

INFORMATION MEMORANDUM

19 March 2012

NETWORK RAIL INFRASTRUCTURE FINANCE PLC

(as Issuer)

BOFA MERRILL LYNCH

(as Arranger)

BARCLAYS

BOFA MERRILL LYNCH

CITI

DEUTSCHE BANK

GOLDMAN SACHS INTERNATIONAL

HSBC

MORGAN STANLEY

THE ROYAL BANK OF SCOTLAND

UBS INVESTMENT BANK

(as Dealers)

INFORMATION MEMORANDUM

**relating to a £4,000,000,000 multi-currency
Euro Commercial Paper Programme of
NETWORK RAIL INFRASTRUCTURE FINANCE PLC
Guaranteed by a Financial Indemnity of
THE UNITED KINGDOM**



IMPORTANT NOTICE

This Information Memorandum contains summary information provided by Network Rail Infrastructure Finance PLC (the “**Issuer**”) in connection with a multi-currency euro commercial paper programme (the “**Programme**”) under which the Issuer may issue and have outstanding at any time short-term notes (the “**Notes**”) up to a maximum aggregate amount (when aggregated with the notes outstanding under the Issuer’s U.S. commercial paper program (the “**USCP Program**”) established on or about the date of establishment of the Programme) of £4,000,000,000 or its equivalent in alternative currencies as set out below. The Notes will benefit from a financial indemnity (the “**Financial Indemnity**”) provided by the Secretary of State for Transport acting for and on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland (the “**Secretary of State**”). The Issuer has appointed the dealers specified on page 5 (together with any additional dealers appointed under the Programme from time to time, the “**Dealers**”) as dealers for the Notes under the Programme, and has authorised and requested the Dealers to circulate this Information Memorandum in connection therewith to investors or potential investors.

The Issuer has confirmed to the Dealers that the information contained in this Information Memorandum when read in conjunction with the information incorporated by reference in this Information Memorandum is true and accurate in all material respects and not misleading and that there are no other facts the omission of which makes this Information Memorandum as a whole or any such information contained or incorporated by reference herein misleading in any material respect.

This Information Memorandum is not intended to provide the basis of any credit, taxation, or other evaluation, and should not be considered as a recommendation by any of the Dealers that any recipient of this Information Memorandum purchase any Notes. Each recipient contemplating purchasing any Notes is responsible for obtaining its own independent professional advice in relation to the Programme and for making its own independent investigation and appraisal of the financial condition, affairs and creditworthiness of the Issuer and the Secretary of State.

The Dealers have not independently verified the information contained herein. To the fullest extent permissible by law, none of the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by a Dealer or on its behalf in connection with the Issuer, or the issue and offering of the Notes. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement. No person has been authorised by the Issuer, the Secretary of State or the Dealers to give any information or to make any representation not contained in this Information Memorandum or any supplement hereto, and, if given or made, such information or representation must not be relied upon as having been authorised.

Neither the Issuer, the Secretary of State nor the Dealers accept any responsibility, express or implied, for updating this Information Memorandum and neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Notes shall, in any circumstances, create any implication that the information contained herein is true subsequent to the date hereof or, as the case may be, the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuer or the Secretary of State since the date hereof or, as the case may be, the date upon which this Information Memorandum has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which are deemed to be incorporated by reference herein or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Information Memorandum contains references to ratings. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the relevant rating agency.

This Information Memorandum does not, and is not intended to, constitute or contain an offer or invitation to any person to purchase Notes. The distribution of this Information Memorandum and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Notes come are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. In particular, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum and other information in relation to the Notes set out under “Selling Restrictions” below. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any other applicable securities laws. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

No application will be made at any time to list the Notes on any stock exchange.

Neither this Information Memorandum nor any other document issued in connection with the issue of the Notes may be issued or passed on in the United Kingdom other than to a person to whom section 21(1) of the Financial Services and Markets Act 2000 (the “**FSMA**”) does not apply or otherwise is a person to whom such documents may lawfully be passed on.

Furthermore, neither the Issuer, the Secretary of State nor any of the Dealers makes any comment, representation or assurance about the treatment for taxation purposes of payments or receipts in respect of the Notes. Each investor contemplating purchasing or acquiring Notes under the Programme must seek such tax or other professional advice as it considers necessary for the purpose.

The EU has adopted a Directive regarding the taxation of savings income. The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to or secured by a person for the benefit of an individual or to certain other persons in another Member State, except that Austria and Luxembourg may instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. A number of third countries and territories have adopted similar measures to the Directive.

In this Information Memorandum references to “U.S. Dollars” and “US\$” are to the lawful currency of the United States of America, references to “€” and “Euro” are to the single currency of those member states of the European Union participating in European Monetary Union from time to time and references to “sterling” and “£” are to the lawful currency of the United Kingdom.

INCORPORATION BY REFERENCE

The following documents shall be deemed to be incorporated into, and to form part of, this Information Memorandum:

- all supplements and addenda to this Information Memorandum circulated by or on behalf of the Issuer from time to time; and
- the most recently published audited financial statements of the Issuer,

save that any statement contained herein or in a document all or the relative proportion of which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document all or the relative proportion of which is or is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Information Memorandum.

The Issuer has undertaken to the Dealers to update or amend this Information Memorandum by the publication of a supplement hereto or a new Information Memorandum in the event of a change in the condition of the Issuer which is material in the context of the Programme or the issue of any Notes or if this Information Memorandum shall otherwise come to contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein not misleading or if it is necessary at any time to amend this Information Memorandum to comply with, or reflect changes in, the laws or regulations of the United Kingdom.

If the terms of the Programme are modified or amended in a manner which would make this Information Memorandum, as so modified or amended, inaccurate or misleading in each case to a material extent, a new Information Memorandum will be prepared.

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SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of the document.

Issuer:	Network Rail Infrastructure Finance PLC
The FI Provider:	Secretary of State for Transport acting for and on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland (or any other Crown Body to which its obligations are transferred under the Financial Indemnity) (the “ UK Government ”).
Financial Indemnity:	The Notes and other Indemnified Debt (as defined below) will benefit from a Financial Indemnity entered into by the FI Provider in favour of the Security Trustee who holds the benefit of the Financial Indemnity for, among others, the holders of the Notes (the “ Noteholders ”) and the providers of any other Indemnified Debt. The FI Provider is required to cover, <i>inter alia</i> , any Debt Service Shortfall Amount on any Indemnified Debt.
Arranger:	Banc of America Securities Limited
Dealers:	Banc of America Securities Limited, Barclays Bank PLC, Citibank International plc, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC France, Morgan Stanley & Co. International plc, The Royal Bank of Scotland plc and UBS Limited and any other Dealers appointed in accordance with the dealer agreement dated 16 September 2005 (as amended and restated) entered into by the Dealers, the Arranger and the Issuer (the “ Dealer Agreement ”).
Issuing Agent, Paying Agent and Principal Paying Agent:	HSBC Bank plc, appointed pursuant to an issuing and paying agency agreement with the Issuer dated 16 September 2005 (as amended and restated on 19 March 2012, the “ Issuing and Paying Agency Agreement ”).
Account Bank:	HSBC Bank plc
Security Trustee:	HSBC Trustee (C.I.) Limited
Administrator:	Network Rail Infrastructure Limited
Programme Ratings:	Fitch Ratings Limited (“ Fitch ”): F1+ Moody’s Investors Service, Inc. (“ Moody’s ”): P1 Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“ S&P ”): A1+ A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the relevant rating agency.
Programme Amount:	The aggregate principal amount of Notes outstanding at any time (when aggregated with the notes outstanding under the USCP Program (the “ USCP Notes ”)) will not exceed

£4,000,000,000. For the purposes of calculating the principal amount of notes outstanding under the Programme and the USCP Program from time to time, the principal amount of any Note denominated in any currency other than sterling and of any USCP Note shall be the exchange amount payable by the Issuer to the relevant Hedge Counterparty (as defined below) pursuant to the currency swap agreement entered into between them in respect of such note.

Currencies:	Notes may be denominated in any currency, subject to compliance with any applicable legal and regulatory requirements. Specifically, the Programme will allow for the issue of Notes denominated in U.S. Dollars, sterling and Euro.
Denominations:	Notes may have any denomination subject to any applicable legal and regulatory requirements. The initial minimum denominations for Notes denominated in U.S. Dollars, sterling and Euro will be US\$500,000, £100,000 and €500,000, respectively. The minimum denominations of Notes denominated in other currencies will be in accordance with any applicable legal and regulatory requirements. Minimum denominations may be changed from time to time, however the minimum denomination and redemption value of Notes will be £100,000 or its equivalent in another currency.
Maturity of the Notes:	<p>The tenor of the Notes shall be not less than one day nor more than 364 days, subject to legal and regulatory requirements. The Issuer may not issue any Notes which mature after 3 October 2052 (the expiry date of the Programme).</p> <p>In respect of Notes which have been designated as Prefunded Debt in accordance with the terms of the Security Trust Deed, the Issuer may not issue any such Notes where the proposed issue date is later than six Business Days prior to the scheduled final maturity date of such Notes.</p>
Issue Price of Notes:	Notes may be issued at their principal amount or at a discount or premium to their principal amount.
Yield Basis:	Zero coupon Notes will normally be issued. However Notes may also be issued allowing interest to be calculated by reference to a fixed or floating rate or an index or formula.
Redemption:	The Notes may be redeemed at their principal amount or at an amount calculated by reference to an index or formula.
Use of Proceeds:	The proceeds of issues of Notes will be advanced by the Issuer to Network Rail Infrastructure Ltd. (“ NRIL ”) under the terms of an intercompany loan agreement dated 29 October 2004 (as amended and/or restated from time to time, the “ Intercompany Loan Agreement ”).
Hedging Agreements:	The Issuer has entered into ISDA Master Agreements (the

“**Hedging Agreements**”) with certain hedge counterparties (the “**Hedge Counterparties**”). The Issuer may from time to time hedge its exposure to currency exchange risk and interest rate exchange risk by entering into swap transactions under the Hedging Agreements.

Programme Administration Agreement:

Pursuant to an administration agreement dated 29 October 2004 (as amended or restated from time to time) between the Issuer and NRIL (the “**Programme Administration Agreement**”), NRIL will provide certain management and administrative services in respect of the Programme, the USCP Program and other Indemnified Debt.

Status of Notes:

The Notes will be secured, limited recourse obligations of the Issuer ranking *pari passu* without any preference among themselves.

Recourse in respect of the Notes will be limited to the Security Assets. Claims of Noteholders and any other Secured Creditor shall rank in priority to all unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application, and in accordance with the priorities specified in a security trust deed dated 29 October 2004 between, *inter alios*, the Issuer and the Security Trustee (the “**Security Trust Deed**”).

Security:

Pursuant to a deed of charge dated 29 October 2004 between the Issuer and the Security Trustee (the “**Deed of Charge**”), the Issuer has granted the Security Trustee fixed and/or floating security over certain property, including the Issuer’s accounts with the Account Bank and its rights under certain contracts, and a first floating charge over all of the Issuer’s undertaking and other assets. The Issuer’s U.S. Dollar bank account with HSBC Bank USA, National Association has also been charged pursuant to a security and deposit account control agreement dated 16 September 2005 (the “**US Bank Account Charge**”). The Security Trustee holds such security for the benefit of the Secured Creditors (including the Noteholders) under the terms of the Security Trust Deed. (See further “*Description of the Programme — Description of Security*”).

Taxation:

All payments under the Notes will be made without deduction or withholding for or on account of any present or future withholding taxes of the United Kingdom, except as stated in the Notes.

Form of the Notes:

The Notes will be in bearer form. Each issue of Notes will initially be represented by one or more global Notes or by definitive Notes, if applicable. Global Notes will be exchangeable for definitive Notes in the circumstances specified in the global Notes (see “*Form of Notes*”).

Listing:

The Notes will not be listed on any stock exchange.

Delivery:

Global Notes shall be deposited with a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme or any other recognised clearing system. Definitive Notes will be available for collection in accordance with London market practice. Account holders will, in respect of global Notes, have the benefit of a Deed of Covenant dated 16 September 2005, copies of which may be inspected during normal business hours at the office of the Issuing and Paying Agent.

Selling Restrictions:

The offering and sale of the Notes is subject to all applicable selling restrictions including, without limitation, those of the United States of America, the United Kingdom and Japan (see “*Selling Restrictions*”).

Governing Law:

The Notes and all matters arising from and connected with them will be governed by and construed in accordance with English law.

THE ISSUER, NETWORK RAIL, NRIL AND THE SECRETARY OF STATE

The Issuer

The Issuer was incorporated in England and Wales on 31 March 2004 as a public company with limited liability under the Companies Act 1985 (the “**Companies Act**”) with registration number 5090412. The Issuer’s registered office is at Kings Place, 90 York Way, London N1 9AG. The Issuer is not a member of the Network Rail Limited (“**Network Rail**”) group or related to or controlled by the Secretary of State.

The authorised share capital of the Issuer is £50,000 consisting of 50,000 ordinary shares of £1 each. The issued share capital of the Issuer consists of 50,000 shares of £1 each. Two shares were issued fully paid on incorporation and the remaining 49,998 shares were issued partly paid to £0.25 each on 16 September 2004. 49,999 shares are held by HSBC Trustee (C.I.) Limited and a nominee for HSBC Trustee (C.I.) Limited, HSBC Private Banking Nominee 1 (Jersey) Limited, holds one share. Pursuant to a declaration of trust dated 1 October 2004 and made by HSBC Trustee (C.I.) Limited, all shares in the Issuer are held for charitable purposes. The registered office of the trustee is at 1 Grenville Street, St Helier, Jersey JE4 9PF. The Issuer has no subsidiaries.

The directors of the Issuer and business occupations are:

Name	Other Principal Activities
Samantha Pitt*	Group Treasurer, Network Rail, Director of Network Rail CP Finance PLC, Director of Network Rail MTN Finance PLC and Director of Network Rail Development Limited
Jonathan Eden Keighley	Director of Structured Finance Management Limited
Robert William Berry	Director of Structured Finance Management Limited
Jocelyn Charles Coad	Director of Structured Finance Management Limited
Alternate Director’s Name	
Andrew Ballsdon*	Financial Controller (Group Reporting), Network Rail, Director of Network Rail CP Finance PLC and Director of Network Rail MTN Finance PLC
Claudia Wallace	Director of Structured Finance Management Limited

* Network Rail appointed Director

The business address of Jonathan Keighley, Robert Berry, Jocelyn Coad and Claudia Wallace is 35 Great St. Helen’s, London EC3A 6AP. The business address of Samantha Pitt and Andrew Ballsdon is the same as the registered office of the Issuer.

The Issuer’s sole activity is to act as a special purpose financing vehicle including to act as the issuer under the Programme and to incur other indebtedness. Since its date of incorporation, the Issuer has not carried on any business or activities other than those incidental to its registration and other matters described or contemplated in this Information Memorandum.

Financial Statements

Financial statements of the Issuer have been prepared for the period from 1 April 2009 to 31 March 2010 and for the period from 1 April 2010 to 31 March 2011.

The auditor of the Issuer is PricewaterhouseCoopers LLP, whose address is at 1 Embankment Place, London WC2N 6RH.

THE NETWORK RAIL GROUP

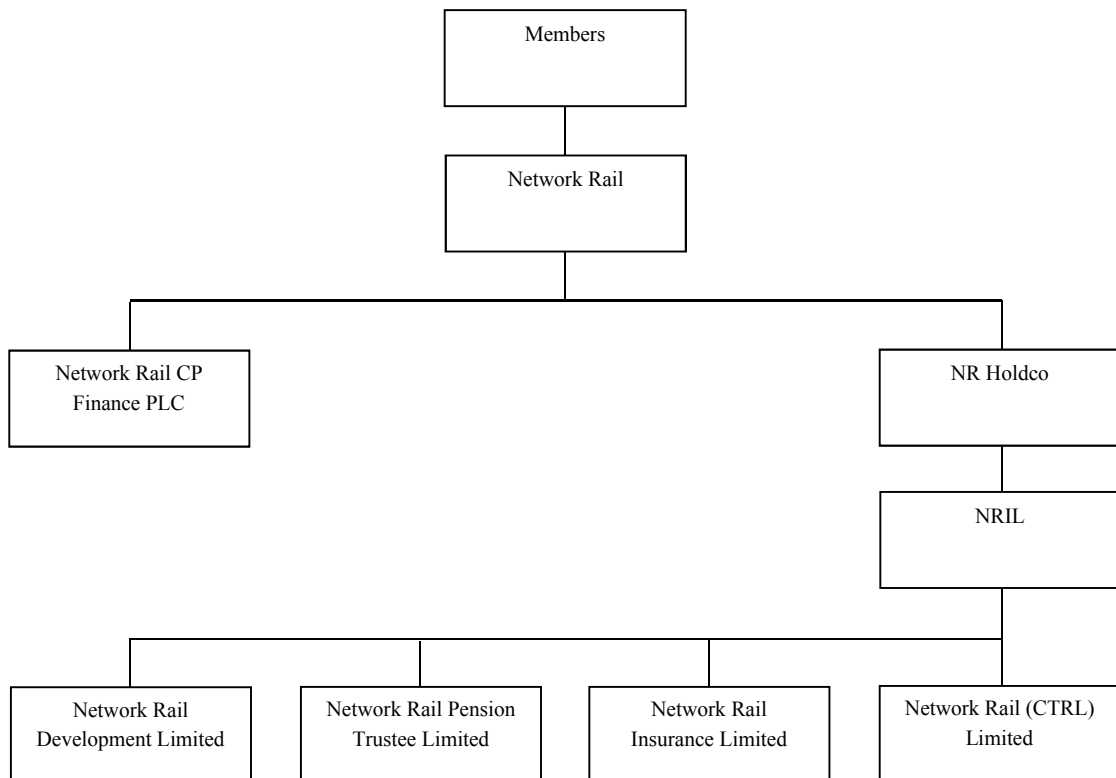
Network Rail Limited

Corporate Description

Network Rail Limited (“**Network Rail**”) is a private sector, not-for-dividend company limited by guarantee, incorporated in England and Wales on 22 March 2002 under the Companies Act. It was created for the specific purpose of acquiring NRIL and certain other related assets (all of which were acquired by Network Rail on 3 October 2002) and thereafter managing the national rail infrastructure of Great Britain safely, efficiently and economically.

The Network Rail Group

Network Rail, through its wholly-owned subsidiary Network Rail Holdco Limited (“**NR Holdco**”), owns the whole of the issued share capital of NRIL. The group structure, excluding dormant and non-trading subsidiaries, is as set out below:



NR Holdco was established by Network Rail for the purpose of acquiring NRIL and has no other activities.

The Issuer is not a subsidiary of Network Rail.

Network Rail CP Finance PLC was incorporated for the sole purpose of issuing commercial paper to provide funding for NRIL. For the avoidance of doubt, the Notes issued hereunder are not being issued by Network Rail CP Finance PLC.

Network Rail Insurance Limited, a company incorporated in Guernsey, provides insurance cover to NRIL as part of NRIL’s overall insurance arrangements.

Network Rail Pension Trustee Limited provides two company-sponsored pension schemes offered to all new employees of Network Rail (this company was previously called Network Rail Defined Contribution Pension Scheme Trustee Limited).

Network Rail (CTRL) Limited holds a concession to provide station services at St. Pancras station in London following completion of the Channel Tunnel Rail Link (“CTRL”) and is party to an agreement under which it operates and maintains CTRL on behalf of its owner.

Network Rail Development Limited is the vehicle through which Network Rail holds its interest in a joint venture arrangement with a third party development company set up to pursue certain specified station development programmes.

Members

As a company limited by guarantee, Network Rail has no shareholders or share capital. Instead, it has members of which there are approximately 80. The number fluctuates depending on eligibility requirements. Each member has a liability to contribute £1 under its guarantee in the event of a winding up of Network Rail. Members fall into one of the following three categories: (i) the Special Member; (ii) rail industry members who are rail licence holders or preferred bidders for franchises to provide passenger railway services; and (iii) members chosen by an independent panel from a wide range of stakeholder groups and from members of the public (this category forms the majority of members of Network Rail). The Secretary of State has the right to elect the Special Member. On 8 March 2012, Network Rail announced that at the 2012 annual general meeting a resolution would be proposed to Members to reduce the number of Members from 80 to 40.

Distributions

Under Network Rail’s constitution, the distribution of profits or assets to Network Rail’s members is prohibited and any profits of Network Rail are reinvested.

Special Membership Rights

The Special Member has special membership rights not available to other members of Network Rail. In particular it has a right to appoint a director to the board of Network Rail (who sits on the remuneration and nomination committees of Network Rail), a right of veto in respect of certain changes to Network Rail’s constitution, a right to requisition a meeting of Network Rail’s members and, in the event of fundamental financial failure of Network Rail, it has a right to remove all other members of Network Rail. The Secretary of State also has certain contractual rights including, in certain serious circumstances or following a payment being made under the Financial Indemnity, the right to veto the removal of the Chairman and Chief Executive with the consent of the board of directors of Network Rail.

Board

Network Rail’s board is comprised of a majority of directors who are non-executive. The majority of the executive directors have an engineering and/or operations background. Details of the composition of the board are set out in the latest Annual Report for Network Rail Limited published in June 2011.

Network Rail Infrastructure Limited

Corporate Description

Network Rail Infrastructure Limited (“NRIL”) was incorporated in England and Wales under the name Railtrack PLC on 28 February 1994 as a public company limited by shares under the Companies Act with registration number 2904587. NRIL’s registered office is at Kings Place, 90 York Way, London N1 9AG. NRIL was re-registered under the Companies Act as a private company limited by shares on 3 February 2003, and concurrently changed its name from “Railtrack PLC” to “Network Rail Infrastructure Limited”.

The authorised share capital of NRIL is £500,050,200 divided into 50,200,000 ordinary shares of 0.1p each and 500,000,000 redeemable shares of £1 each. The issued share capital of NRIL consists of 50,084,937 ordinary shares of 0.1p each and 160,000,000 redeemable shares of £1 each.

Administrator

NRIL is responsible for administering the Programme on behalf of the Issuer. Its duties include the provision of certain management, administrative, accounting and related services to the Issuer.

Directors of NRIL

The current directors of NRIL and their respective business occupations are:

Name	Business Occupation
Rick Haythornthwaite ¹	Chairman
David Higgins	Chief Executive
Patrick Butcher	Group Finance Director
Robin Gisby	Managing Director, Network Operations
Peter Henderson	Group Asset Management Director
Simon Kirby	Director, Investment Projects
Paul Plummer	Group Strategy Director
Malcolm Brinded ¹	
Graham Eccles ¹	
Michael Firth ¹	
Lawrie Haynes ¹	
Janis Kong ¹	
Keith Ludeman ¹	
Bridget Rosewell ¹	
Steve Russell ¹	

Key:

¹ Non-Executive Director

Each of the directors is also on the board of Network Rail. Peter Henderson, Patrick Butcher and Paul Plummer are also directors of NR Holdco.

Rick Haythornthwaite announced in September 2011 his intention to leave Network Rail with effect in July 2012. On 8 March 2012, it was announced that Professor Richard Parry-Jones CBE would be appointed Chairman designate and Non-Executive Director following a meeting with Members in March 2012. His appointment as Chairman of Network Rail would be put to Members at Network Rail's annual general meeting in July 2012.

Peter Henderson announced in November 2011 his intention to leave Network Rail.

On 8 March 2012, it was announced that Steve Russell would not stand for re-election at Network Rail's annual general meeting. Steve Russell's position as Senior Independent Director will be assumed by existing

Non-Executive Director, Keith Ludeman. It was also announced that there is an intention to appoint a Non-Executive Public Interest Director.

The business address of the directors is the same as the registered office of NRIL.

Assets and Activities

NRIL owns and operates the national rail infrastructure in Great Britain, including track, signalling, bridges, tunnels, stations and light maintenance depots.

NRIL also owns substantially all stations, virtually all of which are leased to and operated by the passenger train operating companies (the “**TOCs**”) but NRIL itself operates a number of main line stations (the “**Managed Stations**”).

Devolved Management of the National Rail Infrastructure Network

In November 2011, Network Rail devolved the day-to-day running of Britain’s railway infrastructure to 10 strategic geographical regions (each being a “**Route**”) as part of its plans to cut the cost of running Britain’s railway and work more effectively with passenger and freight operators.

Each Route operates as a separate business unit, headed by a route managing director (a “**Route Managing Director**”) and management team, which is responsible for operations, maintenance, customer services and local asset management. The Route Managing Director reports directly to the Group Managing Director, Network Operations. Each Route also has its own accounts to enable greater benchmarking of financial performance and efficiency between Routes and to share best practice.

Licences

NRIL is authorised to operate the national rail network in Great Britain under a network licence (the “**Network Licence**”) and is authorised to operate the Managed Stations pursuant to a station licence, both granted by the Secretary of State under the Railways Act 1993. Both the Network Licence and station licence have been granted for an unlimited period of time but can be terminated by the Secretary of State on 10 years’ notice, not to be given earlier than 1 April 2019. Each of the licences may be revoked by the Secretary of State, after consultation with the Office of Rail Regulation (the “**ORR**”), on not less than 3 months’ notice on the occurrence of certain events.

Income

NRIL’s principal sources of income are (i) track access income from payments by TOCs and freight operating companies; and (ii) revenue grants from the Department for Transport (the “**DfT**”) and Transport Scotland. In addition, NRIL receives from time to time funding from the DfT and Transport Scotland (and other third parties) in respect of investment in its infrastructure. NRIL also receives income from commercial property, other train operators, stations, depots and from certain other assets.

The level of NRIL’s revenues, and the associated financial framework required for it to operate, maintain, renew and enhance its infrastructure in an efficient way, are set by the ORR in regular Access Charges Reviews (“**ACRs**”). ACRs are normally expected to be carried out once every 5 years, although they can be more frequent if certain conditions specified by the ORR have been satisfied.

Financial Information relating to NRIL

No financial information on NRIL or the Network Rail group is contained in this Information Memorandum. This is because the financial position of NRIL and the Network Rail group is immaterial to the ability of the Issuer to meet its obligations under the Notes, to the ability of the UK Government to meet its obligations under the Financial Indemnity and to the rating assigned to the Programme by the Rating Agencies.

THE UK GOVERNMENT

The Secretary of State for Transport is the holder of one of the principal offices of Her Majesty's Government of the United Kingdom of Great Britain and Northern Ireland. The Secretary of State for Transport was incorporated by the Secretary of State for Transport Order 1976.

Obligations assumed by the Secretary of State in his or her official capacity are enforceable against the incorporated office of the Secretary of State, not the office holder personally. The Secretary of State acts for and on behalf of Her Majesty's Government for the purposes of creating legal, valid and binding obligations in relation to, *inter alia*, the Financial Indemnity and therefore obligations of the Secretary of State under the Financial Indemnity are obligations of Her Majesty's Government.

The UK Government currently has a sovereign credit rating of AAA by Fitch, AAA by S&P and Aaa by Moody's. On 13 February 2012, Moody's affirmed its Aaa long term credit rating for the UK Government but revised its outlook on the UK Government's long term credit rating from stable to negative. In addition, on 14 March 2012 Fitch affirmed its AAA long term credit ratings for the UK Government but revised its outlook on the UK Government's long term credit ratings from stable to negative. See "***Form of the Financial Indemnity***".

DESCRIPTION OF THE PROGRAMME

(A) Introduction

The Programme has been established by the Issuer to provide funding for the operations of NRIL and has the benefit of the Financial Indemnity provided by the UK Government as described below.

(B) Description of the Financial Indemnity

The following summary does not purport to be complete and is taken from and qualified in its entirety by the Financial Indemnity, the full form of which is set out below in “Appendix 2 (Form of the Financial Indemnity)”. This summary should be read in conjunction with the aforementioned section. Capitalised terms used, but not defined, in this section and which are defined in the Financial Indemnity shall bear the same meaning as in the Financial Indemnity.

The Financial Indemnity is an unlimited and irrevocable obligation of the FI Provider to make payments directly to the Security Trustee for the benefit of the Noteholders and other Indemnified Creditors.

Debt Service Shortfall Amounts

The Financial Indemnity covers all Debt Service Shortfall Amounts. In relation to Indemnified Debt specified by the Issuer to be Prefunded Debt (including, unless otherwise specified, the Notes), this means shortfalls between (i) amounts due and payable in respect of that Debt; and (ii) amounts standing to the credit of the relevant debt service prefunding account on the date (a “Trigger Date”) six London business days before the relevant due date for payment and available to pay the due and payable amount on that due date.

Claims under the Financial Indemnity

The Security Trustee (or the Administrator on behalf of the Security Trustee) shall deliver a Notice of Claim to the FI Provider in respect of an amount equal to such shortfall on and following, in respect of prefunded Indemnified Debt, the relevant Trigger Date and, in respect of non prefunded Indemnified Debt, the relevant due date for payment. In those circumstances, the FI Provider is obliged to pay the Security Trustee the Debt Service Shortfall Amount within five London business days of receipt of the Notice of Claim. If, following a Notice of Claim, monies in respect of the amounts claimed are prepaid into the relevant Debt Service Prefunding Account, the amount the FI Provider will be required to pay will be correspondingly reduced.

The FI Provider is obliged to pay Debt Service Shortfall Amounts and other indemnified amounts into an account of the Security Trustee in the relevant currency or other account as notified to the FI Provider by the Security Trustee.

(C) Description of Security

Deed of Charge

The Issuer has, pursuant to the Deed of Charge and the US Bank Account Charge, granted certain fixed and floating security (the “Security”) to the Security Trustee on behalf of itself and the other Secured Creditors (as defined below) over certain of its assets (the “Security Assets”) including:

- (i) a fixed and/or floating charge over all of its rights, title, interest and benefit under, in and to and proceeds in respect of all sums which may at any time be standing to the credit of certain of its bank accounts;
- (ii) a floating charge over the Issuer’s rights under certain contracts to which it is, or will be, a party, including the Hedging Agreements, the Programme Administration Agreement and the Intercompany Loan Agreement; and

- (iii) a floating charge over all of its assets not otherwise secured under the Deed of Charge.

The Security will become enforceable by the Security Trustee upon the earlier to occur of the date on which certain Issuer insolvency events relating to all or substantially all of the Issuer's assets occur and the Full Repayment Date. There is no intention to create further security for the benefit of the Noteholders. Each Note issued by the Issuer will share in the same Security. The value and effect of the Security is limited, and accordingly, Noteholders should not rely on the Security for timeliness of payment or ultimate recovery of amounts due and payable under the Notes.

Security Trust Deed

The Issuer, NRIL, the Security Trustee, the FI Provider and certain other Indemnified Creditors entered into the Security Trust Deed on 29 October 2004.

Appointment of Security Trustee and Security Trustee Calculation Agent

Under the Security Trust Deed, the Security Trustee is appointed by each of the Indemnified Creditors and the FI Provider (together, the "**Secured Creditors**") as its trustee in respect of the Security subject to the terms and conditions set out in the Security Trust Deed. In addition, HSBC Bank plc is appointed under the Security Trust Deed as calculation agent for the Security Trustee (the "**Security Trustee Calculation Agent**").

Priorities of Payments and Permitted Payments

Pursuant to the Security Trust Deed, the secured liabilities owed by the Issuer to the Indemnified Creditors (including the Noteholders) rank *pari passu* in right and priority of payment and rank prior to the amounts owed by the Issuer to the FI Provider or NRIL.

On any Payment Date, payments of principal, interest and all other amounts in respect of the Issuer's secured liabilities are to be made by or on behalf of the Issuer to the relevant Secured Creditor in accordance with the terms of the relevant Transaction Document and all amounts due and payable by the Issuer to NRIL under the NRIL Documents shall be made by or on behalf of the Issuer in accordance with the relevant NRIL Document. However, no such amount payable by the Issuer to the FI Provider or NRIL will be paid on any Payment Date until all amounts due and payable on that Payment Date in respect of secured liabilities owed to the Indemnified Creditors (including the Noteholders) have first been discharged in full.

Amendments and Waivers of Documents

Pursuant to the Security Trust Deed:

- (i) the terms of the Deed of Charge and the Financial Indemnity may not be amended or waived without the consent of the FI Provider, the Security Trustee and the Issuer;
- (ii) subject to paragraph (iv) below, the terms of the Security Trust Deed may not be amended or waived without the consent of the FI Provider, the Security Trustee and the Issuer;
- (iii) the Security Trustee may, without the consent of any other Indemnified Creditor, consent to any amendment or waiver of any provision of the Deed of Charge, the Security Trust Deed (together, the "**Security Documents**") or the Financial Indemnity which is, in the opinion of the Security Trustee:
 - (a): (I) to correct a manifest error; (II) of a formal, minor, administrative or technical nature; (III) not materially prejudicial to the interests of any Indemnified Creditor; (IV) made to perfect the Security or to facilitate the exercise of the Security Trustee's powers under the Security Documents; or (V) subject to paragraph (v) below, an amendment or waiver of any provision of the Deed of Charge; and
 - (b) does not infringe any Entrenched Right;

- (iv) the Issuer may, without the consent of any Secured Creditor, make limited changes to the Security Trust Deed, including the designation of any document as a Finance Document or a NRIL Document and the designation of any party as an Indemnified Creditor or Secured Creditor;
- (v) subject to paragraph (iii) above and paragraph (vi) below, the Security Trustee may only give the consent referred to in paragraphs (i) and (ii) above if it obtains the approval of the requisite proportion of Instructing Creditors; and
- (vi) subject to the decision of an Appropriate Expert (see below), the Security Trustee will not give the consent referred to in paragraphs (i) and (ii) above if an Indemnified Creditor has, prior to the end of the 14-day notice period, served an Entrenched Rights Notice in respect of such amendment or waiver and that Indemnified Creditor has not consented to such amendment or waiver. Each Indemnified Creditor has a right (each an “**Entrenched Right**”) to object to certain amendments or waivers (other than those specified in paragraphs (iii) and (iv) above), including any which would (a) subordinate such Indemnified Creditor’s ranking in right and priority of payment as against any other Indemnified Creditor; (b) result in such Indemnified Creditor ceasing to be an Indemnified Creditor or in any Indemnified Debt ceasing to be Indemnified Debt; (c) adversely affect the right of an Indemnified Creditor (or its representative) to instruct the Security Trustee to serve, or the right of the Security Trustee to serve, a Notice of Claim; and (d) reduce the amount payable by the FI Provider under the Financial Indemnity.

Instructing Creditors

Each of NRIL, the Issuer and the FI Provider are entitled to propose any amendment or waiver in respect of any Security Document or the Financial Indemnity and any Secured Creditor is entitled to propose the taking of enforcement action if and when the Security has become enforceable, the resignation of the Security Trustee and/or the appointment of a successor (each such proposal being a “**STD Proposal**”). Each Instructing Creditor is entitled, through its representative, to vote on any STD Proposal.

It should be noted that while Noteholders will be Indemnified Creditors, they will not be Instructing Creditors and will not therefore have the right to vote on STD Proposals. Subject to the Security Trustee receiving an Entrenched Rights Notice within the 14-day notice period, the Security Trustee will implement a STD Proposal if it receives the approval of the requisite proportion of Instructing Creditors. Accordingly, the Security Trustee can implement an amendment or waiver without the consent of Noteholders provided that the requisite majority of those who actually voted have consented to such amendment or waiver.

Subject to the decision of an Appropriate Expert to the contrary, if the Security Trustee receives written notice (an “**Entrenched Rights Notice**”) from a Secured Creditor within a 14 day notice period that the STD Proposal affects an Entrenched Right of such Secured Creditor, such STD Proposal will not be implemented without the prior written consent of such Secured Creditor.

If, after receipt by the Security Trustee of an Entrenched Rights Notice, the Issuer, NRIL or the Instructing Creditors (acting together) notify the Security Trustee in writing that the implementation of the relevant STD Proposal does not require the consent of the Secured Creditor which has served the Entrenched Rights Notice, the Security Trustee will appoint an independent third party (an “**Appropriate Expert**”) to determine whether or not the consent of such Secured Creditor is required.

The Security Trustee is not obliged to act on the instructions of the Instructing Creditors unless indemnified against all losses, actions, claims, costs and expenses which may arise.

Notices of Claim and the Financial Indemnity

Pursuant to the Security Trust Deed, the Administrator (acting as agent of the Security Trustee) is obliged to deliver Notices of Claim under the Financial Indemnity in respect of Debt Service Shortfall Amounts relating to the Notes within the requisite time limit. If the Administrator fails to deliver a Notice of Claim when so required, the Security Trustee is obliged (to the extent that it is aware of the relevant amount) to deliver such Notice of Claim.

Limited Recourse and Non-petition

Pursuant to the Security Trust Deed, the obligations of the Issuer under the Finance Documents are limited in recourse to the assets of the Issuer from time to time. Each party to the Security Trust Deed (other than the Issuer) also undertakes not to commence insolvency proceedings against the Issuer for a prescribed time period.

It should be noted that it is not necessary for creditors of the Issuer to accede to (and accordingly become bound by) the Security Trust Deed to take the benefit of the Security and the Financial Indemnity provided the Issuer designates them as Indemnified Creditors (as is the case in relation to Noteholders).

(D) Certain ERISA Considerations

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) imposes fiduciary standards and certain other requirements on employee benefit plans subject thereto, including collective investment funds, separate accounts, and other entities or accounts whose underlying assets are treated as assets of such plans pursuant to the U.S. Department of Labor “plan assets” regulation, 29 CFR Section 2510.3-101, as modified by Section 3(42) of ERISA (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. A purchase of any Note by an employee benefit plan subject to Title I of ERISA or a plan subject to Section 4975 of the Code, or by any entity whose assets are treated as assets of any such plan, could result in severe penalties or other liabilities for the purchaser, transferee or the Issuer.

BY ITS PURCHASE AND HOLDING OF A NOTE, EACH PURCHASER AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT IT IS NOT AN EMPLOYEE BENEFIT PLAN AS DESCRIBED IN SECTION 3(3) OF ERISA AND SUBJECT TO TITLE I OF ERISA OR A PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR A GOVERNMENTAL PLAN OR CHURCH PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR AN ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN (COLLECTIVELY “**RESTRICTED BENEFIT PLAN INVESTORS**”). IN THE EVENT THAT THE ISSUER DETERMINES THAT ANY OF THE NOTES ARE HELD BY RESTRICTED BENEFIT PLAN INVESTORS THE ISSUER MAY REQUIRE A SALE OR TRANSFER OF THE NOTES HELD BY RESTRICTED BENEFIT PLAN INVESTORS.

(E) Miscellaneous Definitions

“**Finance Documents**” means, *inter alia*, the Notes, the Security Trust Deed, the Financial Indemnity, the Dealer Agreement, the Issuing and Paying Agency Agreement, the Deed of Charge, the Deed of Covenant, the Hedging Agreements and any other document designated as a Finance Document by the Issuer.

“**FI Provider Documents**” means, *inter alia*, the Security Trust Deed and the Financial Indemnity.

“**Indemnified Creditors**” means, *inter alios*, the Noteholders, the Security Trustee, the Dealers, the Hedge Counterparties, the Security Trustee Calculation Agent, the Issuing Agent, the Paying Agents and any other entity which accedes to the Security Trust Deed or which the Issuer notifies to the Security Trustee as being

an Indemnified Creditor, provided that none of NRIL, the Issuer, the FI Provider nor any of their respective affiliates may be an Indemnified Creditor.

“**Indemnified Debt**” means any financial indebtedness of the Issuer owing to an Indemnified Creditor under a Finance Document.

“**Instructing Creditors**” means, before the Full Repayment Date, *inter alia*, the Hedge Counterparties and any other Secured Creditor so designated by the Issuer and, after the Full Repayment Date, the FI Provider.

“**NRIL Documents**” means, *inter alia*, the Security Trust Deed, the Programme Administration Agreement and the Intercompany Loan Agreement.

“**Transaction Documents**” means the Finance Documents, the NRIL Documents and the FI Provider Documents.

(F) Financial Indebtedness of the Issuer outside the Programme

The Issuer is permitted to incur Debt outside the Programme (including, but not limited to, bank debt, bonds, finance leases, guarantees and interest rate and currency hedging agreements) which may or may not benefit from the Financial Indemnity. The Noteholders do not have any rights to restrict the Issuer incurring additional Indemnified Debt or any other financial indebtedness (together the “**Debt**”) under or outside of the Programme. The occurrence of an event of default under any Debt other than the Notes will not necessarily constitute an event of default under the Notes. If a particular form of Debt becomes due and payable prior to the Notes, such Debt may be paid in full even though the Notes are not repaid in part or in full.

(G) Use of Proceeds

The proceeds of Indemnified Debt (including the Notes) raised by the Issuer and the benefit of the Financial Indemnity will be used by the Issuer only for the purposes of financing NRIL’s Permitted Business (as that term is defined in the Network Licence) including:

- (i) to reserve against or pay interest, principal or other amounts due and payable on any Permitted Business Debt;
- (ii) to reserve against or pay the Issuer’s liabilities to third parties incurred under or in connection with any Permitted Business Debt;
- (iii) to reserve against or pay any other amounts agreed by NRIL and the Issuer to be retained or paid by the Issuer in connection with Permitted Business Debt; and/or
- (iv) for any general corporate or other lawful purpose necessary for or in connection with the financing of NRIL’s Permitted Business.

All of the proceeds of Indemnified Debt (including the Notes) raised by the Issuer except those used for the purposes described in (i) to (iv) above (the “**Net Proceeds**”) will, subject to the provisions of the Security Trust Deed, be on-lent by the Issuer to NRIL.

NRIL will use the Net Proceeds on-lent to it by the Issuer and the proceeds of any other Indemnified Debt:

- (i) to make payments in respect of its Permitted Business; and
- (ii) to make payments under or in connection with any Permitted Business Debt.

“**Permitted Business Debt**” means any financial indebtedness of NRIL or any of its affiliates, Network Rail MTN Finance PLC (a funding vehicle of NRIL) or the Issuer to the extent that such financial indebtedness

was entered into to fund or refinance NRIL's Permitted Business and/or the acquisition of NRIL by Network Rail.

SELLING RESTRICTIONS

1. General

All applicable laws and regulations must be observed in any jurisdiction in which Notes may be offered, sold or delivered. No person may directly or indirectly offer, sell, resell, reoffer or deliver Notes or distribute any document (including this Information Memorandum), circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

2. The United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it, its affiliates (as defined in Rule 405 under the Securities Act) or any person acting on its or its affiliates' behalf have offered and sold, and will offer and sell, Notes only outside the United States to non-U.S. persons in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

Unless noted otherwise, terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

3. The United Kingdom

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom;
- (b) **Financial Promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (c) **No Deposit Taking:** (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer.

4. **Japan**

Each Dealer has acknowledged that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (as amended) (the “**Financial Instruments and Exchange Act**”) and, accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not, directly or indirectly, offered or sold and will not offer or sell any Notes, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

APPENDIX 1 (FORM OF GLOBAL NOTE)

Set out below is the form of the multicurrency global note. Forms of the multicurrency definitive note (non-sterling) and the sterling definitive note are available for inspection at the registered office of the Issuer and at the specified office of the Principal Paying Agent.

Form of Multicurrency Global Note (Interest Bearing/Discounted/Index-Linked)

NETWORK RAIL INFRASTRUCTURE FINANCE PLC

(incorporated with limited liability in England with registered number 5090412)

No.:	Series No.:
Issue Date:	Maturity Date:
Specified Currency:	Denomination:
Principal Amount: ¹	Nominal Amount: ²
(words and figures if a Sterling Note)	(words and figures if a Sterling Note)
Calculation Agent: ²	Minimum Redemption Amount: £100,000 ³ (one hundred thousand pounds) or an amount of equivalent value in the Specified Currency
(Principal)	
Reference Rate: months LIBOR/EURIBOR ⁴	
Fixed Interest Rate: ⁵ % per annum	Margin: ⁶ % per annum
Calculation Agent: ⁶	Reference Banks: ⁶
(Interest)	
	Interest Payment Dates: ⁷

1. For value received, Network Rail Infrastructure Finance PLC (the “**Issuer**”) promises to pay to the bearer of this Global Note on the above-mentioned Maturity Date:

- (a) the above-mentioned Principal Amount; or
- (b) if this Global Note is index-linked, an amount (representing either principal or interest) to be calculated on the Calculation Date stated in the Schedule by the Calculation Agent named above, in accordance with the redemption or interest calculation, a copy of which is attached to this Global Note and/or is available for inspection at the office of the Paying Agent referred to below),

together with interest thereon at the rate and at the times (if any) specified herein.

All such payments shall be made in accordance with an issuing and paying agency agreement dated 16 September 2005 as amended from time to time between the Issuer, the issuing agent and the paying agents (the “**Paying Agents**”) referred to therein (the “**Issuing and Paying Agency Agreement**”), a copy of which is available for inspection at the office of HSBC Bank plc as principal paying agent and issuing agent (in such capacities, the “**Principal Paying Agent**” and “**Issuing Agent**”, respectively) at 8 Canada Square, London E14 5HQ, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the office of the Principal Paying Agent referred to above, or at the office of any other Paying Agent appointed for the purpose from time to time by the Issuer, by transfer to an account denominated in the currency specified above maintained by the bearer in the principal financial centre in the country of that currency (or, in the case of a Global Note denominated in Euro, in the principal financial centre of any member state of the European Union). Pursuant to the implementation of the conclusions of the ECOFIN Council meeting of 26-27 November 2000, the Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC or any other Directive implementing such conclusions of the ECOFIN Council meeting on 26-27 November 2000.

2 This Global Note is issued in representation of an issue of Notes in the aggregate Principal Amount or Nominal Amount specified above.

3 All payments in respect of this Global Note, by or on behalf of the Issuer, shall be made without set-off, counterclaim, fees, liabilities or similar deductions, and free and clear of, and without deduction or withholding for, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed in the jurisdiction of incorporation or residence for tax purposes of the Issuer or any political subdivision or taxing authority of or in the foregoing (“**Taxes**”), except as required by law. If the Issuer or any agent thereof is required by law or regulation of the jurisdiction of incorporation or residence for tax purposes of the Issuer to make any such deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amount shall be payable where this Global Note is presented for payment:

- (a) by or on behalf of a holder which is liable to such Taxes by reason of its having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Global Note; or
- (b) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting on 26-27 November 2000; or

1. Complete for Notes other than index linked Notes.
2. Complete for index linked Notes only.
3. Delete if not an index linked Note.
4. Delete as appropriate. The Reference Rate should always be LIBOR unless the Note is denominated in Euro and the Issuer and the relevant Dealer agree EURIBOR should be used instead.
5. Complete for fixed rate interest bearing Notes only.
6. Complete for floating rate interest bearing Notes only.
7. Complete for interest bearing Notes if interest is payable before Maturity Date.

- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting this Global Note to another Paying Agent in a member state of the European Union; or
- (d) more than 15 days after the Maturity Date or, if applicable, the relevant Interest Payment Date or (in either case) the date on which payment hereof is duly provided for, whichever occurs later, except to the extent that the holder would have been entitled to such additional amounts if it had presented this Global Note on the last day of such period of 15 days.

4. **The payment obligations of the Issuer represented by this Global Note constitute and at all times shall constitute a direct and secured obligation of the Issuer ranking *pari passu* among themselves and in accordance with the provisions of the Security Trust Deed dated 29 October 2004 as amended from time to time (the “Security Trust Deed”) between, *inter alios*, the Issuer and HSBC Trustee (C.I.) Limited as security trustee.** Each of HSBC Trustee (C.I.) Limited in its capacity as security trustee under the Security Trust Deed and any other Secured Creditor (as defined in the Security Trust Deed) (and any person acting on behalf of any of them) has agreed in the Security Trust Deed, to the fullest extent permitted by applicable law, that before the date which is one year and one day after the maturity date of the last maturing Indemnified Debt (as defined in the Security Trust Deed), it shall not institute against or join or support any other person in instituting against the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other similar proceeding in any jurisdiction, other than the appointment of a receiver or administrative receiver solely for the purpose of enforcing the Security (as defined in the Security Trust Deed). **The liability of the Issuer to pay any amounts due under this Global Note shall be limited to and payable solely out of the amounts received by the Issuer in respect of its assets. If, or to the extent that the amounts recovered on realisation of the Issuer’s assets are insufficient to pay or discharge the amounts due from the Issuer under this Global Note in full for any reason, the Issuer will have no liability to pay or otherwise make good any such insufficiency.**

5. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Global Note or the holder or beneficial owner of any interest herein or rights in respect hereof shall not be entitled to any additional interest or other additional sums in respect of such postponed payment.

As used in this Global Note:

“**Payment Business Day**” means any day other than a Saturday or Sunday which is either (i) if the above mentioned Specified Currency is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency, or (ii) if the above mentioned Specified Currency is Euro, a day which is a TARGET Business Day; and

“**Business Day**” means a day on which banks are open for general business in London; and

“**TARGET Business Day**” means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System, or any successor thereto, is open for settlement of payments in Euro.

6. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereto).

7. This Global Note is issued in respect of an issue of notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date):

- (a) if this Global Note is denominated in Sterling, upon request by the bearer;
- (b) if the Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”), Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) or any other relevant clearing system are closed for a continuous period of 14 days (other than by reason of public holidays); and/or
- (c) if default is made in the payment of any amount payable in respect of this Global Note.

Upon presentation and surrender of this Global Note during normal business hours on or after any such event in paragraph (a) (if applicable) or (b) or (c) occurs to the Issuer at the offices of the Principal Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer) the Issuing Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the above-mentioned Specified Currency in an aggregate Principal Amount or Nominal Amount equal to the Principal Amount or Nominal Amount (as applicable) of this Global Note.

8. If upon the happening of any such event referred to in paragraph 7 above and following such surrender, definitive notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive Notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under a Deed of Covenant dated 16 September 2005, entered into by the Issuer).

9. If this is an interest bearing Global Note, then:

- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the above-mentioned Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in part (a) or (b) (as the case may be) of paragraph 1 shall be payable on such fifteenth day; and
- (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Global Note, the Schedule hereto shall be duly completed by the Paying Agent to reflect such payment.

10. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:

- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the date on which the Note is, or is to be, issued pursuant to the Issuing and Paying Agency Agreement (the “**Issue Date**”) to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at the Interest Rate specified above with the resulting figure being rounded to the nearest

amount of the above-mentioned Specified Currency which is available for legal tender in the country or (in the case of the Euro) countries of the Specified Currency (with halves being rounded upwards); and

- (b) the period from and including the Issue Date to but excluding the first Interest Payment Date and each successive period from and including on an Interest Payment Date to but excluding the next succeeding Interest Payment Date is an “**Interest Period**” for the purposes of this paragraph.

11. If this is a floating rate interest bearing Global Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:

- (a) in the case of a Global Note which specifies LIBOR as the Reference Rate on its face, the Rate of Interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at a rate determined on the following basis:
 - (i) on the second Business Day before the beginning of each Interest Period or, if this Global Note is denominated in Sterling, the first day of the Interest Period (each a “**LIBOR Interest Determination Date**”) the Calculation Agent will determine the offered rate for deposits in the Specified Currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page 3750 or 3740 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency for a duration approximately equal to the Interest Period). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (ii) if, on any LIBOR Interest Determination Date, for any reason such offered rate is unavailable, the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for deposits in the Specified Currency for a duration approximately equal to the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and
 - (iii) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (i) or (ii) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied;
- (b) in the case of a Global Note which specifies EURIBOR as the Reference Rate on its face, the Rate of Interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days at a rate determined on the following basis:
 - (i) on the second TARGET Business Day (as defined in paragraph 5 above) before the beginning of each Interest Period (each a “**EURIBOR Interest Determination Date**”) the Calculation Agent will determine the European Interbank Offered Rate for deposits in Euro for the Interest Period concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page 248 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying European Interbank Offered Rates of prime banks in the euro-zone (as defined below) for deposits in Euro for a duration approximately equal to the Interest Period). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (ii) if, on any EURIBOR Interest Determination Date, for any reason such offered rate is unavailable, the Calculation Agent will request the principal euro-zone office of each of the Reference Banks to provide its offered quotation to leading banks in the euro-zone interbank market for deposits in Euro for a duration approximately equal to the Interest Period concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and
 - (iii) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (i) or (ii) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied;

For the purposes of this Global Note, “**euro-zone**” means the region comprised of the countries whose lawful currency is the Euro;

- (c) the Calculation Agent will, as soon as practicable after 11:00 a.m. (London time) on each LIBOR Interest Determination Date or 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the “**Amount of Interest**”) for the relevant Interest Period.

“**Rate of Interest**” means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 11(a), or (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 11(b).

The Amount of Interest shall be calculated by applying the Rate of Interest to the Principal Amount or Nominal Amount (as applicable) of one Note of each denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 360 or, if this Global Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or (in the case of the Euro) countries of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error or fraud) be final and binding upon all parties;

- (d) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
 - (e) the period from and including the Issue Date to but excluding on the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date is called an “**Interest Period**” for the purposes of this paragraph; and
 - (f) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or, if this Global Note has been exchanged for bearer definitive Notes pursuant to paragraph 7, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*).
12. The Principal Amount, Nominal Amount and/or Minimum Redemption Amount (as applicable) of this Global Note shall not be less than £100,000 or an equivalent value in the relevant Specified Currency.
13. Instructions for payment must be received at the offices of the Paying Agent referred to above together with this Global Note as follows:
- (a) if this Global Note is denominated in United States Dollars, Euro or Sterling, on or prior to the relevant payment date; and
 - (b) in all other cases, at least one business day (which shall be a day other than a Saturday or Sunday on which banks are open for general business in London and in the principal financial centre in the country of the above-mentioned Specified Currency) prior to the relevant payment date.
14. This Global Note shall not be validly issued unless manually authenticated by HSBC Bank plc as Issuing Agent.
15. This Global Note and all matters arising from or connected with this Global Note are governed by, and shall be construed in accordance with, English law.
16. No person shall have any right to enforce any term of this Global Note under the Contracts (Rights of Third Parties) Act 1999.

AUTHENTICATED by

HSBC Bank plc

without recourse, warranty or liability
and for authentication purposes only

Signed in facsimile on behalf of

Network Rail Infrastructure Finance PLC

By:
(Authorised Signatory)

By:
(Authorised Signatory)

By:
(Authorised Signatory)

SCHEDULE

Payments of Interest

The following payments of interest in respect of this Global Note have been made:

Date Made	Payment From	Payment To	Amount Paid	Notation of behalf of Paying Agent
.....
.....
.....

**Pro-forma Redemption or Interest Calculation
(Index linked Global Note)**

This is the redemption or interest calculation relating to the attached index-linked Global Note:

Calculation Date:

Calculation Agent:

Minimum Redemption Amount (per Note): £100,000 or an amount of equivalent value in the Specified Currency

Redemption Amount: to be calculated by the Calculation Agent as follows:
[Insert particulars of index and redemption calculation]
[Indicate whether the calculation refers to principal or coupon]

Confirmed:

.....

For **Network Rail Infrastructure Finance PLC**

Note The Calculation Agent is required to notify the Principal Paying Agent for the Notes of the Redemption Amount immediately upon completing its calculation of the same.

APPENDIX 2 (FORM OF THE FINANCIAL INDEMNITY)

Set out below is the form of the Financial Indemnity (including the form of Notice of Claim which is included in the Financial Indemnity) substantially in the form in which it was executed on 29 October 2004 and as amended on 19 March 2012. While in the form of the Financial Indemnity set out below the FI Provider is shown to be the SRA, the rights and liabilities of the SRA under the Financial Indemnity were transferred, pursuant to the Transfer Scheme, to the Secretary of State on 26 June 2005.

Dated 29 October 2004

STRATEGIC RAIL AUTHORITY

and

HSBC TRUSTEE (C.I.) LIMITED

FINANCIAL INDEMNITY

Linklaters

Ref: JEJD/NYL

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THIS FINANCIAL INDEMNITY is dated 29 October 2004 and made between:

- (1) Strategic Rail Authority, a statutory corporation created under section 201 of the Transport Act 2000 (the “SRA”) and any permitted successor to or transferee of the SRA’s obligations under this Financial Indemnity; and
- (2) HSBC Trustee (C.I.) Limited as security trustee (and any other security trustee for the time being) under the Security Trust Deed referred to below (the “Beneficiary”).

Background:

- (A) This Financial Indemnity is being entered into by the FI Provider for the purpose of securing the provision, improvement or development by others of any railway services or railway assets.
- (B) This Financial Indemnity is intended by the parties to take effect as a deed.

IT IS AGREED as follows:

1 Obligation to Pay

- 1.1** The FI Provider hereby agrees, subject only to the terms of this Financial Indemnity, unconditionally and irrevocably to pay each and every:
 - 1.1.1 Debt Service Shortfall Amount; and
 - 1.1.2 Avoided Payment Amount,to the Beneficiary.
- 1.2** Such payment shall be made by the FI Provider as principal debtor and not merely as a surety.

2 Debt Service Shortfall Amount

- 2.1** If the Beneficiary is notified (or otherwise becomes aware) that a Debt Service Shortfall Amount has arisen or is projected to arise on any Payment Date, a Notice of Claim may be given by (or on behalf of) the Beneficiary in respect of that Debt Service Shortfall Amount.
- 2.2** A Notice of Claim under Clause 2.1 may be given no earlier than:
 - 2.2.1 in respect of Prefunded Debt, the relevant Trigger Date; and
 - 2.2.2 in respect of Non-Prefunded Debt, the relevant Payment Date.
- 2.3** Payment by the FI Provider of any Debt Service Shortfall Amount set out in a Notice of Claim shall be made in accordance with Clause 8 (Payments).

3 Avoided Payment Amounts

- 3.1** A Notice of Claim in respect of any Avoided Payment Amounts may be given by (or on behalf of) the Beneficiary at any time after the right to claim such amount arises.
- 3.2** Payment by the FI Provider of any Avoided Payment Amounts set out in a Notice of Claim shall be made in accordance with Clause 8 (Payments).

4 UK Withholding Tax

- 4.1** All payments of Indemnified Amounts by the FI Provider under this Financial Indemnity shall be made without withholding or deduction for, or on account of, any taxes, duties, assessments or other

governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision or taxing authority in or of the United Kingdom unless such withholding or deduction is required by law.

- 4.2** If any withholding or deduction is so required by law, the FI Provider shall pay such amounts for the account of each Indemnified Creditor in respect of which a withholding or deduction has been made as may be necessary in order that the net amounts receivable by the relevant Indemnified Creditor after such withholding or deduction shall equal the Indemnified Amounts which would have been receivable by such Indemnified Creditor from the Issuer in respect of the relevant Indemnified Debt had payment of the Indemnified Amount been made by the Issuer.

5 Termination of Indemnity

- 5.1** This Financial Indemnity is not cancellable by the FI Provider for any reason and constitutes irrevocable obligations of the FI Provider.

- 5.2** Subject to Clause 5.3, this Financial Indemnity shall terminate on 3 October 2052 (or such later date as the FI Provider may specify in writing to the Beneficiary), provided that if by such date the Full Repayment Date has not occurred, this Financial Indemnity shall terminate on the Full Repayment Date.

- 5.3** If:

5.3.1 the liability of the FI Provider in respect of any claim made under this Financial Indemnity has arisen before the Termination Date and remains outstanding at the Termination Date; and

5.3.2 the Issuer has become subject to any Insolvency Proceedings before the Termination Date, this Financial Indemnity shall terminate on the later of:

- (i) the Termination Date;
- (ii) the date of the conclusion or dismissal of such Insolvency Proceedings without continuing jurisdiction by the court in such Insolvency Proceedings; and
- (iii) the date on which the FI Provider has made all payments required to be made by it in respect of any Avoided Payment Amounts.

- 5.4** The FI Provider will cease to be liable for any claim made under this Financial Indemnity after the date on which this Financial Indemnity terminates in accordance with Clauses 5.2 or 5.3.

6 Waiver of Defences

- 6.1** The obligations of the FI Provider under this Financial Indemnity shall not be affected by:

6.1.1 any intermediate settlement or discharge of any Indemnified Debt;

6.1.2 any Insolvency Proceedings in relation to any Financed Network Operator or the Issuer;

6.1.3 any lack of validity or enforceability or any modification or any amendment to the terms of any Indemnified Debt; or

6.1.4 the granting of any time, indulgence or concession by any party to any Financed Network Operator or to the Issuer or any compulsory requisition or acquisition of any part of the Rail Network of Great Britain.

- 6.2** The FI Provider acknowledges that this is a contract of indemnity and not a contract of insurance and agrees there is no duty of disclosure or utmost good faith under this Financial Indemnity by the Beneficiary, any Indemnified Creditor or any other party to any Transaction Document. Nonetheless, to the fullest extent permitted by applicable law, the FI Provider hereby waives and agrees not to assert any and all rights (whether by counterclaim, avoidance, rescission, set-off or otherwise), remedies, equities and defences including, without limitation, any defence or rights of avoidance, cancellation or rescission arising from or based on:
- 6.2.1 fraud (excluding fraud in the calculation and/or completion of the amount of any Indemnified Amount in any Notice of Claim submitted pursuant to this Financial Indemnity by (or on behalf of) the Beneficiary or any Indemnified Creditor provided that this shall not operate to exclude any fraud by Network Rail Infrastructure Limited (as Administrator) or any successor in the calculation or completion of any Notice of Claim);
 - 6.2.2 misrepresentation, breach of warranty or condition, breach of the doctrine of “utmost good faith” or any similar doctrine or non-disclosure of information by any person;
 - 6.2.3 the commencement of any Insolvency Proceedings in respect of any person or a change in the status, function, control or ownership of any person;
 - 6.2.4 any Indemnified Debt being or becoming illegal, invalid, unenforceable or ineffective in any respect;
 - 6.2.5 any failure or omission of the Beneficiary to make a demand under this Financial Indemnity or to perfect or enforce any security given by the Issuer or any Financed Network Operator in respect of any Indemnified Debt or to make demand on or to proceed against any person or entity prior to demanding payment under this Financial Indemnity provided that the FI Provider will only be obliged to pay an Indemnified Amount following Receipt of a Notice of Claim in respect of the relevant Indemnified Amount;
 - 6.2.6 any failure by any Programme Party to comply with its obligations; or
 - 6.2.7 any other thing, matter, event or circumstances which would have discharged the FI Provider (wholly or in part) whether as surety or otherwise or which would have afforded the FI Provider any legal or equitable defence.
- 6.3** The waivers set out in Clause 6.2 apply only to the extent that those rights, remedies, equities and defences may be available to the FI Provider to avoid its obligations under this Financial Indemnity.
- 6.4** The FI Provider agrees that nothing in this Financial Indemnity constitutes a warranty or a condition precedent to the FI Provider’s obligations under this Financial Indemnity.
- 6.5** The obligations of the FI Provider under this Financial Indemnity shall not be affected by any redenomination of any Indemnified Debt into another currency pursuant to the terms and conditions applicable to any such Indemnified Debt or pursuant to applicable law, save that following such redenomination payments under this Financial Indemnity shall be made in the relevant other currency.

7 Change of FI Provider

- 7.1** The FI Provider may not transfer any part of its rights, obligations or liabilities (actual or contingent) under this Financial Indemnity except in accordance with Clause 7.2.
- 7.2** The FI Provider may transfer its rights, obligations and liabilities (actual and contingent) under this Financial Indemnity to a Crown Body:

- 7.2.1 in accordance with relevant legislation effecting such transfer; or
- 7.2.2 subject to the conditions set out in Schedule 1 (*Conditions for Substitution of FI Provider*),
(in each case, such transferee being a “**Substitute FI Provider**”).

7.3 Where:

- 7.3.1 Clause 7.2.1 applies, upon the date on which, pursuant to the relevant legislation, the transfer of the rights, obligations and liabilities (actual and contingent) of the FI Provider under this Financial Indemnity to the Substitute FI Provider takes effect; or
- 7.3.2 Clause 7.2.2 applies, upon satisfaction of the conditions set out in Schedule 1 (*Conditions for Substitution of FI Provider*),

the following shall take effect:

- (i) the Substitute FI Provider shall be deemed to be named in this Financial Indemnity in place of the FI Provider;
- (ii) the FI Provider shall be automatically released from all its obligations and liabilities (actual and contingent) and cease to have any rights under this Financial Indemnity; and
- (iii) the Substitute FI Provider will assume all the rights, obligations and liabilities (actual and contingent) of the FI Provider under this Financial Indemnity in substitution for the FI Provider.

7.4 The Beneficiary hereby agrees that upon request by the FI Provider and upon satisfaction of condition 2 of Schedule 1 (*Conditions for Substitution of FI Provider*) it shall enter into a deed of novation substantially in the form of Schedule 3 (*Form of Deed of Novation*).

8 Payments

- 8.1** The FI Provider will make payment of an Indemnified Amount on or before the relevant FI Payment Date.
- 8.2** If, following Receipt of a Notice of Claim any payment is made to the FI Payments Account in respect of the relevant Indemnified Amount, the Beneficiary (or its agent) shall promptly notify the FI Provider and the obligation of the FI Provider to make payment of the Indemnified Amount shall be reduced by an amount equal to the amount so paid.
- 8.3** Payments due under this Financial Indemnity in respect of an Indemnified Amount will be satisfied by payment in full of that Indemnified Amount (reduced in accordance with Clause 8.2) to the FI Payments Account and in the currency, in each case, as specified in the relevant Notice of Claim.
- 8.4** Payment by the FI Provider in accordance with Clause 8.3 shall discharge the obligations of the FI Provider under this Financial Indemnity to the extent of such payment.
- 8.5** Any amounts retained by or on behalf of the Beneficiary following payment by the FI Provider in respect of an Indemnified Amount in accordance with Clause 8.3 and after application of those amounts towards payment of the Indemnified Amount in full on the relevant FI Payment Date:
 - 8.5.1 belong to the FI Provider;
 - 8.5.2 will be held by (or on behalf of) the Beneficiary on trust for the FI Provider; and
 - 8.5.3 will be promptly paid back to the FI Provider by (or on behalf of) the Beneficiary.

9 Notices of Claim

- 9.1** Any Notice of Claim must be delivered to the FI Provider at the address specified in the form of the Notice of Claim attached to this Financial Indemnity (or such other address as notified to the Beneficiary in writing on not less than 10 Business Days' notice).
- 9.2** Any Notice of Claim must be delivered personally.
- 9.3** If any Notice of Claim is not properly completed or delivered as provided in this Financial Indemnity, it may be deemed by the FI Provider not to have been received.
- 9.4** The FI Provider shall promptly advise the Beneficiary by telephone:
- 9.4.1 of Receipt of any Notice of Claim; and
 - 9.4.2 if it deems any Notice of Claim not to have been received.
- 9.5** If any Notice of Claim is deemed not to have been received, the Beneficiary may submit to the FI Provider another Notice of Claim.

10 Costs and Expenses

If the FI Provider has improperly withheld payment of any Indemnified Amounts, then the FI Provider shall indemnify the Beneficiary against all costs and expenses (including any irrecoverable VAT thereon) incurred by the Beneficiary in successfully enforcing any claims against the FI Provider in respect of this Financial Indemnity in a final, non appealable order of a court of competent jurisdiction.

11 Definitions and Interpretation

- 11.1** The following terms shall have the following meanings:

“**Account Bank**” means the Issuer’s account bank from time to time.

“**Avoided Payment Amounts**” means an amount equal to any amount paid by the FI Provider under this Financial Indemnity or by the Issuer in respect of any Indemnified Debt that has been recovered (in whole or in part) from the Beneficiary or any Indemnified Creditor pursuant to any Insolvency Proceedings.

“**Business Day**” means any day (other than a Saturday or Sunday) on which commercial banks settle payments and are open for general business in London.

“**CP Prefunded Debt**” means Prefunded Debt which is commercial paper issued by the Issuer pursuant to the NRIF CP Programme.

“**Crown Body**” means any United Kingdom government department or other body (whether incorporated or unincorporated) whose liabilities are direct sovereign obligations of the Crown (as that term is or was used in Section 201 of the Transport Act 2000).

“**Debt**” means any financial indebtedness of the Issuer, including but not limited to:

- (a) moneys borrowed;
- (b) any acceptance credit;
- (c) any bond, note, debenture, loan stock or other similar instrument;
- (d) any redeemable preference share;

- (e) any finance or capital lease;
- (f) receivables sold or discounted;
- (g) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
- (h) any derivative transaction protecting against or benefiting from fluctuations in any rate or price;
- (i) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing;
- (j) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution;
- (k) any accrued but unpaid interest, fees, costs and expenses incurred under or as part of the raising of financial indebtedness; and
- (l) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in paragraphs (a) to (k) above.

“**Debt Service Amount**” means the aggregate amount due and payable on or in respect of any Indemnified Debt on the relevant date.

“**Debt Service Prefunding Account**” means the Euro Debt Service Prefunding Account, the Sterling Debt Service Prefunding Account, the US\$ Debt Service Prefunding Account and any other account of the Issuer designated as a Debt Service Prefunding Account of the Issuer and notified to the Beneficiary under the Security Trust Deed.

“**Debt Service Shortfall Amount**” means in respect of a Payment Date an amount equal to the greater of:

- (a) zero; and
- (b) $X - Y$

where:

$X =$ the Specified Debt Service Amount

$Y =$ (i) in relation to Prefunded Debt, “**Reserved Cash**” being the amount standing to the credit of the relevant Debt Service Prefunding Account on the relevant Trigger Date and which will be available on that Payment Date to pay the Specified Debt Service Amount. For these purposes, “available” means that the relevant amount is capable of being freely transferred from the relevant Debt Service Prefunding Account at the direction of the Beneficiary (or its agent).

Reserved Cash:

- (aa) includes the amount of any investments maturing on or before that Payment Date and treated as credited to the relevant Debt Service Prefunding Account; but
- (bb) does not include any amounts required to pay Indemnified Amounts due before that Payment Date.
- (ii) in relation to Non-Prefunded Debt, zero.

“**Deed of Charge**” means the deed of charge given by the Issuer in favour of the Beneficiary on or about the date of this Financial Indemnity.

“**Euro Debt Service Prefunding Account**” means account number 58728312, sort code 40-05-15 held with the Account Bank in London in the name of the Issuer or any replacement account or accounts or any other account of the Issuer so designated by the Issuer and notified to the Beneficiary under the Security Trust Deed.

“**Finance Document**” means:

- (a) each document listed in Schedule 1D (Finance Documents) of the Security Trust Deed; and
- (b) any other document designated as a Finance Document by the Issuer in accordance with Clause 2.3 (Additional Finance Documents) of the Security Trust Deed.

“**Financed Network Operator**” means any person financed, in whole or in part, directly or indirectly by the proceeds of Indemnified Debt.

“**FI Payments Account**” means any bank account that is notified by the Beneficiary to the FI Provider as the account(s) to which payment of any Indemnified Amount should be made but shall not include any bank account of the Issuer.

“**FI Payment Date**” means in relation to an Indemnified Amount:

- (a) in respect of a Payment Date which is a scheduled final maturity date in respect of Prefunded Debt other than CP Prefunded Debt, the date which is the twentieth Business Day; and
- (b) in respect of any other Indemnified Amount, the date which is the fifth Business Day,

following Receipt of the Notice of Claim in respect of that Indemnified Amount.

“**FI Provider**” means the SRA and any permitted successor to or transferee of the SRA’s (or any subsequent FI Provider’s) obligations under this Financial Indemnity.

“**FI Provider Document**” means the Security Trust Deed, this Financial Indemnity, the programme participation agreement dated on or about the date of this Financial Indemnity and entered into between, inter alios, the FI Provider and the Issuer and any other document designated as a FI Provider Document by the FI Provider and the Issuer in accordance with Clause 5.4 (Additional FI Provider Documents) of the Security Trust Deed.

“**Full Repayment Date**” means the earlier of:

- (a) the date on which the Beneficiary certifies in writing to the FI Provider in accordance with Clause 10.11 (*Information Provisions and the Full Repayment Date*) of the Security Trust Deed that the Beneficiary has received written confirmation from (or on behalf of or in respect of) each Indemnified Creditor that the Secured Liabilities owing to such Indemnified Creditor have been unconditionally and irrevocably paid and discharged in full and that such Indemnified Creditor is not under any further actual or contingent obligation to make advances or provide other financial accommodation to the Issuer under any of the Finance Documents; and
- (b) the date falling two years after the date on which the Secured Liabilities owing to all the Indemnified Creditors have been paid and discharged in full and no Indemnified Creditor is under any further actual or contingent obligation to make advances or provide other financial accommodation to the Issuer under any of the Finance Documents.

“**Indemnified Amount**” means any:

- (a) Debt Service Shortfall Amount; and
- (b) Avoided Payment Amount,

in each case, set out in a Notice of Claim delivered in accordance with Clause 9.1 (or any replacement Notice of Claim delivered in accordance with Clause 9.5). For these purposes, Indemnified Amounts shall include any amounts that would have been due and/or payable in respect of any Indemnified Debt but for such Indemnified Debt being disclaimed, set aside, extinguished, rescinded, postponed or held to be void or unenforceable upon a liquidation, winding-up or other Insolvency Proceeding in respect of the Issuer.

“**Indemnified Creditors**” means:

- (a) each of the entities listed in Schedule 1F (*Indemnified Creditors*) of the Security Trust Deed;
- (b) any other entity which accedes to the Security Trust Deed after the date of the Security Trust Deed as an Indemnified Creditor (or whose Secured Creditor Representative accedes to the Security Trust Deed on its behalf) in accordance with Clause 20.3 (Accession of New Parties) of the Security Trust Deed; and
- (c) any other entity which the Issuer notifies in writing to the Beneficiary under the Security Trust Deed; but
- (d) not including any entity which ceases to be an Indemnified Creditor in accordance with Clause 20.4 (*Removal of Existing Parties*) of the Security Trust Deed,

provided that none of Network Rail Infrastructure Limited, the Issuer, the FI Provider nor any of their respective affiliates shall be an Indemnified Creditor.

“**Indemnified Debt**” means any Debt owing by the Issuer to an Indemnified Creditor under a Finance Document.

“**Insolvency Proceeding**” means the winding-up, dissolution, administrative receivership, receivership or administration of a company or corporation and shall be construed to include any equivalent or analogous proceedings under the law of the jurisdiction in which that company or corporation is incorporated or any jurisdiction in which that company or corporation carries on business including the seeking of liquidation, winding-up, re-organisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

“**Issuer**” means Network Rail Infrastructure Finance plc (a company incorporated in England with limited liability under registered number 05090412) and whose registered office is Kings Place, 90 York Way, London N1 9AG.

“**Non-Prefunded Debt**” means any Indemnified Debt which is not Prefunded Debt.

“**Notice of Claim**” means a notice certifying the amount of any Debt Service Shortfall Amount or Avoided Payment Amount (as applicable) and substantially in the form attached as Schedule 2 (Notice of Claim).

“**NRIF CP Programme**” means the multi-currency euro and U.S. commercial paper programme established on or about 16 September 2005, as amended from time to time, under which the Issuer may issue and have outstanding at any time short-term notes up to a maximum aggregate amount of £4,000,000,000 or its equivalent in alternative currencies.”

“**NRIL Document**” means:

- (a) each of the documents listed in Schedule 1E (NRIL Documents) of the Security Trust Deed; and
- (b) any other document designated as a NRIL Document by the Issuer and notified to the Beneficiary under Security Trust Deed.

“**Payment Date**” means each date on which any amount is due and payable on or in respect of any of the Indemnified Debt.

“**Prefunded Debt**” means any Indemnified Debt that is notified in writing by the Issuer to the Beneficiary under the Security Trust Deed as being Prefunded Debt.

“**Programme Party**” means each of the Security Trustee, each Indemnified Creditor, each Financed Network Operator, the Issuer and the FI Provider.

“**Receipt**” means delivery personally to the FI Provider at the address specified in the form of Notice of Claim attached to this Financial Indemnity (or any other address notified by the FI Provider to the Beneficiary on not less than 10 Business Days notice) at or before 12:00 noon, London time, on a Business Day, provided that delivery either on a day that is not a Business Day or after 12:00 noon, London time, shall be deemed to be Receipt on the next succeeding Business Day.

“**Secured Creditor**” means each Indemnified Creditor and the FI Provider.

“**Secured Liabilities**” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Issuer to any Secured Creditor under each Finance Document to which the Issuer is a party.

“**Security Trust Deed**” means the security trust deed dated on or about the date of this Financial Indemnity and made between, *inter alios*, the Beneficiary and the Issuer.

“**Specified Debt Service Amount**” means the aggregate Debt Service Amount specified in the relevant Notice of Claim as being due and payable on the relevant Payment Date (including, for these purposes, any accrued but unpaid interest, costs and expenses up to the relevant FI Payment Date).

“**Specified Indemnified Debt**” means, in respect of any Indemnified Amount specified in a Notice of Claim, the Indemnified Debt specified in that Notice of Claim.

“**Sterling Debt Service Prefunding Account**” means account number 58837164, sort code 40-05-15 held with the Account Bank in London in the name of the Issuer or any replacement account or accounts or any other account of the Issuer so designated by the Issuer and notified to the Beneficiary under the Security Trust Deed.

“**Substitute FI Provider**” has the meaning given to that term in Clause 7.2.

“**Substitution Affected Document**” and “Substitution Affected Documents” have the meanings given to them in Schedule 1 (Conditions for Substitution of FI Provider).

“**Termination Date**” means the date on which this Financial Indemnity terminates in accordance with Clause 5.2.

“**Transaction Document**” means:

- (a) each NRIL Document;
- (b) each FI Provider Document; and
- (c) each Finance Document.

“**Trigger Date**” means in relation to Prefunded Debt:

- (a) and in respect of a Payment Date which is a scheduled final maturity date in respect of Prefunded Debt other than CP Prefunded Debt, the date falling twenty-one Business Days before that Payment Date; and
- (b) in respect of a Payment Date which is either (i) a scheduled final maturity date for any CP Prefunded Debt; or (ii) not a scheduled final maturity date, the date falling six Business Days before that Payment Date.

“**US\$ Debt Service Prefunding Account**” means account number 58728320, sort code 40-05-15 held with the Account Bank in London in the name of the Issuer or any replacement account or accounts or any other account of the Issuer so designated by the Issuer and notified to the Beneficiary under the Security Trust Deed.

11.2 In this Financial Indemnity, except to the extent that the context requires otherwise:

- 11.2.1 an “**amendment**” includes a variation, modification, supplement, restatement, replacement, novation, assignment or re-enactment or any waiver which has such effect and “amended” will be construed accordingly;
- 11.2.2 “**including**” shall be construed as a reference to “**including without limitation**”, so that any list of items or matters appearing after the word “including” shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word “including”;
- 11.2.3 a “**law**” shall be construed as any law (including common law), statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;
- 11.2.4 a “**person**” includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;
- 11.2.5 a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- 11.2.6 a currency is a reference to the lawful currency for the time being of the relevant country;
- 11.2.7 references to a statute, treaty or legislative provision or to a provision of it shall be construed, at any particular time, as including a reference to any amendment, modification, extension or re-enactment at any time then in force and to all subordinate legislation made from time to time under it;
- 11.2.8 references in the singular shall include references in the plural and vice versa, words denoting any gender shall include any other gender and words denoting natural persons shall include any other persons;
- 11.2.9 references to an agreement, deed, instrument, licence, code or other document (including this Financial Indemnity), or to a provision contained in any of these, shall be construed, at the

particular time, as a reference to it as it may then have been amended, varied, supplemented, restated, replaced, modified, suspended, assigned or novated;

11.2.10 a Clause, a Subclause or a Schedule is a reference to a clause or subclause of, or a schedule to, this Financial Indemnity; and

11.2.11 a reference to a party to this Financial Indemnity or any other person includes its successors in title, permitted assigns and permitted transferees.

11.3 The headings in this Financial Indemnity do not affect its interpretation.

12 Miscellaneous

12.1 This Financial Indemnity constitutes the entire agreement between the FI Provider and the Beneficiary in relation to the FI Provider's obligation to make payments to the Beneficiary in respect of Indemnified Amounts.

12.2 Any notice other than a Notice of Claim made under this Financial Indemnity must be in writing. It may be made by letter or facsimile. The address and facsimile number of:

12.2.1 the FI Provider are as set out in the form of the Notice of Claim attached as Schedule 2 (Notice of Claim); and

12.2.2 the Beneficiary are as set out below:

Address: P.O. Box 88
1 Grenville St.
St. Helier
Jersey JE4 9PF

Fax Number: 01534 606 504

or, in each case, such other address or facsimile number as notified in writing by the recipient of the notice to the deliverer of the notice on not less than 10 Business Days' notice.

12.3 If any provision of this Financial Indemnity becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

12.4 No person shall have rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Financial Indemnity.

13 Governing Law and Jurisdiction

13.1 This Financial Indemnity shall be governed by and construed in accordance with English law.

13.2 The courts of England are to have exclusive jurisdiction to settle any disputes (including claims for set-off and counterclaims) which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by, this Financial Indemnity or otherwise arising in connection with this Financial Indemnity and for such purpose each of the FI Provider and the Beneficiary irrevocably submit to the jurisdiction of the English courts.

13.3 Each of the Beneficiary and the FI Provider irrevocably agrees that a final non-appealable order of a court of competent jurisdiction in connection with this Financial Indemnity is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

13.4 The FI Provider irrevocably consents to service of process or any other document in connection with proceedings in any court by facsimile transmission, personal service or delivery at any address specified in this Financial Indemnity or in any other manner permitted by English law.

13.5 If at any time the FI Provider is, or may be, otherwise entitled to state immunity, the FI Provider irrevocably:

13.5.1 consents generally in accordance with the State Immunity Act 1978 to relief being given against it in England or any other jurisdiction:

- (i) by way of injunction or order for specific performance or for the recovery of any property whatsoever or other provisional or protective measures; and
- (ii) to its property being subject to any process for the enforcement of a judgment or any process effected in the course of or as a result of any action in rem; and

13.5.2 waives and agrees not to claim any immunity:

- (i) from suits and proceedings (including actions in rem) in England or any other jurisdiction; and
- (ii) from all forms of execution, enforcement or attachment to which it or its property is now or may hereafter become entitled under the laws of any jurisdiction, and

declares that such waiver shall be effective to the fullest extent permitted by such laws and, in particular, the United States Foreign Sovereign Immunities Act of 1976.

In witness whereof, this Financial Indemnity has been executed and delivered as a deed on the date written above.

This Corporate Seal of
STRATEGIC RAIL AUTHORITY
to this Deed affixed is authenticated by

Authorised by Strategic Rail Authority

Beneficiary

EXECUTED AS A DEED by
HSBC TRUSTEE (C.I.) LIMITED
acting by

Schedule 1
Conditions for Substitution of FI Provider

The conditions referred to in Clause 7.2 are that:

1. the FI Provider, the Substitute FI Provider and the Beneficiary entering into a deed of novation substantially in the form set out in Schedule 3 (*Form of Deed of Novation*); and
2. all costs and expenses properly incurred by the Beneficiary in effecting such transfer are paid by (or on behalf of) the Substitute FI Provider.

Schedule 2 Notice of Claim

Strategic Rail Authority
55 Victoria Street
London SW1H 0EU

Attention: General Legal Counsel

The undersigned, a duly authorised officer of [HSBC Trustee (C.I.) Limited]** (the “**Beneficiary**”) [or an agent of the Beneficiary]*, hereby certifies to [Strategic Rail Authority]*** (the “**FI Provider**”), with reference to the Financial Indemnity dated [●] 2004 (the “**Financial Indemnity**”) issued by the FI Provider in respect of the obligations of Network Rail Infrastructure Finance plc (a company incorporated in England with limited liability under registered number 5090412) (the “**Issuer**”), that:

1.
 - (i) [the amounts (“**Specified Debt Service Amounts**”) which [will be/were] due for payment on [insert Payment Date] (the “**Payment Date**”) under the [identify each relevant Indemnified Debt(s)] (“**Specified Indemnified Debt**”) [will be/were] [insert applicable currency and amount for each form of Specified Indemnified Debt];
 - (ii) [the Reserved Cash which is available to pay the Specified Indemnified Debt on the Payment Date is [insert applicable currency and amount for each form of Specified Indemnified Debt];]*
 - (iii) the Debt Service Shortfall Amount in respect of the Specified Indemnified Debt [will be/was][insert applicable currency and amount in respect of each form of Specified Indemnified Debt];]*

OR

- (i) [the Beneficiary or any Indemnified Creditor has received the following amounts paid by the FI Provider under this Financial Indemnity or by the Issuer in respect of the following Indemnified Debt (“**Specified Indemnified Debt**”) which have been recovered (in whole or in part) from the Beneficiary or, as the case may be, that Indemnified Creditor pursuant to any Insolvency Proceedings: *[insert applicable currency and amount in respect of each form of Specified Indemnified Debt];*]*
2. The Beneficiary is making a claim under the Financial Indemnity for the Debt Service Shortfall Amount/Avoided Payment Amount* to be applied to the payment of the relevant Indemnified Amounts which [will be/were] due for payment on the Payment Date.
 3. The Beneficiary agrees that, following payment of funds by the FI Provider in respect of the relevant Indemnified Amounts, it shall use reasonable endeavours to procure (a) that such amounts are applied directly to the payment of the relevant Indemnified Amounts which are due for payment on the

* Delete as necessary

** If the Beneficiary is not HSBC Trustee (C.I.) Limited, insert the name of the successor security trustee under the Security Trust Deed.

*** If the FI Provider is not Strategic Rail Authority, insert the name of the FI Provider.

* Delete as necessary

* Delete as necessary

* Delete as necessary

* Delete as necessary

Payment Date; (b) that such funds are not applied for any other purpose; (c) the maintenance of an accurate record of such payments with respect to each Specified Indemnified Debt and the corresponding claim on the Financial Indemnity and the proceeds thereof; and (d) that any excess amount in the FI Payments Account remaining after payment of such funds by the FI Provider and the application of those funds in meeting any Specified Debt Service Amount/Avoided Payment Amount* is promptly paid back to the FI Provider; for the purposes of (a) and (b) above, it shall be sufficient if the Beneficiary directs the FI Provider to make payment to the relevant paying agent appointed under the agency agreement dated on or about the date of the Financial Indemnity and entered into between, inter alios, the Issuer and the Beneficiary; and

4. Payment should be made by the FI Provider in [currency] by credit for value on the Payment Date to the following accounts in the name of [*insert name*] with [*insert name of bank*], of [*insert address of bank*], Sort Code [●], Account Number [●].

Unless the context otherwise requires, capitalised terms used and not defined in this Notice of Claim shall have the meanings given to them in the Financial Indemnity.

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Notice of Claim.

This Notice of Claim shall be governed by and construed in accordance with English law.

[*Insert name of Beneficiary/agent of Beneficiary*]

By (sign):

Name (print):

Title:

Phone Number:

Date:

* Delete as necessary

Schedule 3

Form of Deed of Novation

This **DEED OF NOVATION** is dated [●] and made between:

- (1) [insert name and details of current FI Provider] (the “**FI Provider**”);
- (2) [insert name and details of Substitute FI Provider] (the “**Substitute FI Provider**”);
- (3) [insert name and details of Security Trustee] (the “**Beneficiary**”);
- (4) NETWORK RAIL INFRASTRUCTURE FINANCE PLC (the “**Issuer**”); and
- (5) NETWORK RAIL INFRASTRUCTURE LTD. (“**NRIL**”).

Background:

- (A) This Deed of Novation is being entered into by the FI Provider, the Substitute FI Provider, the Beneficiary, the Issuer and NRIL for the purpose of novating all of the FI Provider’s rights, obligations and liabilities (actual and contingent) under the Financial Indemnity and the Transaction Documents to which it is a party, to the Substitute FI Provider.
- (B) This Deed of Novation is intended by the parties to take effect as a deed.

IT IS AGREED as follows:

1 Definitions

Except as otherwise specified, terms defined or interpreted in Clause 11 (*Definitions and Interpretation*) of the financial indemnity dated [●] 2004 issued by the Strategic Rail Authority to the Beneficiary (the “**Financial Indemnity**”), as amended and/or supplemented from time to time, bear the same meaning in this Deed (including the Recitals hereto):

“**Effective Date**” means [*insert effective date of novation*].

2 Novation

With effect from the Effective Date:

- 2.1** each of the FI Provider and the Beneficiary shall be released from all their respective obligations and liabilities (actual and contingent) towards one another under the Financial Indemnity and any other Transaction Documents to which they are, mutually, a party (the “**Relevant Documents**”) and their respective rights against one another under such Relevant Documents shall be cancelled (being the “**Discharged Rights, Obligations and Liabilities**”); and
- 2.2** each of the Substitute FI Provider and the Beneficiary shall assume obligations and liabilities (actual and contingent) towards one another and/or acquire rights against one another as if the Substitute FI Provider were the original party to the Relevant Documents in place of the FI Provider and which differ from the Discharged Rights, Obligations and Liabilities only insofar as the Substitute FI Provider and the Beneficiary have assumed and/or acquired the same in place of the FI Provider and the Beneficiary. For the avoidance of doubt, the Substitute FI Provider shall perform all outstanding obligations and discharge all outstanding liabilities (actual and contingent) of the FI Provider arising prior to the Effective Date or arising in respect of any matter or thing occurring prior to the Effective Date.

3 Representations

The representations set out in this Clause are made by the Substitute FI Provider to the FI Provider and the Beneficiary.

- 3.1** It is validly existing and is a Crown Body.
- 3.2** It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of the FI Provider Documents and this Deed of Novation and the transactions contemplated thereby.
- 3.3** The obligations expressed to be assumed by it in any of the FI Provider Documents and this Deed of Novation are legal, valid, binding and enforceable obligations.
- 3.4** The entry into and performance by it of, and the transactions contemplated by, any of the FI Provider Documents and this Deed of Novation do not conflict with:
 - (i) any law or regulation applicable to it; or
 - (ii) any term of any other FI Provider Document in a way which would be materially prejudicial to the Indemnified Creditors.

4 Counterparts

This Deed may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Deed of Novation.

5 Severability

If any provision of this Deed of Novation becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

6 Third Party Rights

No person shall have rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed of Novation.

7 Governing Law and Jurisdiction

- 7.1** This Deed of Novation shall be governed by and construed in accordance with English law.
- 7.2** The courts of England are to have exclusive jurisdiction to settle any disputes (including claims for set-off and counterclaims) which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by, this Deed of Novation or otherwise arising in connection with this Deed of Novation and for such purpose each of the FI Provider, the Substitute FI Provider, the Beneficiary, the Issuer and NRIL irrevocably submit to the jurisdiction of the English courts.

In witness whereof, this Deed of Novation has been executed and delivered as a deed on the date written above.

FI Provider

[Insert execution clause]

Substitute FI Provider

[Insert execution clause]

Beneficiary

[Insert execution clause]

Issuer

[Insert execution clause]

NRIL

[Insert execution clause]

ISSUER

Network Rail Infrastructure Finance PLC

Kings Place

90 York Way
London N1 9AG

Telephone: +44(0) 203 356 9430

Fax: +44(0) 20 7557 9038

Contact: Treasury Department

ARRANGER AND DEALER

Banc of America Securities Limited

2 King Edward Street
London EC1A 1HQ
United Kingdom

Telephone No.: +44 (0)20 7996 8904

Facsimile No.: +44 (0)20 7995 0048

Contact: ECP Desk

DEALERS

Barclays Bank PLC

5 The North Colonnade
Canary Wharf, London E14 4BB

Telephone: +44(0) 20 7773 9075

Fax: +44(0) 20 7516 7548

Contact: ECP Trading Desk

Deutsche Bank AG, London Branch

Winchester House, 1 Great Winchester Street
London EC2N 2DB

Tel: +44 20 7545 1048

Fax: +44 113 336 2014

Contact: ECP Group

HSBC France

103 Avenue des Champs-Élysées
75008 Paris, France
c/o HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Telephone No.: +44 20 7991 8888

Facsimile No.: +44 20 7992 4973

Contact: Transaction Management Group

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR

Telephone: +44(0) 20 7588 3968

Fax: +44(0) 20 7085 2591

Contact: Commercial Paper Group

Citibank International plc

Citigroup Centre, Canada Square
Canary Wharf, London E14 5LB

Telephone: +44(0) 20 7986 9070

Fax: +44(0) 20 7986 6837

Contact: Short-Term Fixed Income Desk

Goldman Sachs International

Peterborough Court, 133 Fleet Street
London EC4A 2BB

Tel: +44 20 7774 2630

Fax: +44 20 7774 5186

Contact: Money Market Desk

Morgan Stanley & Co. International plc

25 Cabot Square, Canary Wharf
London E14 4QA

Tel: +44 20 7677 7799

Fax: +44 20 7056 4984

Contact: Head of Transaction Management Group, Global Capital Markets

UBS Limited

100 Liverpool St
London EC2M 2RH

Telephone: +44(0) 20 7567 2324

Fax: + 44(0) 20 7568 7861

Contact: ECP Desk

ISSUING AND PRINCIPAL PAYING AGENT

HSBC Bank plc

Level 24
8 Canada Square
London E14 5HQ

Tel: +44(0) 20 7991 3742

Fax: +44(0) 20 7260 8932

Contact: The Senior Manager – CT Client Services,
Corporate Trust and Loan Agency