

Federal Decree by Law No. (2) of 2009
Regarding the Establishment of Etihad Rail Company

We, Khalifa bin Zayed Al Nahyan, President of the United Arab Emirates,

- Having reviewed the Constitution,
- Federal Law No. (1) of 1972 Regarding the Competences of Ministries and Powers of Ministers, as amended,
- Federal Law No. (7) of 1976 Regarding the Establishment of the Supreme Audit Institution, as amended,
- Federal Law No. (8) of 1984 Regarding Commercial Companies, as amended,
- Federal Law No. (22) of 1995 Regarding the Regulation of the Auditing Profession, as amended,
- Federal Law No. (18) of 1993 Promulgating the Commercial Transactions Law,
- Federal Decree by Law No. (11) of 2008 Regarding Human Resources in the Federal Government, and
- Upon the proposal of the Minister of Public Works - Chairman of the Board of Directors of the Federal Authority for Land and Maritime Transport, and the approval of the Cabinet,

Hereby promulgate the following Decree by Law:

Article (1)

For the purposes of implementing the provisions of this Decree by Law, the following terms and expressions shall have the meanings assigned to each of them, unless the context requires otherwise:

- State** : The United Arab Emirates.
- Government** : The Government of the United Arab Emirates.
- Competent Authority** : The competent local authority.
- Company** : Etihad Rail Company.
- Board** : The Board of Directors of Etihad Rail Company.

Railway Line : The federal railway line which shall be determined by a resolution of the Cabinet.

Article (2)

A public joint-stock company named "Etihad Rail Company" shall be established pursuant to the provisions of this Decree by Law. It shall have an independent legal personality and full legal capacity to conduct its activity and achieve its purposes as set out in this Decree by Law and its Articles of Association.

Article (3)

The main headquarters of the Company shall be in the city of Abu Dhabi, and the Board may establish branches or offices therefor within the State or abroad.

Article (4)

The term of the Company shall be one hundred Gregorian years, commencing from the date of entry into force of this Decree by Law. Such term shall be automatically renewed for successive similar terms, unless a resolution for the dissolution of the Company is issued by the Extraordinary General Assembly.

Article (5)

The capital of the Company shall be one billion dirhams, fully paid-up, and divided into shares of equal value with a nominal value of one dirham per share. The partners and their respective shareholding percentages in the Company's capital shall be determined by a resolution of the Cabinet. The capital of the Company may be reduced or increased by a resolution of the Cabinet.

Article (6)

The shares of the Company may not be disposed of by sale or assignment, except with the approval of the Cabinet.

Article (7)

The Company shall aim to achieve the following purposes:

1. Achieving logistical connectivity between all the Emirates of the State, its cities, and its facilities;
2. Alleviating traffic congestion, facilitating traffic flow on streets and public roads, and contributing to the reduction of the rate of traffic accidents on public roads;
3. Facilitating economic and commercial connectivity between the Emirates;
4. Reducing environmental pollution;
5. Enhancing the role of transport in the development process;
6. Contributing to connecting remote areas with urban areas in a way that contributes to the achievement of growth and development.

Article (8)

The Company shall undertake the following activities:

1. Owning, leasing, letting, purchasing, and selling trains of all types, operating and maintaining them, and undertaking all transport operations on railways (trains and metros) at the federal level.
2. Investing in the fields of passenger and freight transport, as well as in the facilities and utilities necessary to serve or complete the Company's purposes, and undertaking all works associated or related thereto, including concluding contracts for supplying the Company, its subsidiaries, or any of its projects with the fuel and energy required for operation.
3. Participating with other authorities, companies, or institutions that conduct activities similar to its own, or which may assist it in achieving its purposes inside or outside the State in a manner that serves its interests, and it may purchase such companies, institutions, or affiliate them thereto.
4. Undertaking all services and works necessary, related, or associated therewith, including the transport of persons, cargo, freight, and mail, in coordination with the Competent Authority.
5. Purchasing, selling, owning, leasing, letting, and managing any means of transport related

to achieving its purposes, subject to the approval of the Competent Authority.

6. Obtaining service fees from train users in accordance with the laws, regulations, and resolutions issued by the Cabinet, in coordination with the Competent Authority.
7. Conducting its activity through wholly or partially owned subsidiaries, or by granting concession or management contracts to other parties, based on a proposal from the Board and the approval of the Cabinet. The Cabinet may delegate some of these activities to the Board.

Article (9)

1. The Company shall be managed by a Board of Directors composed of at least seven members, including the Chairman and the Vice-Chairman. Their appointment shall be effected by a Federal Decree. The Vice-Chairman shall act in place of the Chairman in their absence or when there is an impediment. The remuneration of the Board members shall be determined by a resolution of the Cabinet.
2. The term of membership on the Board shall be three years, renewable.
3. If a member of the Board fails to attend more than three consecutive meetings without an acceptable excuse, they shall be deemed to have resigned pursuant to a resolution issued by the Board in this regard.
4. The Board of Directors shall issue the internal regulations governing its meetings, provided that it shall not be fewer than four meetings per year.

Article (10)

The Company may exercise the competences stipulated in this Decree by Law in any Emirate upon its request.

Article (11)

The Board shall exercise all competences that achieve the Company's purposes, and in particular, the following:

1. Setting the general policy of the Company and supervising its implementation.
2. Adopting the plans and programs that ensure the development of the Company and its

employees.

3. Issuing the regulations and systems that are related to financial, administrative, and human resources affairs.
4. Issuing the organizational structure of the Company.
5. Approving the appointment and termination of the services of the Company's senior employees in accordance with the applicable regulations and systems.
6. Approving the general budget and the final accounts of the Company and submitting them to the Cabinet.
7. Appointing auditors and determining their remuneration.
8. Forming subcommittees from among its members to be entrusted with the consideration and examination of certain matters pertaining to the Company. These subcommittees may seek the assistance of such experts and consultants as they deem appropriate in this regard.
9. Any other competences consistent with the Company's purposes, as may be assigned to the Board by a resolution of the Cabinet.

Article (12)

The Company shall have a Chief Executive Officer appointed by a resolution of the Board, who shall be the legal representative of the Company, and their allocations and powers shall be determined by such resolution.

Article (13)

The Cabinet shall constitute the ordinary and extraordinary general assembly of the Company, unless an amendment is made to the ownership of the Company, in which case each shall be constituted by its shareholders.

Article (14)

Subject to the provisions of the Commercial Companies Law, the fiscal year of the Company shall commence on the first of January and end on the last of December of each year, provided that the first fiscal year shall commence from the date of the Company's registration in the

trade register and shall end on the thirty-first of December of the following year.

Article (15)

The Company shall have one or more auditors from among those licensed to practice the auditing profession, for a term of one year, renewable, to audit the Company's accounts, and their remuneration shall be determined by a resolution of the Board.

Article (16)

The Chief Executive Officer shall prepare the Company's financial statements and profit and loss accounts for each fiscal year and present them to the Board.

Article (17)

Subject to the provisions stipulated in clause (5) of Article (8) of this Decree by Law, the Company shall be exclusively entrusted with the concession rights for the operation, management, and maintenance of trains and the federal railway lines in the State.

The Company may, pursuant to a resolution of the Cabinet based on a proposal from the Board, conclude concession, operation, management, or maintenance contracts with any natural or legal person for any of the assets or properties owned thereby or granted thereto, or which fall under its management, or for any of the assets or properties of its subsidiary companies.

Article (18)

The Cabinet shall, after the approval of the competent authorities, issue the resolutions concerning the allocation of public lands or buildings required for the Company.

The Cabinet may, upon the recommendation of the Board and after the approval of the Competent Authority, expropriate the private lands and buildings identified by the Company as required for the railways and its associated facilities, or for use as operation or maintenance sites for the Company or one of its subsidiaries, which it wholly or partially owns. The Cabinet shall, in its resolutions, determine the method of fair compensation for the owners of such properties, in coordination with the Competent Authority.

Article (19)

The provisions of the Federal Decree by Law regarding human resources in the Federal Government shall apply to the employees of the Company, in matters for which no special provision is made in the bylaws and regulations issued by the Board.

Article (20)

The Cabinet shall issue the Articles of Association of the Company.

Article (21)

Any provision that contradicts or conflicts with the provisions of this Decree by Law shall be repealed.

Article (22)

This Decree by Law shall be published in the Official Gazette and shall enter into force from the date of its publication.

Khalifa bin Zayed Al Nahyan

President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi:

On: 12 Rajab 1430 A.H.

Corresponding to: 6 July 2009 A.D.