the Board.
- 5.4 If the Company agrees, the Executive may choose not to be provided with a car by the Company in which case he will receive annually a sum of £15,740, such sum to be reviewed annually by the Board. The Executive shall, if exercising this option, either, at the election of the Company:-
- 5.4.1 be reimbursed all fuel costs in respect of business and private mileage undertaken in his own car by means of the provision of a fuel card; or

5.4.2 receive a fuel allowance in respect of private mileage and be reimbursed for all business mileage undertaken in his own car at the rate determined by the Company (which may change from time to time).

5.5 If the Company agrees, the Executive may choose not to be provided with a second car for use by his spouse in which case he will receive annually a sum of £3,252, such sum to be reviewed annually by the Board.

## 6. HOURS OF WORK AND HOLIDAYS

6.1 The Executive's hours of work shall be such hours as may be reasonably required for the proper performance of his duties.

6.2 The Executive shall be entitled in each calendar year to thirty working days holiday with full salary (in addition to statutory holidays) to be taken at times mutually agreed between the Executive and the Chief Executive.

6.3 The Executive's holiday entitlement shall accrue pro rata (to the nearest whole day) to the proportion of a holiday year worked. The Company's holiday year runs from 1 January to 31 December in each year. In the year in which he joins the Company the Executive shall be entitled to the appropriate pro rata holiday entitlement.

6.4 During the Employment untaken holiday entitlement may with the written approval of the Board be carried forward from one holiday year to the next. There will be no payment in lieu of any untaken holiday entitlement except in the year of termination of Employment when the following provisions shall apply. In the year of termination the Executive will be entitled to holiday pro rata to the period of the holiday year worked (rounded up or down to the nearest whole day). If the Executive has any untaken holiday entitlement he will be paid in lieu at the end of the Employment. If the Executive has at the date of termination of the

Employment taken more than his holiday entitlement for that holiday year the Company will be entitled to make an appropriate deduction from his final salary payment.

7. **SICKNESS**

- 7.1 If the Executive is absent from work as a result of sickness or injury he is required to notify the Company by telephone on the first morning of his absence or as soon as reasonably practicable thereafter. If the Executive is absent from work as a result of sickness or injury for more than two consecutive working days he should complete a self-certification sickness form on his return and deliver it to the Company. A medical certificate signed by a practising medical practitioner may be required if the Executive is absent from work as a result of sickness or injury for more than seven consecutive days. Thereafter the Executive should promptly submit certificates at agreed intervals covering the whole of the period of incapacity.
- 7.2 The Company will, subject to the receipt of the appropriate certificate(s) in accordance with sub-clause 7.1 (if requested), continue to pay the Executive at his normal rate of pay during any periods of absence through sickness or injury up to an aggregate maximum of six months in each twelve month period and thereafter at half his normal rate of pay for an aggregate maximum of a further six months in each twelve month period.
- 7.3 Statutory Sick Pay ("SSP") will be paid by the Company where appropriate in accordance with the legislation in force at the time of absence. Details of the payment of SSP can be obtained from the Company. All payments made pursuant to sub-clause 7.2 above are deemed to include SSP.

8. **PENSIONS, INSURANCE AND OTHER BENEFITS**

- 8.1 The provisions relating to the Executive's pension entitlement are set out in a side letter from the Company to the Executive dated 19 April 2006.
- 8.2 The Company shall provide private medical insurance cover for the Executive his wife or registered civil partner and children under the age of 21 years or in full time education with such scheme as the Company shall deem appropriate subject to the terms and conditions of that scheme.
- 8.3 The Company acknowledges that the Executive will use his home telephone in the performance of his duties hereunder and agrees to pay the Executive's home telephone account.
- 8.4 The Company shall provide to the Executive a mobile telephone and shall pay for all rental and for all calls incurred or made by the Executive up to a limit decided by the Board in its absolute discretion.

9. **CONFIDENTIALITY**

- 9.1 The Executive shall keep secret and shall not at any time whether during the Employment or after its termination for whatever reason use for his own or another's advantage or reveal to any person, or through any failure to exercise due care and diligence cause or fail to prevent any unauthorised disclosure of any Confidential Information
- 9.2 The restriction contained in this clause shall not apply:-
- 9.2.1 to any disclosure or use authorised by the Board in writing or required to be made by law (other than by reason of a contractual obligation) or by the rules of any recognised investment exchange to which the Company or any Group Company is subject; or

9.2.2 where the information has come into the public domain other than through unauthorised disclosure by the Executive or another.

9.3 In accordance with the above provision the Executive shall take all reasonable steps to ensure that all confidential papers, files and computer records which are in his possession are kept secure and that confidential business matters are not discussed in public places or where they can be overheard.

#### 10. POST TERMINATION RESTRICTIONS

10.1 For a period of six months after the date of termination of his employment the Executive shall not nor shall he endeavour to (without the previous consent in writing of the Board) directly or indirectly whether on his own account or for any other person, firm or company:-

10.1.1 carry on or be engaged or interested in or hold a Material Interest in any business, trade or occupation in the United Kingdom which is competitive with the business of the Company or any other Group Company for which the Executive was responsible or with which the Executive was involved during the course of his employment by the Company in the twelve month period leading up to the termination of his employment and which was carried on at the date of such termination except that he may hold (for investment purposes only) up to 3% of any class of securities quoted or dealt in on a recognised investment exchange;

10.1.2 carry on or be engaged or interested in or hold a Material Interest in any person, firm or Company which (as at the date of termination of employment) operates, holds or is bidding for or might reasonably be expected in the foreseeable future to operate, hold or bid for a contract for:-

- (a) the operation of passenger transport services in circumstances where the Company or any other Group Company holds or operates that contract or is considering bidding for that contract.; or
  - (b) services of a kind that have in the period of twelve months prior to the Termination Date been provided by the Company or any other Group Company in the ordinary course of business
- 10.1.3 solicit or entice away from the Company or any Group Company, solicit business from or deal with in competition with the Company or any Group Company any person who in the preceding 12 months shall have been a customer of or in the habit of dealing with the Company or Group Company and with whom the Executive had personal dealings or contact during the period of 12 months prior to the termination of the Employment.
- 10.1.4 solicit or entice away or endeavour to solicit or entice away from the Company or any other Group Company any person employed by such company in an executive, managerial, technical or financial capacity as at the date of such termination;
- 10.1.5 employ or otherwise engage any person employed by the Company or any other Group Company in an executive, managerial, technical or financial capacity as at the date of such termination.
- 10.2 Following the termination of the Executive's employment under this Agreement for whatever reason:-
- 10.2.1 the Executive shall not use, in connection with any business, the name of or any trading name used by the Company or any other Group Company as at or at the time before the date of such termination or any name confusingly similar thereto;

10.2.2 the Executive shall not do or say anything which is harmful to the reputation of the Company or any other Group Company or which may lead to any person to cease to do business with any such company on substantially equivalent terms to those previously offered or at all.

## **11. PROVISIONS RELATING TO RESTRICTIONS**

The Executive acknowledges and agrees that:-

- 11.1 the Company and each other Group Company possesses a valuable body of Confidential Information and he has been given and will be given access to such Confidential Information to enable him to carry out his duties under this Agreement;
- 11.2 such duties include, amongst other things, a duty of trust and confidence and a duty to act at all times in the best interests of the Company and Group Companies;
- 11.3 the disclosure of any Confidential Information to any actual or potential competitor of the Company or any other Group Company may place the Company at a serious competitive disadvantage and may cause financial and other damage which it would not be possible to quantify;
- 11.4 if, upon termination of his employment, he were to hold any Material Interest in any actual or potential competitor of the Company or any other Group Company and/or any person firm or company of the type described in clause 10.1.2 above, it may place the Company or Group Company at a serious competitive disadvantage and may cause financial and other damage which it would not be possible to quantify;
- 11.5 each of the restrictions contained in clauses 10.1 to 10.1.4 constitutes an entirely separate and independent restriction on him;
- 11.6 the duration, extent and application of each of the restrictions are to protect the business of the Company and Group Companies and to maintain the services of its key employees and

are no greater than is necessary for the protection of the interests of the Company and the other Group Companies;

11.7 The restrictions set out in clause 10 are considered reasonable by the parties and the Executive acknowledges that, in the light of the nature of the business carried out by the Company and all other relevant matters, the provisions of this clause are necessary for the protection of the proprietary and commercial interests of the Company and any Group Company.

11.8 Should the Executive be suspended during any period of notice under clause 13.3, the period of such suspension up to a maximum of three months shall be deducted from the six month period referred in clause 10.1 above.

## **12. SHARE DEALINGS**

The Executive shall use his best endeavours to comply where relevant with every rule of law, every Regulation of the International Stock Exchange of the United Kingdom and Republic of Ireland and every regulation of the Company from time to time in force in relation to dealings in shares, debentures or other securities of the Company or any Group Company and unpublished price sensitive information affecting the shares, debentures or other securities of any other company. Provided always that in relation to overseas dealings the Executive shall also comply with all laws of the state and all regulations of the stock exchange, market or dealings system in which such dealings take place.

## **13. TERMINATION AND SUSPENSION**

13.1 The Employment may be terminated by the parties by notice given in accordance with clause 2.

13.2 Notwithstanding the other provisions of this Agreement the Company shall be entitled to terminate the Employment forthwith in any of the following cases, namely:-

- 13.2.1 if the Executive is guilty of dishonesty or gross misconduct or persistent misconduct whether or not in connection with or referable to his employment or gross negligence; or
- 13.2.2 in the event of any material breach or material non-observance by him of any of the provisions of this Agreement; or
- 13.2.3 if the Executive becomes bankrupt or has a Receiving Order made against him or makes any composition with his creditors or has an Administration Order made against him; or
- 13.2.4 if he becomes of unsound mind or a patient within the meaning of the Mental Health Act 1983; or
- 13.2.5 if he is convicted of a criminal offence (save for an offence under the Road Traffic Acts for which an immediate custodial sentence is not imposed) which prevents him from fulfilling his Employment hereunder.

If the Employment is terminated for any of the reasons set out above the Company shall have no obligation to pay any further sums to the Executive whether by way of damages, compensation or otherwise in respect of any notice period or any unexpired period of this Agreement (but without prejudice to the rights and remedies of the Company for any breach of this Agreement and to the Executive's continuing obligations hereunder).

- 13.3 At any time during the Employment the Company shall be entitled to suspend the Executive from his duties and to require the Executive to stay away from any premises of the Company or other Group Company, and not contact any of the employees, officers, customers or suppliers of the Company or any Group Company (known as "Garden leave"). The Executive shall be entitled to receive his salary and other contractual benefits during such period of Garden Leave.

13.4 Upon termination of the Employment for whatever reason the Executive shall:

13.4.1 deliver to the Company (or to its order) all Confidential Information relating to the Company or any Group Company and all books, documents, disks, computer hardware and software, papers (including copies), materials, credit cards, car keys and other property relating to the business of the Company or any other Group Company which may then be in his possession or under his power or control including, without limitation, any car provided in connection with the Employment

13.4.2 upon request forthwith resign any position in or office of the Company or any other Group Company;

13.4.3 if so requested by the Company, delete all Confidential Information from any personal computer, computer disks, tapes or other reusable material in his possession or under his control and destroy all other documents and tangible items in his possession or under his control which contain or refer to Confidential Information.

13.5 The termination of the Employment and/or this Agreement shall not affect such of the provisions hereof as are expressed to have effect or to operate thereafter.

#### 14. **SEVERANCE PAYMENT**

14.1 On termination of the Employment by the Company pursuant to clause 2.2 above the Company may pay to the Executive by way of liquidated damages a severance payment and benefits calculated and payable as set out below.

14.2 To calculate the severance payment referred to in sub-clause 14.1 above there shall be added together:

14.2.1 the Executive's annual salary at the date of service of the notice

14.2.2 the amount of the annual bonus estimated to be payable to the Executive in respect of the financial year in which notice is served subject to a maximum bonus of 40% of basic salary

14.2.3 the figure representing the value of 'benefits in kind' in the audited accounts for the financial year immediately preceding the date of termination (which the parties agree represents reasonable compensation for the annual value of the benefits provided pursuant to sub-clauses 5.2, 8.2, 8.3, and 8.4 above).

The total sum produced by the addition of the above figures shall be the gross amount of the severance payment ("the Payment").

14.3 In the event of the Company terminating the Employment for any reason other than a reason pursuant to clause 13.2 above the Company agrees to use its best endeavours to procure that for the purposes of the pension scheme referred to in sub-clause 8.1 above the Executive shall be credited with twelve months' service under the Scheme calculated from the date of termination of the Employment (or, if shorter, the period between the date of termination and the Executive's normal retirement date). If for whatever reason the Trustees of the Scheme fail, refuse or are unable to grant such additional service, the Company shall be obliged to pay compensation to the Executive of an amount equal to the cost of purchasing an annuity to provide the pension benefits reflecting the difference between the pension, lump sum and any other benefits (including any escalation in benefits) the Executive would have received had the additional service been granted and the benefits the Executive would be entitled to in the event of the additional service not being granted.

14.4 The provisions of sub-clauses 14.1 to 14.3 above shall apply mutatis mutandis if the Executive terminates the Employment for any reason whatsoever (except in circumstances where the Company was entitled to terminate under sub-clause 13.2 above) within a period of six months following a Change of Control save that:

14.4.1 the Payment shall be divided by two, and

14.4.2 the period of additional service referred to in sub-clause 14.3 above shall be six months instead of twelve months.

**15. GRIEVANCE AND DISCIPLINARY PROCEDURES**

15.1 If the Executive has any grievance relating to the Employment he may seek redress orally or in writing by referring the grievance to the Board.

15.2 All disciplinary matters will be dealt with by the Board.

15.3 In addressing any such matters the Company will comply with the relevant statutory procedures.

**16. DATA PROTECTION**

The Executive consents to the Company and any other Group Company holding and processing, both electronically and manually, the data it collects in relation to the Executive, in the course of the Executive's employment, for the purposes of the Company's administration and management of its employees and its business and for compliance with applicable procedures, laws and regulations and to the transfer, storage and processing by the Company or any Group Company of such data.

**17. COLLECTIVE AGREEMENTS**

There are no collective agreements which apply to the Employment.

**18. RIGHTS OF THIRD PARTIES**

18.1 The Executive and the Company agree that the obligations and duties to the Company accepted by the Executive under this Agreement shall also be owed by him to any Group Company for which he performs services, carries out duties or to which he is seconded [and/or to the trustees of the Scheme (referred to in clause 8 of this Agreement)] and that this Agreement may be enforced by any Group Company [and/or trustees of the Scheme] pursuant to section 1 of the Contracts (Rights of Third Parties) Act 1999.

18.2 Where a Group Company and/or trustees of the Scheme is entitled to enforce a term of this Agreement, the consent of the Group Company and/or trustees of the Scheme is not required for any amendment, variation or rescission of any provision of this Agreement.

18.3 Except as provided for in the above clauses, pursuant to section 1(2) of the Contracts (Rights of Third Parties) Act 1999 the parties intend that no term of this Agreement may be enforced by any person not a party to this Agreement.

19. **GENERAL**

19.1 This Agreement takes effect in substitution for all previous agreements or arrangements whether written or oral between the parties hereto all of which shall be deemed to have been terminated by mutual agreement as from the date of this Agreement and superseded by the terms hereof.

19.2 This Agreement shall be governed by and construed in accordance with the provisions of English law.

20. **GOVERNING LAW**

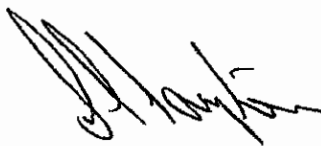
This Agreement is governed by and shall be construed in accordance with the laws of England and Wales whose courts have exclusive jurisdiction to determine all claims relating to this Agreement.

IN WITNESS whereof this Agreement has been executed as a deed and delivered on the date specified on page 1.

SIGNED by )

For and on behalf of the Company )

in the presence of:- )




S J Cockburn  
Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

SIGNED by

the Executive

in the presence of:-

) 

) S L Cockburn  
Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

01915204338



23 April 2009

Mr. S.P. Lonsdale,  
5 Lintfort,  
Picktree,  
Washington,  
Tyne and Wear,  
NE38 9HX

Arriva plc  
1 Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Tel +44 (0)191 520 4000  
Fax +44 (0)191 520 4001  
DX 68754 Sunderland 3  
www.arriva.co.uk

Dear Steve,

Following the review of executive remuneration in 2008 I am writing to advise you of a change to your pension arrangements, which was approved on 4 March 2009 and applies to your pension benefit in respect of your service before 1 January 2000. There is no change to your pension arrangements for service on or after 1 January 2000 which continues to accrue benefit at the rate of 1/30<sup>th</sup> of Base Pay for each year of service.

The terms used in this letter have the meaning given in the rules of the Arriva Pension Scheme ('the Scheme'), except where specified in this letter. This letter replaces in its entirety the Pensions Side Letter dated 19 April 2006 and should be read in conjunction with your Service Agreement dated 19 April 2006.

1. **Contributions**

You are currently a non-contributory member of the Scheme.

Arriva plc will meet the cost of your benefit entitlement under the Scheme.

2. **Normal Retirement Date**

Your Normal Retirement Date is your 65<sup>th</sup> birthday.

3. **Benefits for Service pre 1 January 2000**

Pension benefits for service completed before 1 January 2000 will be calculated in accordance with the following formula:

$$\frac{14.33}{30} \times \text{Base Pay}$$

4. **Benefits for Pensionable Service on and after 1 January 2000**

Pension benefits will accrue at 1/30<sup>th</sup> of Base Pay for each complete year and month(s) of Pensionable Service from 1 January 2000.

5. **Total Pension**

Your total pension at retirement will therefore be:

$$\frac{14.33}{30} \times \text{Base Pay} + \frac{n}{30} \times \text{Base Pay}$$



01915204338

Where: (i)  $n$  = the number of complete years and months of Pensionable Service from 1 January 2000.

(ii) "Base Pay" means your basic annual salary in the twelve months immediately preceding the end of your Pensionable Service.

6. **Early retirement**

In the event that you retire and draw your pension before Normal Retirement Date, your pension will be reduced by the appropriate early retirement factor in force under the Scheme at that time.

7. **Leaving service**

In the event that you leave Pensionable Service before Normal Retirement Date without drawing a pension, your accrued pension will be calculated as set out in Clause 5 of this letter, re-valued in accordance with the rules of the Scheme.

8. **Death in service benefit**

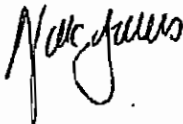
Whilst you remain in Pensionable Service, you will be provided with death in service benefits under the terms of the Scheme which will include a lump sum payment equal to four times Base Pay at the date of death.

9. **Scheme Rules**

Other benefits are payable in respect of your membership of the Scheme in accordance with the rules of the Scheme, as they apply from time to time.


Please confirm your agreement to this letter by signing the attached copy and returning it to me.

Yours sincerely,



N.P. Buckles,  
**Chairman, Remuneration Committee.**

Enc.,

Signed:  Dated: 9/6/09



From the Chief Executive

Arriva plc  
Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Tel +44 (0)191 520 4040  
Fax +44 (0)191 520 4190  
DX 68754 Sunderland 3  
[www.arriva.co.uk](http://www.arriva.co.uk)

Sir Richard Broadbent, KCB  
17 Cross Street  
London  
N1 2BH

29<sup>th</sup> June 2004

A handwritten signature in black ink that reads 'Sir Richard'.

I am very pleased to advise you that the Board of Directors wishes to offer you the appointment as non-executive Director of this Company on the following terms:

1. The appointment will be for an initial period of three years effective from 2 July 2004. With effect from 1 November 2004, you will be appointed non-executive Chairman of the Company. Prior to taking over as Chairman, you will undertake an extensive structured induction programme. Your position will be subject to your election at our next Annual General Meeting; this is currently scheduled for April 2005.
2. At the end of the initial three-year period, the appointment will be open to renewal, with the agreement of both parties, on such terms and conditions as may be agreed.
3. The appointment will attract an annual fee of £120,000 payable monthly in arrears. This fee, which will not be reviewed before January 2006, is inclusive and no additional payment will be made in respect of your chairing any Board committees. Reasonable expenses, including travel to Sunderland, will be reimbursed.
4. It is expected that your duties will occupy up to two days per week.
5. Secretarial support and office accommodation will be provided at our Head Office in Sunderland.

For statutory records and reporting purposes, please would you also confirm the following details:


- a. The number of shares held by you, your wife or any children under the age of 18 in Arriva plc
- b. Current and past (within the previous five years) directorships
- c. Any material contracts between yourself and this Company or any of its subsidiaries.

If you are content with this offer, please confirm acceptance by signing the enclosed copy of this letter and returning it to me in the stamped addressed envelope provided.

*Kind regards*



**BOB DAVIES**  
**CHIEF EXECUTIVE**



30.06.04



Arriva plc  
1 Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Tel +44 (0)191 520 4000  
Fax +44 (0)191 520 4001  
DX 68754 Sunderland 3  
www.arriva.co.uk

Our Ref: SGW/SLC

23 April 2007

Sir Richard Broadbent,  
15 Vincent Terrace,  
LONDON,  
N1 8HJ

Dear Richard,

**Your Appointment as a Director of the Company**

Further to the recommendation made by the Nomination Committee and the Board's subsequent endorsement of that recommendation at its meeting on 17 April I am writing to confirm that your appointment has been renewed for a further 3 years and will now expire on July 2010.

Yours sincerely,

A large, stylized handwritten signature in black ink, appearing to read "S Williams".

Steve Williams,  
**Senior Independent Director.**



Sir Richard Broadbent, KCB  
15 Vincent Terrace  
London  
N1 8HJ

5 March 2010

Dear Richard,

I am pleased to tell you that on 1 March 2010, upon the recommendation of the nomination committee, the board of Arriva plc ('the Company') re-appointed you as a non-executive director and non-executive Chairman of the Company; you will also chair the nomination committee and sit on the remuneration committee. I am writing to set out the terms of your re-appointment. It is agreed that this is a contract for services and is not a contract of employment.

#### Appointment

Your re-appointment will be for a further term of three years from 2 July 2010, when your current term of office expires. Continuation of your contract of appointment is contingent on satisfactory performance and re-election at forthcoming AGMs and may be terminated earlier by and at the discretion of either party upon six months' written notice.

The terms of your appointment are set out in the attached Appendix 1 for your information.

#### Fees

You will continue to be paid a fee of £150,000 gross per annum which will be paid monthly in arrears, and will be subject to periodic review by the board. The Company will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office.

If these terms are acceptable to you, I would be grateful if you would sign the enclosed copy of this letter and return it David Turner in the enclosed envelope.

Yours sincerely

Steve Williams  
**Senior Independent Director**

I hereby confirm acceptance of the extension of my non-executive directorship and chairmanship of the Company on the terms set out in this letter.



Signed: \_\_\_\_\_

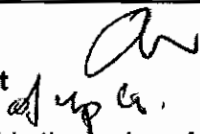
Date: 15 March 2010

Arriva plc  
1 Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Tel +44 (0)191 520 4000  
Fax +44 (0)191 520 4001  
DX 68754 Sunderland 3  
www.arriva.co.uk

**Arriva plc : Non-executive directorship terms and conditions**

**Time Commitment**

  
A time commitment ~~in the region of~~ two days per week is anticipated. This will include attendance at board and board committee meetings as appropriate and the AGM. You are expected to devote appropriate preparation time ahead of each meeting.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. In my capacity as senior independent director I should be consulted before you accept additional commitments that might affect the time you are able to devote to your role as a non-executive director and Chairman of the Company.

**Role**

Non-executive directors have the same general legal responsibilities to the Company as any other director and following the Companies Act 2006, the duties of a director have now been statutorily prescribed. The board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

In addition to these requirements of all directors, the role of the non-executive has the following key elements:

- **Strategy:** Non-executive directors should constructively challenge and contribute to the development of strategy;
- **Performance:** Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- **Risk:** Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- **People:** Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, senior management and in succession planning.

**Outside Interests**

It is accepted and acknowledged that you have business interests other than those of the company and have declared any conflicts that are apparent at present. In the event that you

become aware of any potential conflicts of interest, these should be disclosed to myself and the company secretary as soon as apparent.

### **Confidentiality**

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from myself.

Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price sensitive information. Consequently you should avoid making any statements that might risk a breach of these requirements without prior clearance from myself or the company secretary.

### **Corporate Governance**

The Board's policy is to promote high standards of Corporate Governance in all of Arriva's activities. The Company's Corporate Governance Manual sets out how this policy is implemented.

### **Shareholding**

Arriva plc encourages non-executive directors to hold shares in the Company and, subject to any dealing restrictions, non-executive directors are expected to maintain an interest in the share capital of Arriva of a minimum of 500 shares.

### **Review Process**

The performance of individual directors and the whole board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with me as soon as is appropriate.

### **Insurance**

The Company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is £100m.

### **Independent Professional Advice**

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as a director. Circumstances may occur when it will be appropriate for you to seek advice from independent advisors at the company's expense. A copy of the board's agreed procedure under which directors may obtain such independent advice appears in the Corporate Governance Manual. The Company will reimburse the full cost of expenditure incurred in accordance with the policy.

### **Committees**

The terms of reference for each of the board's standing committees is set out in the Corporate Governance Manual.



# ARRIVA

Arriva plc  
Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Tel 0191 520 4000  
Fax 0191 520 4190

From the Chairman  
Sir Richard Broadbent

Mrs. A. Risley,  
52 Burnham Green Road,  
Welwyn,  
Hertfordshire,  
AL6 0NJ

8 December 2008

Dear Angie,

On 25 November 2008, upon the recommendation of the nomination committee, the board of Arriva plc ("the Company") has appointed you as a non-executive director; you will also sit as a member of the remuneration committee. I am writing to set out the terms of your appointment. It is agreed that this is a contract for services and is not a contract of employment.

### **Appointment**

Your appointment will be for an initial term of two years commencing on 9 March 2009, unless otherwise terminated earlier by and at the discretion of either party upon six months' written notice. Continuation of your contract of appointment is contingent on satisfactory performance and re-election at forthcoming AGMs. This appointment may be extended for further periods of 2 years, or other periods as agreed by both parties.

### **Time Commitment**

Overall we anticipate a time commitment of 1-2 days per month after the induction phase. This will include attendance at board and board committee meetings as appropriate and the AGM. You will be expected to devote appropriate preparation time ahead of each meeting.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. In my capacity as Chairman of the Board I should be consulted before you accept additional commitments that might affect the time you are able to devote to your role as a non-executive director of the Company.

### **Role**

Non-executive directors have the same general legal responsibilities to the Company as any other director and following the Companies Act 2006, the duties of a director have now been statutorily prescribed. The board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;

- sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

In addition to these requirements of all directors, the role of the non-executive has the following key elements:

- **Strategy:** Non-executive directors should constructively challenge and contribute to the development of strategy;
- **Performance:** Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- **Risk:** Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- **People:** Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, senior management and in succession planning.

#### **Fees**

You will be paid a fee of £40,000 gross per annum which will be paid monthly in arrears, and will be subject to periodic review by the board. The Company will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office.

#### **Outside Interests**

It is accepted and acknowledged that you have business interests other than those of the company and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the myself and the company secretary as soon as apparent.

The Board of the Company has determined you to be independent according to the provision of the Combined Code.

#### **Confidentiality**

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from myself.

Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price sensitive information. Consequently you should avoid making any statements that might risk a breach of these requirements without prior clearance from myself or the company secretary.

## **Corporate Governance**

The Board's policy is to promote high standards of Corporate Governance in all of Arriva's activities. David Turner, the Company Secretary, is sending you in parallel with this letter the Company's Corporate Governance Manual which sets out how this policy is implemented.

## **Shareholding**

Arriva plc encourages Non-Executive Directors to hold shares in the Company within three months of appointment, and, subject to any dealing restrictions, non-executive directors are expected to have acquired an interest in the share capital of Arriva of a minimum of 500 shares.

## **Induction**

Immediately after appointment, the Company will provide a comprehensive, formal and tailored induction. We will also arrange for site visits and meetings with senior and middle management and the Company's auditors.

## **Review Process**

The performance of individual directors and the whole board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with me as soon as is appropriate.

## **Insurance**

The Company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is £100m.

## **Independent Professional Advice**

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as a director. Circumstances may occur when it will be appropriate for you to seek advice from independent advisors at the company's expense. A copy of the board's agreed procedure under which directors may obtain such independent advice appears in the accompanying corporate governance manual. The Company will reimburse the full cost of expenditure incurred in accordance with the policy.

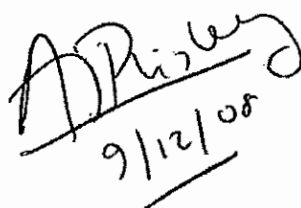
## **Committees**

The Board is supported by Board committees. All non-executive Directors sit on the Nominations Committee. It is intended that you will serve also on the Audit and Remuneration Committees. Within the corporate governance manual you will find the terms of reference for each of the board's standing committees.

Yours sincerely



Richard Broadbent





Arriva plc  
Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Tel +44 (0) 191 520 4000  
Fax +44 (0) 191 520 4001  
DX 68754 Sunderland 3  
Web www.arriva.co.uk

Our ref: RJD/SLC

2 September 2003

Mr. S.G. Batey,  
Higher Heyes Farm,  
Ball Lane,  
Kingsley,  
Cheshire,  
WA6 8HP

Following our recent discussions and correspondence I am writing to confirm your appointment as a non-executive director of this Company effective from 1 October 2003. Your appointment will be for an initial period of three years. At the end of this initial period the appointment will be renewed subject to the agreement of both parties at that time. Your appointment will of course be subject to approval by the shareholders at the AGM on 23 April 2004. In accordance with best practice, the aggregate length of your service is not expected to exceed six years.

This appointment carries a fee of £28,500 p.a. which will be paid to you monthly in arrears subject to normal statutory deductions. I believe David Turner has already written to you requesting bank information and other personal details for statutory disclosure purposes. As indicated in my letter of 30 July, it is planned for you to Chair the Audit Committee as soon as is practicable and we will agree a date for you to assume this role.

Board Meetings are normally held here at Doxford commencing at 9.00 a.m. and the dates for the remaining Board Meetings for 2003 and those for 2004 are provided on the attached schedule. I also enclose a copy of the Memorandum and Articles of Association for your information.

If these terms are acceptable to you can you please sign the enclosed copy of this letter and return it to David Turner in the enclosed pre-paid envelope.

R.J. Davies,  
**Chief Executive.**

Enc.,

Signature:

Date: 3/9/03



Arriva plc  
1 Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Tel +44 (0)191 520 4000  
Fax +44 (0)191 520 4001  
DX 68754 Sunderland 3  
www.arriva.co.uk

Our Ref: RJB/SLC

7 September 2006

Mr. S.G. Batey,  
Higher Heyes Farm,  
Ball Lane,  
Kingsley,  
Cheshire,  
WA6 8HP

Dear Simon,

I am pleased to advise you that the Company wishes to extend the period of your non-executive directorship so as to now expire on 30 September 2009; all other terms and conditions remain unaltered.

If this is acceptable to you, can you please confirm your acceptance by signing the enclosed copy of this letter and return it to David Turner in the attached prepaid envelope.

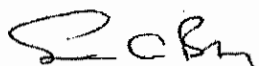
Yours sincerely,

A handwritten signature in black ink, appearing to read "Richard Broadbent".

Richard Broadbent,  
**Chairman.**

Enc.,

I hereby confirm acceptance of the extension of my non-executive directorship.

Signed: .....  ..... Date: ..... 16/9/06 .....



Arriva plc  
1 Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Our Ref: RJB/SLC

29 July 2009

Tel +44 (0)191 520 4000  
Fax +44 (0)191 520 4001  
DX 68754 Sunderland 3  
www.arriva.co.uk

Mr. S.G. Batey,  
Higher Heyes Farm,  
Ball Lane,  
Kingsley,  
Cheshire,  
WA6 8HP

Dear Simon,

Further to the meeting of the Nomination Committee and the Board on 23 July 2009, I am pleased to confirm that the Board has approved the extension of your appointment as non-executive director of the Company; your appointment will now expire on 30 September 2011.

All other terms and conditions of your appointment remain unaltered.

Can you please sign and date the attached copy of this letter confirming your acceptance to this extension and return the signed letter to David Turner in the enclosed prepaid envelope.

Yours sincerely,

Richard Broadbent,  
Chairman.

Enc.,

I hereby confirm acceptance of the extension of my non-executive directorship.

Signed: Richard Broadbent Date: 4 August 2009



Mr N Buckles  
Tyeshatch  
Goat Crossroad  
Forest Row  
East Sussex  
RH18 5JQ

6 June 2005

I am very pleased to advise you that the Board of Directors wishes to offer you the appointment as non-executive Director of the Company on the following terms:

1. The appointment will be for an initial period of three years effective from 1 July 2005. Your position will be subject to your election at our next Annual General Meeting; this is currently scheduled for April 2006.
2. At the end of the initial three-year period, the appointment will be open to renewal, with the agreement of both parties, on such terms and conditions as may be agreed.
3. The appointment will attract an annual fee of £32,500; whilst this fee is inclusive of any responsibilities arising from membership of one or more of the Board Committees (Audit; Nomination; Remuneration; Safety), Chairmanship of a Board Committee will attract a further annual payment as follows:-

Audit	£7,500
Nomination	£3,000
Remuneration	£3,000

I would like to discuss with you in due course your membership of one or more of the Board Committees.

4. To assist you in planning your diary I attach a schedule showing the Board meeting dates for 2005 and the timetable for 2006.

For statutory records and reporting purposes, I would appreciate it if you would also confirm the following details:

- a. The number of shares held by you, your wife or any children under the age of 18 in Arriva plc
- b. Current and past (within the previous five years) directorships
- c. Any material contracts between yourself and this Company or any of its subsidiaries.

If you are content with this offer, please confirm acceptance by signing the enclosed copy of this letter and returning it to me in the stamped addressed envelope provided.

**RICHARD BROADBENT**  
**CHAIRMAN**



Arriva plc  
Focus Point  
21 Caledonian Road  
London N1 9DX  
Tel 0207 833 7710  
Fax 0207 833 7711

20 June 2008

Mr. N.P. Buckles  
Rede Place  
Swissland Hill  
Dormans Park  
Surrey  
RH19 2NH

Dear Nick,

Further to our discussions and following the recommendation of the Nomination Committee, I am pleased to confirm that the Board wishes to extend your appointment as a non-executive director of the Company for two years (being the maximum period permitted under the latest Companies Act without shareholder approval). Your appointment will now terminate on 19 July 2010 subject to mutually agreeing a further two year term. All other terms and conditions of your appointment remain unaltered.

Could you please acknowledge your acceptance of this appointment by signing the attached copy of this letter and returning it to David Turner.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Broadbent', written over a large, faint watermark of the word 'Richard'.

R.J. Broadbent,  
**Chairman**



Arriva plc  
1 Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Mr. N.P. Buckles  
Rede Place  
Swissland Hill  
Dormans Park  
Surrey  
RH19 2NH

Tel +44 (0)191 520 4000  
Fax +44 (0)191 520 4001  
DX 68754 Sunderland 3  
www.arriva.co.uk

5 March 2010

Dear Nick,

I am pleased to tell you that on 1 March 2010, upon the recommendation of the nomination committee, the board of Arriva plc ('the Company') re-appointed you as a non-executive director; you will also continue as a member of the nomination and safety committees and as chairman of the remuneration committee. I am writing to set out the terms of your re-appointment. It is agreed that this is a contract for services and is not a contract of employment.

#### Appointment

Your re-appointment will be for a further term of one year from 19 July 2010, when your current term of office expires. The 12 month re-appointment period will bring your formal appointment period into line with the three year cycle of director appointments as we discussed recently in the nominations committee. Continuation of your contract of appointment is contingent on satisfactory performance and re-election at forthcoming AGMs and may be terminated earlier by and at the discretion of either party upon six months' written notice.

The terms of your appointment are set out in the attached Appendix 1 for your information.

#### Fees

You will continue to be paid a fee of £40,000 gross per annum which will be paid monthly in arrears, and will be subject to periodic review by the board. In addition you will continue to be paid a fee of £5,000 gross per annum for chairmanship of the remuneration committee. The Company will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office.

If these terms are acceptable to you, I would be grateful if you would sign the enclosed copy of this letter and return it David Turner in the enclosed envelope.

Yours sincerely

Richard Broadbent  
**Chairman**



THE QUEEN'S AWARDS  
FOR ENTERPRISE:  
INTERNATIONAL TRADE  
2009

I hereby confirm acceptance of the extension of my non-executive directorship on the terms set out in this letter.

Signed:  Date: *March 15<sup>th</sup> 2010*

Registered number 347103 England

**Arriva plc : Non-executive directorship terms and conditions**

**Time Commitment**

A time commitment of 1-2 days per month is anticipated. This will include attendance at board and board committee meetings as appropriate and the AGM. You are expected to devote appropriate preparation time ahead of each meeting.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. In my capacity as chairman of the board I should be consulted before you accept additional commitments that might affect the time you are able to devote to your role as a non-executive director of the Company.

**Role**

Non-executive directors have the same general legal responsibilities to the Company as any other director and following the Companies Act 2006, the duties of a director have now been statutorily prescribed. The board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

In addition to these requirements of all directors, the role of the non-executive has the following key elements:

- **Strategy:** Non-executive directors should constructively challenge and contribute to the development of strategy;
- **Performance:** Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- **Risk:** Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- **People:** Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, senior management and in succession planning.

**Outside Interests**

It is accepted and acknowledged that you have business interests other than those of the company and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to myself and the company secretary as soon as apparent.

The board of the Company has determined you to be independent according to the provision of the Combined Code.

### **Confidentiality**

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### **Corporate Governance**

The Board's policy is to promote high standards of Corporate Governance in all of Arriva's activities. The Company's Corporate Governance Manual sets out how this policy is implemented.

### **Shareholding**

Arriva plc encourages non-executive directors to hold shares in the Company and, subject to any dealing restrictions, non-executive directors are expected to maintain an interest in the share capital of Arriva of a minimum of 500 shares.

### **Review Process**

The performance of individual directors and the whole board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with me as soon as is appropriate.

### **Insurance**

The Company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is £100m.

### **Independent Professional Advice**

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as a director. Circumstances may occur when it will be appropriate for you to seek advice from independent advisors at the company's expense. A copy of the board's agreed procedure under which directors may obtain such independent advice appears in the Corporate Governance Manual. The Company will reimburse the full cost of expenditure incurred in accordance with the policy.

### **Committees**

The terms of reference for each of the board's standing committees is set out in the Corporate Governance Manual.



# ARRIVA

FROM THE CHAIRMAN

Mr S Williams  
15 Queens Gate Gardens  
London  
SW7 5LY

Arriva plc  
1 Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Tel +44 (0)191 520 4000  
Fax +44 (0)191 520 4001  
DX 68754 Sunderland 3  
www.arriva.co.uk

8 August 2005

I am very pleased to advise you that the Board of Directors wishes to offer you the appointment as non-executive Director of the Company on the following terms:

1. The appointment will be for an initial period of three years effective from 1 September 2005. Your position will be subject to your election at our next Annual General Meeting; this is currently scheduled for April 2006.
2. At the end of the initial three-year period, the appointment will be open to renewal, with the agreement of both parties, on such terms and conditions as may be agreed.
3. The appointment will attract an annual fee of £32,500; whilst this fee is inclusive of any responsibilities arising from membership of one or more of the Board Committees (Audit; Nomination; Remuneration; Safety), Chairmanship of a Board Committee will attract a further annual payment as follows:-

Audit	£7,500
Nomination	£3,000
Remuneration	£3,000

I would like to discuss with you in due course your membership of one or more of the Board Committees.

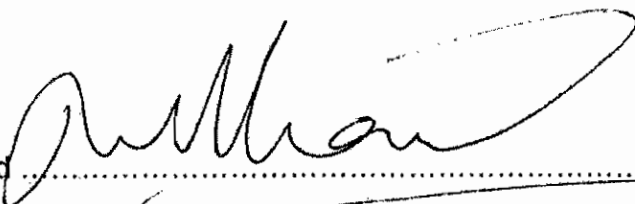
4. To assist you in planning your diary I attach a schedule showing the Board meeting dates for 2005 and the timetable for 2006.

For statutory records and reporting purposes, I would appreciate it if you would also confirm the following details:

- a. The number of shares held by you, your wife or any children under the age of 18 in Arriva plc
- b. Current and past (within the previous five years) directorships
- c. Any material contracts between yourself and this Company or any of its subsidiaries.

If you are content with this offer, please confirm acceptance by signing the enclosed copy of this letter and returning it to me in the stamped addressed envelope provided.

**RICHARD BROADBENT  
CHAIRMAN**

Signed  .....

Dated 2/8/05 .....



*file  
Answer*

Arriva plc  
Focus Point  
21 Caledonian Road  
London N1 9DX  
Tel 0207 833 7710  
Fax 0207 833 7711

20 June 2008

Mr. S.G. Williams,  
15 Queens Gate Gardens,  
London,  
SW7 5LY

Dear Steve,

Further to our discussions and following the recommendation of the Nomination Committee, I am pleased to confirm that the Board wishes to extend your appointment as a non-executive director of the Company for two years (being the maximum period permitted under the latest Companies Act without shareholder approval). Your appointment will now terminate on 31 August 2010 subject to mutually agreeing a further two year term. All other terms and conditions of your appointment remain unaltered.

Could you please acknowledge your acceptance of this appointment by signing the attached copy of this letter and returning it to David Turner.

Yours sincerely,

R.J. Broadbent,  
**Chairman.**

*Agreed - A  
Acknowledged.  
[Signature]  
24/6/08.*



*David*  
*Henry Davis*  
*Steve*

Mr. S.G. Williams  
15 Queens Gate Gardens  
London  
SW7 5LY

Arriva plc  
1 Admiral Way  
Doxford International Business Park  
Sunderland  
SR3 3XP

Tel +44 (0)191 520 4000  
Fax +44 (0)191 520 4001  
DX 68754 Sunderland 3  
www.arriva.co.uk

5 March 2010

Dear Steve,

I am pleased to tell you that on 1 March 2010, upon the recommendation of the nomination committee, the board of Arriva plc ('the Company') re-appointed you as a non-executive director; you will also continue to be senior independent director, a member of the nomination and audit committees and chairman of the safety committee. I am writing to set out the terms of your re-appointment. It is agreed that this is a contract for services and is not a contract of employment.

**Appointment**

Your re-appointment will be for a further term of one year from 31 August 2010, when your current term of office expires. The 12 month re-appointment period will bring your formal appointment period into line with the three year cycle of director appointments as we discussed recently in the nominations committee. Continuation of your contract of appointment is contingent on satisfactory performance and re-election at forthcoming AGMs and may be terminated earlier by and at the discretion of either party upon six months' written notice.

The terms of your appointment are set out in the attached Appendix 1 for your information.

**Fees**

You will continue to be paid a fee of £40,000 gross per annum which will be paid monthly in arrears, and will be subject to periodic review by the board. In addition you will continue to be paid a fee of £5,000 gross per annum as senior independent director. The Company will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office.

If these terms are acceptable to you, I would be grateful if you would sign the enclosed copy of this letter and return it David Turner in the enclosed envelope.

Yours sincerely

Richard Broadbent  
**Chairman**



I hereby confirm acceptance of the extension of my non-executive directorship on the terms set out in this letter.

Signed: *[Signature]*

Date: *15/3/10*

**Arriva plc : Non-executive directorship terms and conditions**

**Time Commitment**

A time commitment of 1-2 days per month is anticipated. This will include attendance at board and board committee meetings as appropriate and the AGM. You are expected to devote appropriate preparation time ahead of each meeting.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. In my capacity as chairman of the board I should be consulted before you accept additional commitments that might affect the time you are able to devote to your role as a non-executive director of the Company.

**Role**

Non-executive directors have the same general legal responsibilities to the Company as any other director and following the Companies Act 2006, the duties of a director have now been statutorily prescribed. The board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

In addition to these requirements of all directors, the role of the non-executive has the following key elements:

- **Strategy:** Non-executive directors should constructively challenge and contribute to the development of strategy;
- **Performance:** Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- **Risk:** Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- **People:** Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, senior management and in succession planning.

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