NETWORK RAIL INFRASTRUCTURE FINANCE PLC

(Incorporated in England and Wales)

£40,000,000,000 Multicurrency Note Programme
Guaranteed by a Financial Indemnity of
THE UNITED KINGDOM

Under the Multicurrency Note Programme described in this Information Memorandum (the "**Programme**"), Network Rail Infrastructure Finance PLC (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue secured notes (the "**Notes**") on the terms set out herein, as supplemented by a memorandum supplementary hereto (each a "**Pricing Supplement**"). The Issuer may from time to time issue further Notes on the same terms as existing Notes and such further issued Notes shall be consolidated and form a single Series (as defined in "***Overview of the Programme***") with such existing Notes. The aggregate nominal amount of Notes will not at any time exceed £40,000,000,000 (or its equivalent in other currencies).

Each Series of Notes, along with certain other financial indebtedness (the "**Indemnified Debt**") of the Issuer 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**" and, as provider of the Financial Indemnity or any subsequent transferee thereof, the "**FI Provider**"). The Financial Indemnity has been provided to HSBC Trustee (C.I.) Limited, acting as the security trustee for the Secured Creditors (as defined in "***Description of the Programme Documents — Security Trust Deed***") including the Noteholders (the "**Security Trustee**").

Each Series of Notes will also benefit from security over certain property of the Issuer, including fixed charges over certain accounts of the Issuer and a floating charge over all its property not subject to fixed charges. Claims against the Issuer by, *inter alios*, the Noteholders will be limited to the Security Assets (as defined in "***Description of the Programme Documents — Deed of Charge***").

If the net proceeds of the enforcement of the Security Assets are not sufficient to make all payments then due in respect of Notes and Coupons (as defined in "***Terms and Conditions of the Notes***") and to meet the claims of any other Secured Creditors, the obligations of the Issuer will be limited to such net proceeds. The Issuer will not be obliged to make any further payment in excess of such net proceeds and no debt shall be owed by the Issuer in respect of such shortfall. The "***Investment Considerations***" section of this Information Memorandum sets out risks associated with investing in the Notes.

This Information Memorandum comprises neither a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**"), a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**"), nor listing particulars given in compliance with the listing rules made under Part VI of the FSMA by the Financial Conduct Authority in its capacity as competent authority under the FSMA (the "**UK Listing Authority**").

Application may be made to the UK Listing Authority for Notes to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). References in this Information Memorandum to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on Markets in Financial Instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not an application will be made for such Notes to be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

The Notes have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). The Notes may be offered and sold (i) within the United States to qualified institutional buyers ("**QIBs**"), as defined in Rule 144A under the Securities Act ("**Rule 144A**"), that are also qualified purchasers ("**QPs**"), as defined in Section 2(a)(51) of the US Investment Company Act of 1940, as amended (the "**Investment Company Act**") in reliance on the exemption from registration provided by Rule 144A (the "**Rule 144A Notes**") and (ii) to non-U.S. persons in offshore transactions in reliance on Regulation S (the "**Regulation S Notes**"). The Issuer has not been and will not be registered under the Investment Company Act. Prospective purchasers are hereby notified that sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions, see "***Subscription and Sale***" and "***Transfer Restrictions***".

Each Series of Regulation S Notes in bearer form (the "**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**" and, together with the temporary Global Note, the "**Global Notes**"). Each Series of Regulation S Notes in registered form (other than Notes denominated in Australian dollars and issued in the Australian capital markets ("**Australian Domestic Notes**")) will be represented on issue by an unrestricted certificate in global form (an "**Unrestricted Global Certificate**"). If the Global Notes are stated in the applicable Pricing Supplement to be issued in new global note ("**NGN**") form they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking société anonyme ("**Clearstream, Luxembourg**"). If an Unrestricted Global Certificate is held under the New Safekeeping Structure (the "**NSS**") the Unrestricted Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Unrestricted Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**").

Each Series of Rule 144A Notes sold to QIBs that are also QPs, as referred to in, and subject to the transfer restrictions described in, "***Subscription and Sale***" and "***Transfer Restrictions***", will initially be represented on issue by a restricted certificate in global form (a "**Restricted Global Certificate**"), which will, unless otherwise indicated in the relevant Pricing Supplement, be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**") on its Issue Date. Beneficial interests in a Restricted Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants.

The provisions governing the exchange of interests in Global Notes for other Global Notes, Definitive Notes (as defined in ***"Summary of Provisions Relating to the Notes while in Global Form — Delivery of Notes***") and Registered Notes (as defined in "***Overview of the Programme — Form of Notes***") and the provisions governing the exchange of interests in Global Certificates for Certificates (as defined in "***Overview of the Programme — Form of Notes***"), are described in "***Summary of Provisions Relating to the Notes while in Global Form***". Australian Domestic Notes will be issued in registered uncertificated form and take the form of entries on a register established and maintained by a registrar in Australia.

It is expected that Notes issued under the Programme will be assigned a AA+ rating by Fitch Ratings Limited ("**Fitch**"), a AAA rating by Standard and Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Ltd ("**S&P**") and a Aa1 rating by Moody's Investors Service Limited ("**Moody's**" and, together with Fitch and S&P, the "**Rating Agencies**" and each a "**Rating Agency**"). The ratings assigned to the Notes by the Rating Agencies reflect only the views of the Rating Agencies. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one or all of the Rating Agencies as a result of changes in or unavailability of, information or if, in the Rating Agencies' judgement, circumstances so warrant. A suspension, reduction or withdrawal of the rating assigned to any of the Notes may adversely affect the market price of such Notes. Future events could have an adverse impact on the ratings of the Notes. For a discussion of certain factors regarding the Issuer and the Notes which should be considered by prospective purchasers, see "***Investment Considerations***". Where any Rating Agency is requested to confirm the then current ratings of the Notes, or to confirm that such ratings will not be downgraded following any particular event, or that a particular act or omission meets certain criteria of the Rating Agency, such confirmation may or may not be given at the sole discretion of the Rating Agency. Furthermore, it may not be possible or practicable for the Rating Agency to give such confirmation or to do so within any particular time period. Confirmation, if and when given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transactions contemplated under the Programme since the date of this Information Memorandum. A confirmation of ratings represents only a restatement of the opinions given at the date of this Information Memorandum, and cannot be construed as advice for the benefit of any parties to the transactions contemplated under the Programme.

Arranger for the Programme
RBC Capital Markets

Dealers

BofA Merrill Lynch	**Barclays**	**Credit Suisse**
Deutsche Bank	**Goldman Sachs International**	**HSBC**
J.P. Morgan	**Morgan Stanley**	**RBC Capital Markets**
	The Royal Bank of Scotland	

The date of this Information Memorandum is 6 June 2013

IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer believes that none of the information incorporated herein by reference conflicts in any material respect with the information contained in this Information Memorandum.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and the relevant Pricing Supplement in connection with the issue or sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Secretary of State or any of the Dealers (as defined in "***Overview of the Programme***") or the Arranger (as defined in "***Overview of the Programme***"). 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. Neither the delivery of this Information Memorandum or any Pricing Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Secretary of State since the date hereof or 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 position of the Issuer or the Secretary of State since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Information Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Pricing Supplement comes are required by the Issuer, the Secretary of State, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Information Memorandum or any Pricing Supplement, see "***Subscription and Sale***" and "***Transfer Restrictions***".

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Notes or the accuracy or the adequacy of this Information Memorandum. Any representation to the contrary is a criminal offence in the United States.

This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Secretary of State or the Dealers to subscribe for, or purchase, any Notes and should not be considered as a recommendation by the Issuer, the Secretary of State, the Dealers or any of

them that any recipient of this Information Memorandum or any Pricing Supplement should subscribe for or purchase any Notes.

Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the Secretary of State, the Financial Indemnity, the security arrangements and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Purchasers of Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Information Memorandum and the relevant Pricing Supplement (if any) and the merits and risks of investing in the Notes in the context of their financial position and circumstances. The investment considerations identified in this Information Memorandum are provided as general information only and the Dealers and the Arranger disclaim any responsibility to advise purchasers of Notes of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may alter from time to time.

In connection with any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In this Information Memorandum, unless otherwise specified or the context otherwise requires, references to "**dollars**", "**U.S. dollars**" or "**U.S.$**" are to the lawful currency for the time being of the United States of America, references to "**£**", "**STG**", "**pounds**" or "**sterling**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland, references

to "**A$**" or "**Australian dollars**" are to the lawful currency for the time being of the Commonwealth of Australia and references to "**euro**" or "**EUR**" are to the single currency introduced in the member states of the European Union which adopted such single currency at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

Capitalised terms contained in this Information Memorandum and defined herein have the meanings given to them on the page indicated in the "***Index of Defined Terms***" contained in the Appendix.

DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with each relevant Pricing Supplement, any amendment or supplement to this Information Memorandum and the most recently published annual and interim accounts of the Issuer, which shall be deemed to be incorporated in, and to form part of, this Information Memorandum and which shall be deemed to modify or supersede the contents of this Information Memorandum to the extent that a statement contained in any such document is inconsistent with such contents. Such documents will be available free of charge from the specified office of the Issuing and Paying Agent.

This Information Memorandum shall, save as specified herein, be read and construed on the basis that the documents deemed to be incorporated herein by reference are so incorporated and form part of this Information Memorandum.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("**RSA 421-B**") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Note Trustee (as defined in "***Terms and Conditions of the Notes***") for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Note Trustee the information required to be provided by Rule 144A(d)(4) under the Securities Act.

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OVERVIEW OF THE TRANSACTION

Introduction

- The Issuer is Network Rail Infrastructure Finance PLC, which has been incorporated for the sole purpose of raising finance including to act as the issuer under the Programme.
- All Notes issued under the Programme are guaranteed by the UK Government. (See ***"Description of the Financial Indemnity***".)
- The Programme is administered by Network Rail Infrastructure Limited ("**NRIL**"), the owner and operator of the national rail network of Great Britain.
- Funds will be used to finance the activities of NRIL and to refinance existing debt of the Network Rail group. (See "***Use of Proceeds***".)
- The Programme is designed to create a class of "railway debt" which does not rely on the credit of any particular network operator. Accordingly, it is structured to survive insolvency of NRIL or the transfer of NRIL's network licence to any other network operators.

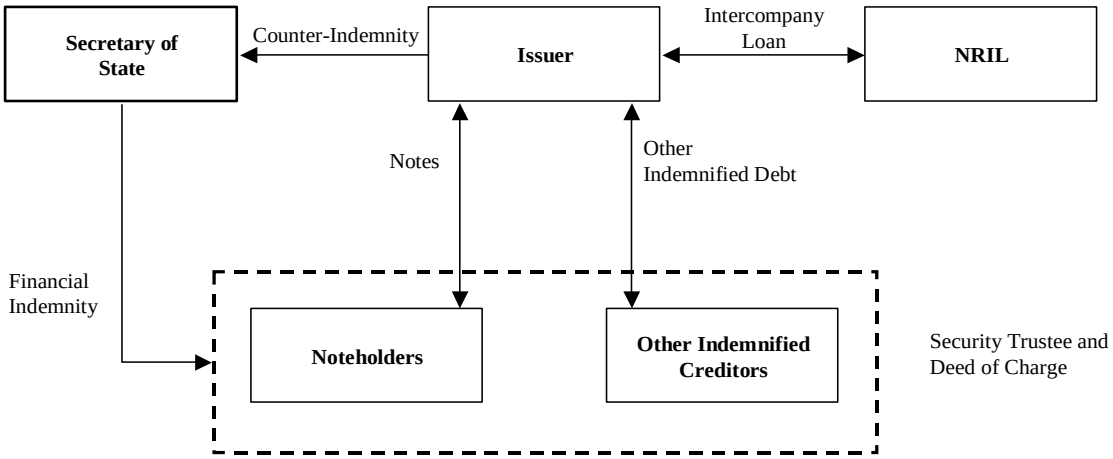
Network Rail Infrastructure Limited

NRIL, a wholly-owned subsidiary within the Network Rail group, is the owner and operator of the national rail network in Great Britain. NRIL's principal sources of income are: (i) track access income from train operating companies ("**TOCs**") and freight operating companies ("**FOCs**") under access agreements; and (ii) revenue grants from the United Kingdom Department for Transport (the "**Department for Transport**" or "**DfT**") and Transport Scotland ("**Revenue Grants**"). (See further "***The Network Rail Group — Network Rail Infrastructure Limited — Income***".)

The UK Government

All Notes and other Indemnified Debt are guaranteed by the UK Government. The guarantee, which is unlimited and irrevocable, is set out in the Financial Indemnity provided by the Secretary of State (see "***Description of the Financial Indemnity***"). The Secretary of State acts for and on behalf of the UK Government and therefore the Secretary of State's financial obligations (including its obligations under the Financial Indemnity) are direct sovereign obligations of the UK Government.

Transaction Structure



- The Issuer will issue Notes to the Noteholders.
- Issuance proceeds of the Notes and other Indemnified Debt will be on-lent by the Issuer to NRIL under one or more intercompany loan agreements (collectively, the "**Intercompany Loan Agreement**"). The Issuer will apply payments received from NRIL under the Intercompany Loan Agreement to pay, *inter alia*, interest and principal under the Notes and other Indemnified Debt. However, Noteholders do not ultimately rely on repayment of amounts due under the Intercompany Loan Agreement to service payments due on their Notes.
- Any shortfall in funds available to the Issuer to meet any payment of any Indemnified Debt (including the Notes) is guaranteed by the Financial Indemnity from the UK Government.
- The Intercompany Loan Agreement between NRIL and the Issuer may be amended or terminated at any time during the existence of the Programme by agreement between NRIL, the UK Government and the Issuer. No approval of or consultation with any Noteholder or any other holder of any Indemnified Debt will be required in respect of any amendment or termination.
- Pursuant to the Deed of Charge (as defined in "***Overview of the Programme — Security***"), the Issuer has granted security over its assets to the Security Trustee for the benefit of the Secured Creditors (as defined in "***Description of the Programme Documents — Security Trust Deed***").

(See further "***Description of the Programme Documents***".)

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 (as amended on 19 March 2012) is set out below in "**Form of Financial Indemnity**". This summary should be read in conjunction with the aforementioned section and with the section entitled "**Investment Considerations**". 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 UK Government to make payments directly to the Security Trustee for the benefit of the Note Trustee (on behalf of the Noteholders) and other Indemnified Creditors. The Financial Indemnity was entered into on 29 October 2004 between the Security Trustee and the Strategic Rail Authority (the "**SRA**"), but the rights and liabilities of the SRA under the Financial Indemnity were transferred, pursuant to a transfer scheme made under the Railways Act 2005 (the "**Transfer Scheme**"), to the Secretary of State on 26 June 2005.

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 in a Pricing Supplement, 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 or, in the case of payment on a scheduled final maturity date, twenty-one 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) is entitled to deliver a Notice of Claim to the UK Government 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. The UK Government is obliged to pay the Security Trustee the Debt Service Shortfall Amount within five or, in the case of payment on a scheduled final maturity date, twenty 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 UK Government will be required to pay will be correspondingly reduced.

The UK Government 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 UK Government by the Security Trustee.

OVERVIEW OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Information Memorandum.

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**").
Description:	Multicurrency Note Programme.
Financial Indemnity:	All Indemnified Debt, including all Notes, 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 Note Trustee (on behalf of the Noteholders) and the providers of any other Indemnified Debt. The UK Government is required to cover, *inter alia*, any Debt Service Shortfall Amount on any Indemnified Debt.
Size:	Up to £40,000,000,000 aggregate principal amount of Notes outstanding at any one time. For the purposes of calculating the principal amount of Notes outstanding under the Programme from time to time, the principal amount of any Note denominated in any currency other than sterling shall be the equivalent amount in sterling calculated at the rate at which such currency could be converted to sterling as quoted by the Account Bank as at 11:00 am on the relevant issue date.
Arranger:	RBC Europe Limited
Dealers:	Barclays Bank PLC Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International Morgan Stanley & Co. International plc RBC Europe Limited The Royal Bank of Scotland plc

	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Information Memorandum to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as dealers in respect of one or more Tranches (each a "**Dealer**").
Administrator:	Network Rail Infrastructure Limited
Note Trustee:	HSBC Trustee (C.I.) Limited
Security Trustee:	HSBC Trustee (C.I.) Limited
Issuing and Paying Agent:	HSBC Bank plc
Transfer Agent:	HSBC Bank plc
Calculation Agent:	HSBC Bank plc
Registrar:	HSBC Bank USA
Australian Registrar:	Austraclear Services Limited (ABN 28 003 284 419).
Account Bank:	HSBC Bank plc, for all the Issuer's accounts.
Programme Ratings:	Fitch: AA+. Moody's: Aa1. S&P: AAA. 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.
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), to the Notes of each Series intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Pricing Supplement.
Issue Price of Notes:	Notes may be issued at their nominal amount or at a

discount or premium to their nominal amount. Partly Paid Notes (*as described in* "***Terms and Conditions of the Notes — Condition 6(e) (Partly Paid Notes)***") may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes: The Notes may be issued in bearer form only (the "**Bearer Notes**"), in bearer form exchangeable for registered Notes (the "**Exchangeable Bearer Notes**") or in registered form only (the "**Registered Notes**"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date; or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules; otherwise such Tranche will be represented by a permanent Global Note. Registered Notes (other than Notes denominated in Australian dollars and issued in the Australian capital markets ("**Australian Domestic Notes**")) will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "**Global Certificates**" which shall include the Restricted Global Certificates and the Unrestricted Global Certificates. Each Series of Rule 144A Notes sold to QIBs that are also QPs, as referred to in, and subject to the transfer restrictions described in, "Subscription and Sale" and "Transfer Restrictions", will initially be represented on issue by a restricted certificate in global form (a "**Restricted Global Certificate**"), which will, unless otherwise indicated in the relevant Pricing Supplement, be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**") on its Issue Date. Beneficial interests in a Restricted Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. The provisions governing the exchange of interests in a Global Note for another Global Note, Definitive Notes and Registered Notes and the exchange of interests in each Global Certificate for individual Certificates (each a "**Certificate**") are described in "***Summary of Provisions Relating to the Notes while in Global Form***".

Australian Domestic Notes: Australian Domestic Notes:

(i) will be issued in registered uncertificated (or inscribed) form, constituted by the deed poll dated 11 July 2005 (as amended and supplemented from time to time, the "**Deed Poll**") and governed by New South Wales law;

(ii) will take the form of entries on a register maintained by Austraclear Services Limited (ABN 28 003 284 419) as the Australian Registrar (or such other person so appointed by the Issuer for such purpose);

(iii) will provide for payments of principal and interest to be made in Sydney, Australia;

(iv) will provide for the Issuer to submit to the non-exclusive jurisdiction of the courts of New South Wales and to appoint Dabserv Corporate Services Pty Limited (ABN 73 001 824 111) of Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 (or such other person so appointed by the Issuer for such purpose) as its agent for the services of process in Sydney, Australia; and

(v) will be eligible for lodgment into the system operated by Austraclear Limited (ABN 94 002 060 773) ("**Austraclear**") for holding securities and the electronic recording and settling of transactions in those securities between members of that system (the "**Austraclear System**").

Clearing Systems: Euroclear, Clearstream, Luxembourg, DTC and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Note Trustee and the relevant Dealer and in respect of Australian Domestic Notes, the Austraclear System.

Initial Delivery of Notes: On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Unrestricted Global Certificate is held under the NSS, it is intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations and the Global Note or Unrestricted Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is not a NGN or the relevant Unrestricted Global Certificate is not held under the NSS, it is not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations and (i) the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Unrestricted Global Certificate

representing Regulation S Notes (other than Australian Domestic Notes) may be deposited with the Common Depositary and (ii) the Restricted Global Certificate representing Rule 144A Notes may be deposited with a custodian for, and registered in the name of a nominee of, DTC. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Note Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems or, in the case of Australian Domestic Notes, Austraclear as operator of the Austraclear System.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency as agreed between the Issuer and the relevant Dealers.

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity, provided that the Issuer may not issue any Notes which mature after 3 October 2052 (the "**Programme Maturity Date**").

Specified Denominations: Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only 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.

Fixed Rate Notes: Fixed Rate Notes will bear interest payable in arrear on the date or dates in each year and at the rates specified in the relevant Pricing Supplement.

Floating Rate Notes: Floating Rate Notes will bear interest determined separately for each Series as follows:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published

by the International Swaps and Derivatives Association, Inc.; or

(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest Periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes: Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.

Index Linked Notes: Payments of principal or of interest in respect of Index Linked Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

Other Notes: Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, the Note Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.

Interest Periods and Rates of Interest: The length of the interest periods for the Notes and the applicable rate of interest or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum rate of interest, a minimum rate of interest, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemption: The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies) and be issued only 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.

Redemption by Instalments: The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Optional Redemption: The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part), and if so the terms applicable to such redemption.

Status of Notes: The Notes will be secured, limited recourse obligations of the Issuer ranking *pari passu* without any preference among themselves and secured in the manner described in "***Terms and Conditions of the Notes — Condition 4 (Security, Priority and Relationship with Secured Creditors)***". 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**"). See further "***Terms and Conditions of the Notes — Condition 4 (Security, Priority and Relationship with Secured Creditors)***".

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 floating security over certain property including:

(i) a first fixed charge over the Issuer's debt service prefunding accounts with the Account Bank;

(ii) a first floating charge over its rights under certain contracts;

(iii) a first floating charge over certain of the Issuer's other euro, sterling and U.S. dollar bank accounts with the Account Bank; and

(iv) a first floating charge over all of the Issuer's undertaking and assets which are not the subject of the charges referred to in (i) above.

	The Security Trustee holds such security for the benefit of the Secured Creditors (including the Note Trustee on behalf of the Noteholders) under the terms of the Security Trust Deed (See further "***Description of the Programme Documents — Other Programme Documents — Deed of Charge* and *— Security Trust Deed***").
FI Counter-Indemnity:	The Issuer has indemnified the FI Provider in respect of any amounts paid by the FI Provider under the Financial Indemnity (the "**FI Counter-Indemnity**"). The Issuer's obligations under the FI Counter-Indemnity are secured by the same security as provided for the Notes and other Indemnified Debt, but is subordinated under the Security Trust Deed to the claims of the Note Trustee (on behalf of the Noteholders) and any other provider of Indemnified Debt (the "**Indemnified Creditors**"). (See further "***Description of the Programme Documents — Security Trust Deed***").
Programme Administration Agreement:	Pursuant to an administration agreement dated 29 October 2004 between the Issuer and the Administrator (the "**Programme Administration Agreement**"), the Administrator provides certain management and administrative services in respect of the Programme and other Indemnified Debt.
Purchases of Notes:	The Issuer may purchase any Notes at any time. Any Notes so purchased must be cancelled and may not be re-sold. Pending cancellation, any Notes held by or on behalf of the Issuer will not be considered to be outstanding for the purposes of any voting by holders of the Notes.
Cross Acceleration:	If any amount of Indemnified Debt is declared immediately due and payable as a result of a failure by the FI Provider (other than where such failure is caused by administrative or technical error) to pay when due an amount under the Financial Indemnity in respect of such Indemnified Debt, such declaration will constitute an Event of Default under the Notes. See further "***Terms and Conditions of the Notes — Condition 11 (Events of Default)***".
Withholding Tax:	Save as may be specified in the Pricing Supplement applicable to any Series of Notes, all payments on the Notes will be made without withholding or deduction for or on account of taxes imposed by the United Kingdom, subject only to the exceptions provided for in "***Terms and Conditions of the Notes — Condition 8 (Taxation)***". In the event that any such withholding or deduction is required by law, the Issuer will, save in the circumstances provided for in "***Terms and Conditions of the Notes —***

Condition 8 (Taxation)", be required to pay additional amounts to ensure that the holders of the Notes receive the same amount as if no such withholding or deduction had been made.

Further Issues: The Issuer may from time to time issue further Notes of any Series on the same terms as existing Notes (other than the first payment of interest) and such further Notes shall be consolidated and form a single Series with such existing Notes of the same Series. These further issues might negatively impact the value of the Notes in the Series with which the further issue is consolidated if the further issue has original issue discount for U.S. federal income tax purposes. Please see "***United States Taxation – Original Issue Discount – Fungible Issue***" for a further discussion of the U.S. federal income tax implications of a fungible further issue.

Governing Law: English and, in respect of Australian Domestic Notes, New South Wales, Australia.

Listing: Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the Market or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.

Selling Restrictions: The United States and the United Kingdom and any other jurisdiction relevant to any Series. See "***Subscription and Sale***" and "***Transfer Restrictions***".

For the purpose of Regulation S under the Securities Act ("**Regulation S**"), category 2 selling restrictions shall apply.

Notes in bearer form (including Exchangeable Bearer Notes) will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"); or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Australian Domestic Notes may only be transferred within, to or from Australia if (i) the aggregate consideration payable by the transferee at the time of transfer is at least

	A$500,000 (or its equivalent in any other currency, in either case, disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act 2001 of the Commonwealth of Australia, (ii) the transfer is in compliance with all applicable laws, regulations or directives (including, without limitation, in the case of a transfer to or from Australia, the laws of the jurisdiction in which the transfer takes place), (iii) the offer of invitation is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act 2001 of the Commonwealth of Australia, (iv) in the case of a transfer between persons outside Australia, if a transfer and acceptance form is signed outside Australia, and (v) such action does not require any document to be lodged with the Australian Securities and Investments Commission (“**ASIC**”) or ASX Limited (“**ASX**”).
ERISA Considerations:	The Notes should not be acquired by any "**benefit plan investor**" (as defined in the section entitled "***Certain ERISA Considerations***"). Each purchaser and/or holder of Notes and each transferee therefore will be deemed to have made certain representations as to its status under the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and the United States Internal Revenue Code of 1984, as amended (the "**Code**"). Potential purchasers should read the sections entitled "***Certain ERISA Considerations***" and "***Transfer Restrictions***."

DESCRIPTION OF THE PROGRAMME DOCUMENTS

The following are summaries of the provisions of the documents relating to the Programme and do not purport to be exhaustive and are subject to the detailed provisions of the documents themselves.

The Notes

The Notes (other than Australian Domestic Notes) will be constituted by the Trust Deed entered into on 29 October 2004, as amended and restated from time to time between the Issuer and the Note Trustee. Australian Domestic Notes will be constituted by the Deed Poll. Notes will be limited recourse obligations of the Issuer, secured by the Security taken over the Security Assets. Different types of Notes may be issued under the Programme, including Notes which bear interest at either a fixed or floating rate (which interest will accrue on the principal amount outstanding of the applicable Note) and Notes which are issued at a discount to their nominal amount and which do not bear interest. Unless previously redeemed in full or purchased and cancelled, the Notes will mature at their then principal amount outstanding (or other redemption amount, if different), together with accrued interest thereon, on their respective Maturity Dates, being no later than the Programme Maturity Date. (See further "***Terms and Conditions of the Notes***").

Note Events of Default

The Events of Default under the Notes of a particular Series will comprise:

(i) FI Provider Events of Default, being one or more of the following:

  (a) a failure by the FI Provider to pay any amount due under the Financial Indemnity in respect of any Note of that Series and such failure continues for three Business Days; and

  (b) the repudiation or cancellation by the FI Provider of the Financial Indemnity or the FI Provider's obligations under the Financial Indemnity becoming illegal or invalid;

(ii) Issuer Events of Default, being events of default in respect of the Issuer, including any one or more of the following:

  (a) a failure to pay when due any amount of principal or interest on any Note of that Series and such failure continues for 14 days;

  (b) a breach by the Issuer of any other obligation under the Notes or the other Programme Documents and such default is materially prejudicial to the Noteholders and incapable of remedy within 60 days; and

  (c) insolvency or winding up of the Issuer; and

(iii) a Cross Acceleration Event of Default, being an acceleration of other Indemnified Debt as a result of a failure to pay by the FI Provider under the Financial Indemnity.

(See further "***Terms and Conditions of the Notes – Condition 11 (Events of Default)***").

Consequences of a Note Event of Default

The occurrence of an Event of Default under one Series of Notes will not necessarily constitute an Event of Default under any other Series of Notes, unless so specified in the Conditions (including

the applicable Pricing Supplement). If a particular Series of Notes becomes due and payable prior to another Series of Notes, such Notes may be paid in full even though other Series of Notes that become due and payable at a later date are not repaid in part or in full.

FI Provider Event of Default

If an FI Provider Event of Default occurs in respect of a particular Series of Notes, existing Notes of that Series will be capable of being repayable upon demand by the Note Trustee. The Security Trustee will also be entitled to call for payment of amounts payable to the holders of Notes of that Series by delivering a Notice of Claim to the FI Provider pursuant to the Financial Indemnity.

Issuer Event of Default

If an Issuer Event of Default occurs in respect of a particular Series of Notes, provided that an FI Provider Event of Default has occurred in respect of that particular Series of Notes and is continuing, existing Notes of that Series will be capable of being repayable on demand by the Note Trustee. However, Notes cannot be accelerated on or following an Issuer Event of Default unless an FI Provider Event of Default has also occurred in respect of that particular Series of Notes and is continuing.

Cross Acceleration Event of Default

If a Cross Acceleration Event of Default occurs, existing Notes of all Series will be capable of being repayable upon demand by the Note Trustee. The Security Trustee will also be entitled to call for payment of amounts payable to the holders of Notes by delivering a Notice of Claim to the FI Provider pursuant to the Financial Indemnity.

Early redemption events

In addition to the provisions relating to Events of Default under the Notes, the Notes may be redeemable early in the following circumstances:

(i) at the Issuer's option pursuant to Condition 6(c) (*Redemption for Taxation Reasons*) in the event that certain tax changes occur in respect of the Notes, upon the giving of not less than 30 nor more than 60 days' notice to Noteholders; and

(ii) at the Issuer's option pursuant to Condition 6(d) (*Redemption at the Option of the Issuer and Exercise of the Issuer's Options*) upon the giving of not less than 15 nor more than 60 days' notice to Noteholders.

Security Trust Deed

The Issuer, NRIL, the Note Trustee, the Security Trustee, the FI Provider and the other initial 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 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 Note Trustee on behalf of 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:

  (a) in the case of any amendment or waiver of any provision of (I) the Security Trust Deed or (II) the Deed of Charge which releases from the Security any asset of the Issuer (other than as permitted by the Security Documents), such amendment or waiver is approved by a Majority Decision of the Instructing Creditors; and

  (b) in the case of any amendment or waiver which constitutes a Super Majority Matter, such amendment or waiver is approved by a Super Majority Decision of the 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

(including the Note Trustee for itself or on behalf of the Noteholders) 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 any amendment or waiver (other than those specified in paragraphs (iii) and (iv) above) which would:

(a) adversely affect the entitlement of such Indemnified Creditor to deliver an Entrenched Rights Notice or shorten the time period in which an Entrenched Rights Notice must be delivered;

(b) subordinate such Indemnified Creditor's ranking in right and priority of payment (see "***Priorities of Payments and Permitted Payments***" above) under the Security Trust Deed as against any other Indemnified Creditor;

(c) result in such Indemnified Creditor ceasing to be an Indemnified Creditor, Secured Creditor, Instructing Creditor or Instructing Creditor Representative;

(d) change the currency of payment due from the FI Provider under the Financial Indemnity in respect of the Indemnified Debt owing to such Indemnified Creditor;

(e) result in any Indemnified Debt owing to such Indemnified Creditor ceasing to be Indemnified Debt;

(f) 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 or have the effect of increasing the period of time between service of a Notice of Claim and payment under the Financial Indemnity; or

(g) reduce the amount payable by the FI Provider to the Security Trustee 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 (via its representative, being in the case of the Noteholders, the Note Trustee) 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 (its "**Instructing Creditor Representative**"), to vote on any STD Proposal, provided that such vote is received by the Security Trustee within a 60 day notice period (the date falling at the end of such notice period being the "**STD Voting Date**").

The Instructing Creditor Representative in respect of a particular Series of Notes will be the Note Trustee. The Note Trustee will, in respect of each Series of Notes, certify to the Security Trustee the principal amount outstanding of the Notes in such Series and will (depending on the instructions it has received from the holders of the Notes of such Series in accordance with the Conditions and the Trust Deed) on a Series-by-Series basis vote either in favour or against each STD Proposal.

Subject to the Security Trustee receiving an Entrenched Rights Notice, the Security Trustee will implement a STD Proposal:

(i) following the date on which it has received a Majority Decision (or, in the case of a Super Majority Matter, a Super Majority Decision) from all Qualifying Debt in favour of the STD Proposal; or

(ii) following the STD Voting Date if, by the STD Voting Date, the Security Trustee has received a Majority Decision (or, in the case of a Super Majority Matter, a Super Majority Decision) from all Voted Qualifying Debt in favour of the STD Proposal.

Accordingly, the effect of paragraph (ii) above is that the Security Trustee can implement an amendment or waiver without the consent of Noteholders provided that a majority or, where applicable, super 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 will notify each Secured Creditor (or its representative, being in the case of the Noteholders, the Note Trustee) of the decision of the Instructing Creditors in respect of any STD Proposal.

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. Under the terms of the Trust Deed, the Note Trustee is not required to give any instructions to the Security Trustee unless indemnified to its satisfaction. It is likely that any indemnity would have to be provided to the Note Trustee by some or all of the Noteholders.

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 and the Security Trustee but including, for the avoidance of doubt and notwithstanding Condition 13 (*Enforcement*), the Note Trustee) 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.

Other Programme Documents

Deed of Charge

Pursuant to the Deed of Charge entered into on 29 October 2004, the Issuer granted certain fixed and floating security (the "**Security**") to the Security Trustee on behalf of itself and the other Secured Creditors over certain of its assets (the "**Security Assets**") including:

(i) a first fixed 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 the Issuer's debt service prefunding accounts held with the Account Bank (the "**Debt Service Prefunding Accounts**");

(ii) a first floating charge over all of its assets not otherwise secured under the Deed of Charge, including:

(a) certain other accounts held in the Issuer's name with the Account Bank (together with the Debt Service Prefunding Accounts and any other account of the Issuer from time to time, the "**Issuer Accounts**"); and

(b) the Issuer's rights under certain contracts to which it is, or will be, a party, including certain hedging agreements, the Trust Deed, the Agency Agreement, the Programme Administration Agreement, the Dealer Agreement and the Intercompany Loan Agreement.

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 holders of Notes issued after the first Series. Each further Series of Notes 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.

Programme Administration Agreement

Pursuant to the Programme Administration Agreement, the Administrator provides certain management and administrative services in respect of the Programme, other Indemnified Debt and the Intercompany Loan Agreement. Without limitation and subject to the direction of the directors of the Issuer, these include: (i) providing all services necessary to manage the business of the Issuer; (ii) carrying out all acts, executing all documents and giving all instructions where they are required of the Issuer pursuant to the Transaction Documents; and (iii) establishing, operating and maintaining bank accounts in the name of the Issuer in accordance with the Transaction Documents.

Following the occurrence of certain events (including, without limitation, breach by the Administrator of any of its obligations under the Programme Administration Agreement, certain insolvency events affecting the Administrator or following the enforcement of the Security), the Issuer (or the Security Trustee) may terminate the appointment of the Administrator at any time by notice in writing. The Administrator may resign its appointment at any time by giving at least 3 months' notice in writing to the Issuer.

Other than after the enforcement of the Security, no termination of the appointment of, or resignation by, the Administrator can take effect until a new administrator has been appointed. The Issuer shall appoint any such new administrator or, should the Issuer be unable to appoint a new administrator within 30 days of the notice of resignation by the Administrator, the Administrator shall select an entity of recognised good standing and repute.

Australian Registry Services Agreement

Pursuant to the Australian Registry Services Agreement, the Australian Registrar will, on behalf of the Issuer, establish and maintain a register in Sydney, Australia (or such other place as the Australian Registrar and the Issuer may agree) in respect of any Australian Domestic Notes.

Intercompany Loan Agreement

Certain proceeds of issuance of each Series of Notes and other Indemnified Debt will be lent by the Issuer to NRIL under the Intercompany Loan Agreement. Pursuant to the Intercompany Loan Agreement, NRIL is obliged to make payments of interest and principal to the Issuer six (or in the case of principal payable on a scheduled maturity date, twenty one) business days prior to each date on which the Issuer is obliged to make a corresponding payment under the Notes (such payments being made to the Debt Service Prefunding Accounts). In addition, the Issuer also makes available a guarantee facility under the Intercompany Loan Agreement under which the Issuer will provide guarantees and/or indemnities of the financial indebtedness of NRIL or, at the request of NRIL, any other person. Amounts due from NRIL to the Issuer under the Intercompany Loan Agreement are subordinated on the insolvency of NRIL to amounts due from NRIL to its other unsecured creditors. All amounts outstanding under the Intercompany Loan Agreement shall be payable on the Full Repayment Date.

The governing law of the Intercompany Loan Agreement is English law. *The foregoing is a summary of the mechanism by which the Issuer currently intends to provide funding to NRIL. The mechanism for funding NRIL may be changed and/or terminated without the consent of the Noteholders or holders of any other Debt and should not be relied on by prospective Noteholders when considering an investment in any Notes.*

Miscellaneous Definitions

"**Finance Documents**" means, *inter alia*, the Notes, the Security Trust Deed, the Financial Indemnity, the Dealer Agreement, any Subscription Agreements, the Trust Deed, the Deed Poll, the Agency Agreement, the Deed of Charge, certain hedging and bank facility agreements, certain guarantees and any other document designated as a Finance Document by the Issuer.

"**FI Provider Documents**" means, *inter alia*, the Security Trust Deed, the Financial Indemnity and the Programme Participation Agreement.

"**Full Repayment Date**" means the earlier of:

(i) the date on which the Security Trustee certifies in writing to the FI Provider that the Security Trustee has received written confirmation from (or on behalf of or in respect of) each of the Indemnified Creditors 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

(ii) 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 Creditors**" means, *inter alios*, the Note Trustee (acting for itself and on behalf of the Noteholders), the Security Trustee, certain hedge counterparties of the Issuer and bank facility lenders to the Issuer, the beneficiaries of certain guarantees given by the Issuer, the Dealers, the Account Bank, the Security Trustee Calculation Agent, the 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, the Noteholders, the beneficiaries of certain guarantees given by the Issuer, certain hedge counterparties of the Issuer and bank facility lenders to the Issuer and any other Secured Creditor so designated by the Issuer and, after the Full Repayment Date, the FI Provider.

"**Majority Decision**" means votes representing more than 50% of all Qualifying Debt or, as applicable, all Voted Qualifying Debt.

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

"**Payment Date**" means any date on which any amount is due and payable by the Issuer under the Transaction Documents.

"**Qualifying Debt**" means the principal amount outstanding under the Notes (excluding Notes held by the Issuer, the FI Provider, NRIL, Network Rail Limited or any of their affiliates), the principal amount of any drawn amounts under a bank facility of the Issuer, the early termination amount payable by the Issuer upon termination of any hedging agreement and any other amount of Indemnified Debt expressed to be Qualifying Debt by the Issuer.

"**Super Majority Decision**" means votes representing at least 85% of all Qualifying Debt or, as applicable, all Voted Qualifying Debt.

"**Super Majority Matter**" means:

(i) any amendment or waiver of the Financial Indemnity (except for a waiver by the FI Provider of any of its rights under the Financial Indemnity);

(ii) any amendment or waiver of the Security Trust Deed which subordinates, or has the effect of subordinating, the ranking of all the Indemnified Creditors in right and priority of payment under the Security Trust Deed as against either the FI Provider or NRIL;

(iii) any amendment or waiver of the governing law of any Security Document or jurisdiction thereunder (including any waiver of state immunity);

(iv) certain amendments to the definition of "Super Majority Decision" or "Super Majority Matter" having the effect of changing the procedure for determining a Super Majority Decision;

(v) any addition to the list of amendments or waivers to the Security Trust Deed which can be made without the approval of a Majority Decision of the Instructing Creditors; and

(vi) any amendment or waiver of the non-petition provisions of the Security Trust Deed.

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

"**Voted Qualifying Debt**" means, in respect of an Instructing Creditor Representative, Qualifying Debt owing to the Instructing Creditor(s) which it represents and in respect of which such Instructing Creditor Representative has voted in accordance with the terms of the Security Trust Deed.

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, commercial paper, 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, unless so specified in the Conditions (including the applicable Pricing Supplement). 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.

INVESTMENT CONSIDERATIONS

The following is a summary of certain aspects of the Notes about which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this document and reach their own views prior to making any investment decision. Further, any prospective Noteholder should take its own legal, financial, accounting, tax and other relevant advice as to the structure and viability of its investment.

Credit Support

The Issuer's ability to make payments under the Notes does not depend on it receiving amounts from NRIL under the Intercompany Loan Agreement. To the extent the Issuer has insufficient funds to pay all amounts it owes under the Notes, the holders of Notes will have recourse to the Financial Indemnity. In deciding to purchase the Notes, Noteholders will ultimately be relying on their assessment of the Financial Indemnity and the creditworthiness of the UK Government. The rating of the Notes is linked directly to that of the UK Government.

Noteholder rights subject to the Security Trust Deed

The Notes are subject to the provisions of the Security Trust Deed. The Security Trust Deed contains provisions enabling the Security Trustee to implement various amendments, consents and waivers in relation to the Security Documents and the Financial Indemnity, subject to the Entrenched Rights. (See "***Description of the Programme Documents – Security Trust Deed – Amendments and Waivers of Documents***"). The Security Trustee is authorised to act on the instructions of a Majority Decision (or, in the case of a Super Majority Matter, a Super Majority Decision) of the Instructing Creditors. The Instructing Creditors include the Noteholders, but also the holders of other forms of Indemnified Debt. Accordingly, subject to the Entrenched Rights, decisions relating to the Financial Indemnity and subordination of claims and binding on the Noteholders may be made by persons with no interest in the Notes and the Noteholders may be adversely affected as a result. (See "***Description of the Programme Documents – Security Trust Deed – Instructing Creditors***").

Security and Limited Recourse

Any Notes issued constitute a secured, limited recourse obligation of the Issuer. Under the Deed of Charge, the Issuer has secured the Notes by way of first fixed and/or floating charges over the Security Assets. The security created by the Issuer is held by the Security Trustee on trust for the Noteholders and other Secured Creditors.

On enforcement of the Security, although the Notes are full recourse to the Security Assets, in the event that the proceeds of such enforcement are insufficient (after payment of all other claims ranking higher in priority to or *pari passu* with amounts due), then the Noteholders and other Secured Creditors will have no further claim against the Issuer in respect of any unpaid amounts.

Liability under the Notes

The Notes will be obligations solely of the Issuer. The Notes will not be obligations or responsibilities of the Secretary of State, the Note Trustee, the Security Trustee, the Agents,

Network Rail, NRIL, the Arranger, the Dealers, or the Account Bank. Furthermore, no person other than the Issuer will accept any liability whatsoever to Noteholders under the Notes in respect of any failure by the Issuer to pay any amount due under the Notes.

Absence of Secondary Market; Limited Liquidity of the Notes

Notwithstanding the fact that an application has been made for the Notes to be admitted to the Official List and for such Notes to be admitted to trading on the Market, there can be no assurance that a secondary market will develop, or, if a secondary market does develop for any of the Notes, that it will provide the holder of the Notes with liquidity or that any such liquidity will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of the Notes.

The liquidity and market value at any time of the Notes is affected by, among other things, the market view of the credit risk of such Notes and will generally fluctuate with general interest rate fluctuations, general economic conditions, the condition of certain financial markets and domestic and international political events.

Minimum Specified Denomination

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and non-U.S. financial institutions through which payments on or with respect to the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 pursuant to rules commonly referred to as FATCA or rules implementing an intergovernmental agreement with respect to the implementation of FATCA (an "**IGA**").

Generally, this withholding will not apply to Notes that are issued before the later of (i) 1 January 2014 or (ii) the date that is six months after the publication of certain regulations addressing how FATCA will apply to payments by non-U.S. financial institutions (the "**Grandfathering Period**"). However, Notes that are modified after the end of the Grandfathering Period may become subject to FATCA withholding if they are "materially modified" for the purposes of FATCA. Also, any Notes that are classified as equity for U.S. federal income tax purposes would not be covered by the Grandfathering Period whenever issued.

For Notes that are not protected by the Grandfathering Period, withholding under FATCA may be triggered if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) payments on the Notes are classified as "foreign passthru payments" (as defined in FATCA), and (iii)(a) an

investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA or consent, where necessary, to have its information disclosed to the IRS, or (b) any FFI through which payment on such Notes is made is not a Participating FFI or otherwise exempt from FATCA withholding.

The United States and the United Kingdom have entered into an IGA (the "**UK IGA**"). Under the current UK IGA, an FFI that is treated as resident in the United Kingdom and that complies with the requirements of the UK IGA, will not be subject to FATCA withholding on payments it receives and will not be required to withhold on payments of non-U.S. source income. The United States is in the process of negotiating IGAs with a number of other jurisdictions. Different rules than those described above may apply if payments are governed by an IGA

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, if FATCA withholding applies to payments with respect to the Notes investors may receive less interest or principal than expected. Holders of the Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

If a series of Notes is issued before 1 January 2014 (the "**Existing Notes**") and the Issuer, pursuant to Condition 16 of the Terms and Conditions, issues additional Notes of the same series after the end of the Grandfathering Period, this may negatively impact the value of the Existing Notes or affect their grandfathered status because the new Notes and the Existing Notes will generally not be distinguishable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISOR TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

THE ISSUER

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 HSBC House, Esplanade, St Helier, Jersey JE1 1GT. The Issuer has no subsidiaries. The directors of the Issuer and business occupations are:

Name	**Other Principal Activities**
Samantha Pitt*	Group Treasurer, Network Rail
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
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 2011 to 31 March 2012, and for the period from 1 April 2012 to 31 March 2013.

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

THE NETWORK RAIL GROUP

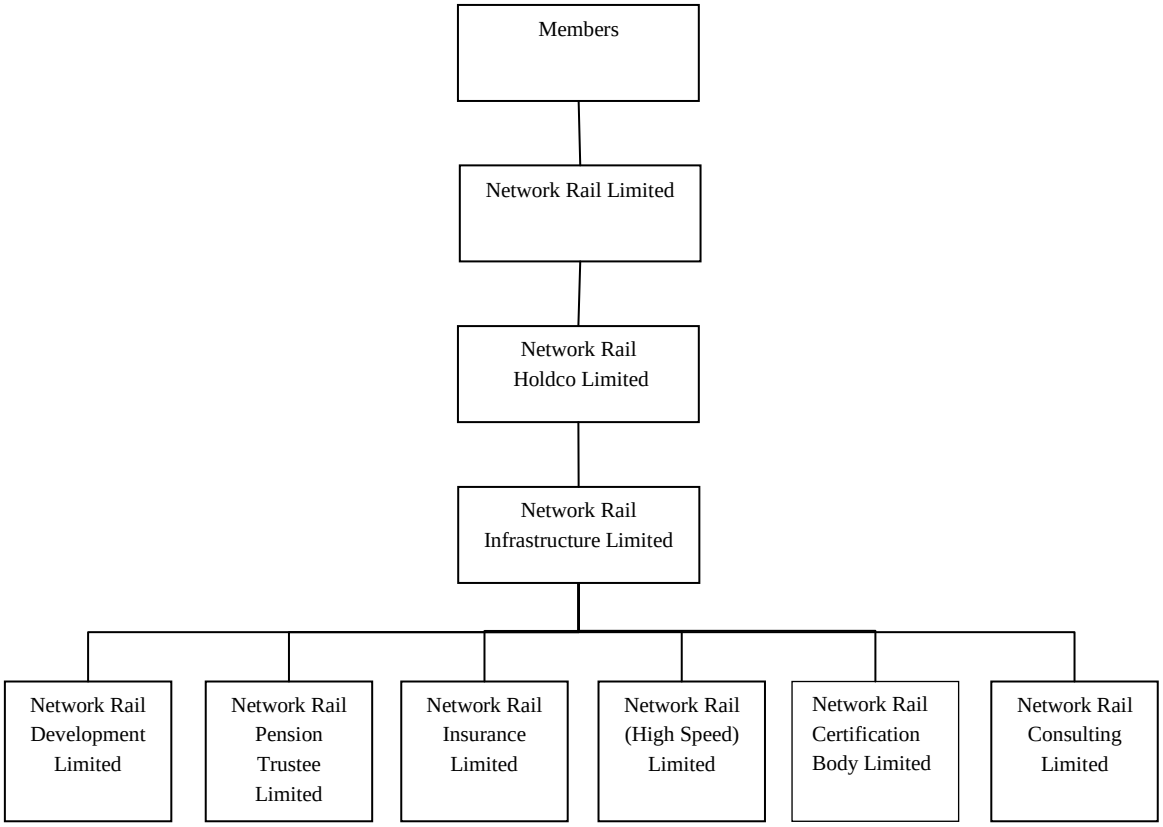
Network Rail Limited

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 Network Rail Infrastructure Limited ("**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 and principal subsidiaries, excluding joint ventures, dormant and non-trading subsidiaries, are 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 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.

Network Rail (High Speed) Limited has a contract to operate and maintain the infrastructure for HS1, the country's only high speed line from the channel tunnel to St Pancras, as well as three stations: St Pancras, Stratford International and Ebbsfleet International (this company was previously called Network Rail (CTRL) Limited).

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 45. 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 two categories: (i) the Special Member; and (ii) public members chosen by an independent panel (public members). The Secretary of State has the right to elect the Special Member.

On 8 March 2012, Network Rail announced proposed changes to the membership structure. This included the removal of the industry representatives as a class of members. On 9 July 2012, an industry members' class meeting was held, where a special resolution was proposed to this effect. The resolution was passed unanimously by a poll vote. At the 2012 annual general meeting ("**AGM**"), a special resolution was unanimously approved, to replace the existing articles of association with new articles of association. The new articles of association included affecting the removal of industry representatives. As such, the industry representative stepped down as members immediately after the AGM.

Distributions

Under Network Rail Limited's constitution, the distribution of profits or assets to Network Rail's members is prohibited. Any profits of Network Rail are either reinvested, used to reduce the level of debt or rebated back to the Department for Transport and Transport Scotland.

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 on the Network Rail website: www.NetworkRail.co.uk. For the avoidance of doubt, this URL is an inactive textual reference only. Except as outlined herein, no

other information on the National Rail website is incorporated by reference in this Information Memorandum.

Network Rail Infrastructure Limited

Corporate Description

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
Richard Parry-Jones[1,2]	Chairman
David Higgins	Chief Executive
Patrick Butcher	Group Finance Director
Robin Gisby	Managing Director, Network Operations
Simon Kirby	Managing Director, Infrastructure Projects
Paul Plummer	Group Strategy Director
Malcolm Brinded[1]	
Graham Eccles[1]	
Mike Firth[1]	
Lawrie Haynes[1]	
Janis Kong[1]	
Keith Ludeman[1, 3]	
Michael O'Higgins[1,4]	
Bridget Rosewell[1]	

[1] Non-Executive Director

[2] Appointed as Chairman-Designate director on 28 March 2012 and Chairman on 19 July 2013

[3] Senior Independent Director

[4] Appointed 21 November 2012

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

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 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. 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**", as described below under "***The Rail Industry in Great Britain — Office of Rail Regulation***"), 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 FOCs; and (ii) revenue grants from the Department for Transport ("**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. The ACR for the next five year control period (running from 1 April 2014 to 31 March 2019) is currently underway. On 8 January 2013, Network Rail published its Strategic Business Plan, setting out how Network Rail proposes to deliver the outputs sought by the Scottish Ministers and the Secretary of State in their high-level output specifications published in June and July 2012 respectively. On 12 June 2013, the ORR is expected to publish its draft determination and following consultation and review, the final determination is expected to be published on 31 October 2013.

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 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 AA+ by Fitch, AAA by S&P and Aa1 by Moody's. On 22 February 2013, Moody's downgraded its Aaa long term credit rating for the UK Government to Aa1 and revised its outlook on the UK Government's long term credit rating from negative to stable. On 19 March 2013, Fitch downgraded its AAA long term credit ratings for the UK Government to AA+ and revised its outlook on the UK Government's long term credit ratings from negative to stable. On 5 April 2013, S&P affirmed the UK's AAA (negative) rating. See "***Description of the Financial Indemnity***" and "***Form of the Financial Indemnity***".

THE RAIL INDUSTRY IN GREAT BRITAIN

Historical Background

The first locomotive-hauled railway for the transport of passengers and goods was the Stockton & Darlington Railway, which opened in 1825. The first trunk lines from London and cross-country routes opened in the 1830s and the railway system in Great Britain developed rapidly thereafter. The railways were established by private companies which consolidated over time and were nationalised in 1948.

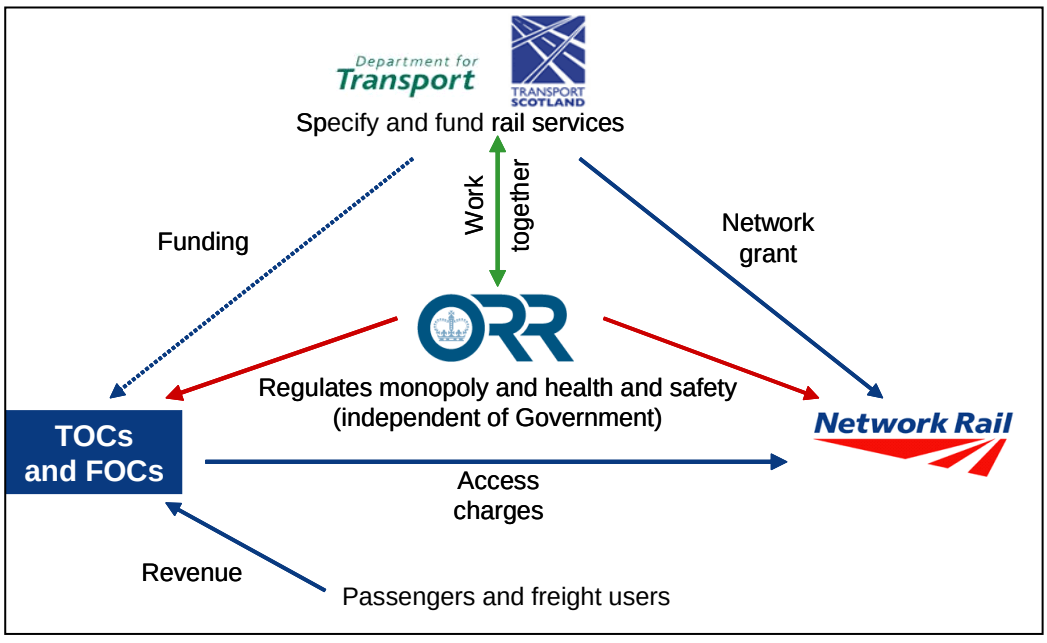
The Transport Act 1962 established the British Railways Board ("**British Rail**") and vested in it responsibility for the provision of railway services in Great Britain. On 1 April 1994, almost all British Rail's operational railway infrastructure and some other property, was transferred to Railtrack PLC, a subsidiary of Railtrack Group PLC which was then privatised in May 1996. The remaining commercial activities of British Rail, including the provision of train services, were divided into separate businesses and sold or franchised by the UK Government.

Railtrack PLC was placed in railway administration on 7 October 2001. On 3 October 2002, the High Court discharged the railway administration order, following an application by the Secretary of State. Network Rail completed its acquisition of Railtrack PLC from Railtrack Group PLC immediately after the discharge of that order took effect. Railtrack PLC was re-registered under the Companies Act 1985 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 UK Government affirms that the railways are a vital part of the United Kingdom's transport infrastructure, with an important role to play in meeting increasing demand for travel.

Summary of the Structure of the Rail Industry in Great Britain

A diagram highlighting the key current entities relevant to the railway system in Great Britain is set out below.



TOCs and FOCs

Passenger rail services on the national rail network are currently, for the most part, provided by TOCs operating under franchises from the Department for Transport (including jointly with the Welsh Assembly Government) or Transport Scotland. The TOCs require a licence to operate and generally obtain use of track by means of access agreements entered into with NRIL and approved by the ORR.

TOCs are funded in part from receipts from passenger ticket sales. Where TOCs operate under a franchise, they also receive or make franchise payments. The majority of franchised TOCs receive financial support by way of subsidy from the Department for Transport, Transport Scotland (for the ScotRail franchise) or the Welsh Assembly Government (for certain services in the Wales and Borders franchise). The franchising authority retains certain risks which include, *inter alia*, the risk of changes in NRIL costs arising from the ACRs and certain cost changes arising out of certain changes of law.

The train services to move freight on the network are operated by the FOCs. Unlike most of the TOCs, the freight operators provide their services on an "open access" basis whereby any operator can run freight trains subject to obtaining a licence, safety clearances and access to the network by means of track access agreements with NRIL. FOCs generally have long leases for the occupation and use of freight terminals, sidings, yards, depots and other premises on land owned by NRIL.

The Regulatory Regime

The ORR is the body principally responsible, together with the Secretary of State and Scottish Ministers, for the regulation of the rail industry in Great Britain.

The main statutory basis of the regulatory regime for the railways in Great Britain is the Railways Act 1993 (the "**1993 Act**"), the Transport Act 2000, the Railways and Transport Safety Act 2003 and the Railways Act 2005 (the "**2005 Act**").

Office of Rail Regulation

The Railways and Transport Safety Act 2003 made provision for the creation of the ORR and the ORR was established on 5 July 2004, at which time it succeeded to the functions of the Rail Regulator (the "**Rail Regulator**") who had been established under the 1993 Act. The ORR (like the Rail Regulator before it) is independent of the UK Government.

The ORR consists of a Chairman and at least four other members who are appointed by the Secretary of State after consultation with the Chairman.

The ORR's functions include:

(a) approving the terms, including price, to which access to certain infrastructure is obtained;

(b) the granting (with the authority or consent of the Secretary of State), modification and enforcement of licences to operate trains, networks, stations and light maintenance depots; and

(c) being the health and safety regulator for the rail industry.

In carrying out its economic regulation functions under the 1993 Act and the 2005 Act, the ORR has to take into account a number of statutory duties. One of these is a duty, in relation to matters other

than safety, to act in a manner which will not make it unduly difficult for network licence holders, such as NRIL, to finance their activities.

The Secretary of State for Transport

The Secretary of State has a wide range of powers and functions relating to railways under the 1993 Act, the Transport Act 2000, the Railways and Transport Safety Act 2003 and the 2005 Act. These include, but are not restricted to:

- the appointment of the Chairman and members of the ORR and providing general guidance to the ORR;
- granting railway licences following consultation with the ORR or giving specific consent or general authority to the ORR empowering it to grant licences;
- revoking licences under certain defined circumstances;
- a duty to set out, in advance of ACRs carried out by the ORR, information about the activities the Secretary of State wants to be achieved by the railway in England and Wales during the ACR period and the public funding available for this;
- powers to provide financial assistance, including grants and guarantees, for purposes relating to the railway; and
- specifying, procuring and managing certain rail passenger franchises.

Scottish Ministers

Scottish Ministers have certain similar powers and functions relating to the railway in Scotland as the Secretary of State in England and Wales. These include, but are not restricted to:

- providing general guidance to the ORR concerning railway services in Scotland and other matters as regards Scotland that relate to railways;
- a duty to set out, in advance of ACRs carried out by the ORR, information about the activities they want to be achieved by the railway in Scotland during the ACR period and the public funding available for this;
- powers to provide financial assistance, including grants and guarantees, for purposes relating to the railway in Scotland; and
- specifying, procuring and managing the ScotRail rail passenger franchise.

The Rail Delivery Group

The Rail Delivery Group brings together the owners of Britain's Train Operating Companies, Freight Operating Companies and Network Rail to provide leadership to Britain's rail industry. It is made up of the most senior figures in the rail industry - the chief executives of the owners of Britain's TOCs and FOCs and Network Rail. Network Rail’s Chief Executive, David Higgins, is Vice-Chairman of the RDG.

The Rail Delivery Group will focus on industry-wide issues. Its work will be in the context of the need for improved services to rail users and value for money for taxpayers.

The Rail Delivery Group will not duplicate or override the primary accountability for delivery in Britain's rail industry. This responsibility remains with the passenger and freight train operators and Network Rail.

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.

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. 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.

The Financial Indemnity has subsequently been amended on 19 March 2012, and the form of the amendment letter dated 19 March 2012 is also set out below.

Dated 29 October 2004

STRATEGIC RAIL AUTHORITY

and

HSBC TRUSTEE (C.I.) LIMITED

FINANCIAL INDEMNITY

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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.

"**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, 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 40 Melton Street, London NW1 2EE.

"**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*).

"**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, the date falling twenty-one Business Days before that Payment Date; and

(b) in respect of a Payment Date which is 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: HSBC House
Esplanade
St. Helier
Jersey JE1 1GT

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

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[**] 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

the 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:

1.1 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

1.2 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.

1.3 It is validly existing and is a Crown Body.

1.4 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.

1.5 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.

1.6 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

1.7 This Deed of Novation shall be governed by and construed in accordance with English law.

1.8 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]

Financial Indemnity Amendment Letter dated 19 March 2012

[*On the letterhead of the Secretary of State for Transport*]

To: HSBC Trustee (C.I.) Limited as the Security Trustee and the Beneficiary

HSBC House
Esplanade
St. Helier
Jersey JE1 1GT

Attention: Ursula Elliott

(the "**Beneficiary**")

To: Network Rail Infrastructure Finance PLC
Kings Place
90 York Way
London
N1 9AG

Attention: Samantha Pitt

(the "**Issuer**")

19 March 2012

Dear Sir/Madam

Letter relating to the Financial Indemnity

1. We refer to the financial indemnity dated 29 October 2004 originally entered into between the Strategic Rail Authority (the "**SRA**") and the Beneficiary (as amended, modified or varied from time to time, the "**Financial Indemnity**"). Pursuant to a transfer scheme made under the Railways Act 2005, the rights and liabilities of the SRA under the Financial Indemnity were transferred to the Secretary of State for Transport (the "**Secretary of State**" and, as provider of the Financial Indemnity, the "**FI Provider**").

2. Unless otherwise defined herein, terms defined in the Financial Indemnity or the Security Trust Deed (as defined in the Financial Indemnity) shall have the same meaning when used in this Letter.

3. With effect from the date of this Letter, the FI Provider and the Beneficiary agree that Clause 11.1 (*Definitions*) of the Financial Indemnity shall be amended by:

(i) after the definition of "**Business Day**", inserting the words:

'"**CP Prefunded Debt**" means Prefunded Debt which is commercial paper issued by the Issuer pursuant to the NRIF CP Programme.';

(ii) after the words 'which is the scheduled final maturity date in respect of Prefunded Debt' in the definition of "**FI Payment Date**", inserting the words:

'other than CP Prefunded Debt';

(iii) after the definition of "**Notice of Claim**", inserting the words:

'"**NRIF CP Programme**" means the multi-currency euro and U.S. commercial paper programme established on or about 16 September 2005 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.";

(iv) after the words 'which is a scheduled final maturity date' in paragraph (a) of the definition of "**Trigger Date**", inserting the words:

'in respect of Prefunded Debt other than CP Prefunded Debt';

(v) after the words 'in respect of a Payment Date which is' in paragraph (b) of the definition of "**Trigger Date**", inserting the words:

'either (i) a scheduled final maturity date for any CP Prefunded Debt; or (ii)'; and

(vi) deleting the words '40 Melton Street, London NW1 2EE' and replacing them with the words 'Kings Place, 90 York Way, London N1 9AG' in the definition of "**Issuer**".

4. The terms of the Financial Indemnity which are not amended pursuant to this Letter shall remain in full force and effect, and those terms of the Financial Indemnity which are amended by the terms of this Letter shall remain in full force and effect as amended by the provisions of this Letter.

5. In connection with the amendments set out in this Letter:

(a) we acknowledge that the Issuer will, on or about the date of this Letter and pursuant to the terms of the Security Trust Deed, deliver a prefunded debt notification (substantially in the form attached to this Letter at Schedule 1 (*Form of Notification of Prefunded Debt*)) to the Security Trustee; and

(b) in accordance with clause 3.1.13 of the Programme Participation Agreement, we hereby consent to the proposed amendments to clause 3.2 (*Repayment of Debt prior to expiry of the debt issuance programme*) of the Intercompany Loan Agreement dated 29 October 2004 as set out in the amendment side letter to be entered into on or about the date hereof between the Issuer and Network Rail Infrastructure Limited, substantially in the form scheduled hereto at Schedule 2 (*Form of Intercompany Loan Amendment Side Letter*).

6. This Letter may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Letter.

7. It is intended that this Letter take effect as a deed notwithstanding that one or more parties hereto may sign this Letter under hand.

8. This Letter and any non-contractual obligations arising out of or in connection with it are governed by English law. The provisions of clauses 13.2 to 13.5 (inclusive) of the Financial Indemnity shall be deemed to be incorporated in this Letter.

9. Please acknowledge receipt of and agreement to the terms of this Letter by signing, dating and returning the enclosed copy to us.

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

The Corporate Seal of

THE SECRETARY OF STATE FOR TRANSPORT

affixed to this Deed is authenticated by

…….
Authorised by the Secretary of State for Transport

Accepted and agreed, and executed and delivered as a deed by and on behalf of:

HSBC TRUSTEE (C.I.) LIMITED as the Beneficiary and Security Trustee

By: Attorney

Date: 19 March 2012

By: Attorney

Date: 19 March 2012

Accepted and agreed by:

NETWORK RAIL INFRASTRUCTURE FINANCE PLC as the Issuer

By: Attorney

Date: 19 March 2012

By: Attorney

Date: 19 March 2012

Schedule 1

Form of Notification of Prefunded Debt

NETWORK RAIL INFRASTRUCTURE FINANCE PLC
(Registered No: 5090412)
Kings Place
90 York Way
London N1 9AG

To: HSBC Trustee (C.I.) Limited
HSBC House
Esplanade
St Helier
Jersey JE1 1GT

Cc: Network Rail Infrastructure Limited
Kings Place
90 York Way
London N1 9AG

_____ February 2012

Dear Sirs,

Network Rail Infrastructure Finance PLC
£4,000,000,000 Multi-currency Euro and U.S. Commercial Paper Programme (the "NRIF CP Programme") supported by a Financial Indemnity of the Secretary of State for Transport

We hereby irrevocably notify you that all commercial paper (i) currently in issue, and/or (ii) hereafter issued under the NRIF CP Programme constitutes or will constitute (as the case may be) Prefunded Debt as that term is defined in the security trust deed dated 29 October 2004 between, *inter alios*, HSBC Trustee (C.I.) Limited and Network Rail Infrastructure Finance PLC.

This notice is executed and delivered as a deed on the date stated above.

Yours faithfully

EXECUTED and **DELIVERED** as a **DEED**
by **NETWORK RAIL INFRASTRUCTURE FINANCE PLC**
acting by:

in the presence of:

Name:
Address:
Occupation:

Schedule 2

Form of Intercompany Loan Amendment Side Letter

NETWORK RAIL INFRASTRUCTURE FINANCE PLC
(Registered No.: 5090412)
Kings Place
90 York Way
London N1 9AG

To: Network Rail Infrastructure Limited ("**NRIL**")
Kings Place
90 York Way
London N1 9AG

_____ February 2012

Dear Sir/Madam

NETWORK RAIL INFRASTRUCTURE FINANCE PLC (the "Issuer")
£4,000,000,000 Commercial Paper Programme - Amendment to Intercompany Loan Agreement

The Issuer and NRIL have entered into an intercompany loan agreement dated 29 October 2004 (the "**Intercompany Loan Agreement**") in respect of the Issuer making available to NRIL a multicurrency term loan facility and a guarantee and/or indemnity facility in respect of any indebtedness or liability of NRIL, or at the request of NRIL, any other person.

In this Side Letter (which is executed as a deed), we wish to record certain amendments to the arrangements agreed between us in the Intercompany Loan Agreement regarding the repayment of principal relating to commercial paper issued by the Issuer pursuant to the NRIF CP Programme.

1 Definitions and Interpretation

Capitalised terms used but not defined in this Side Letter shall have the meanings given to them in the Intercompany Loan Agreement, as amended by this Side Letter (the "**Amended Intercompany Loan Agreement**") or the Security Trust Deed (as defined in the Amended Intercompany Loan Agreement). In addition:

"**Effective Date**" means the later to occur of (i) the FI Provider giving, pursuant to clause 3.1.13 of the Programme Participation Agreement, its written consent to the amendments described in this Side Letter; and (ii) the execution and delivery of this Side letter by the Issuer and NRIL.

2 Amendment

2.1 The parties acknowledge and agree that, with effect from the Effective Date, the Intercompany Loan Agreement shall be amended by:

2.1.1 after the definition of "Base Currency", inserting the words:

'"**CP Prefunded Debt**" means Prefunded Debt which is commercial paper issued by the Issuer pursuant to the NRIF CP Programme.';

2.1.2 After the definition of "Notice of Claim", inserting the words:

‘“**NRIF CP Programme**” means the multi-currency euro and U.S. commercial paper programme established on or about 16 September 2005 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’;

2.1.3 deleting the provisions of clause 3.2.1 in their entirety and replacing them with the following words:

“in respect of an Issuer Payment Date relating to a scheduled maturity date in respect of Prefunded Debt other than CP Prefunded Debt, on or before the date falling twenty one Business Days (as that date is defined in the Financial Indemnity) before that Issuer Payment Date;”; and

2.1.4 deleting the provisions of clause 3.2.2 in their entirety and replacing them with the following words:

“in respect of any other Issuer Payment Date relating to Prefunded Debt, including any scheduled maturity date under CP Prefunded Debt, on or before the date falling six Business Days (as that term is defined in the Financial Indemnity) before that Issuer Payment Date; and”.

2.2 Each party to this Side Letter hereby agrees and acknowledges that the Intercompany Loan Agreement has been amended in all respects set out in paragraph 2.1 above from the Effective Date.

3 Continuing Obligations

3.1 The provisions of the Intercompany Loan Agreement shall, save as amended by this Side Letter, continue in full force and effect.

3.2 Nothing in this Side Letter shall operate as a waiver of any right or remedy of any party under any provisions of the Intercompany Loan Agreement nor to excuse any delay or omission in the performance of the Intercompany Loan Agreement nor to impair any right or remedy arising thereunder or in respect thereof.

4 Further Assurance

Each of the parties hereto agrees to do all such acts and things, and to execute and/or deliver any other documents, in each case as is necessary in order to give effect to the amendments to the Intercompany Loan Agreement described herein.

5 Law and Jurisdiction

5.1 This Side Letter, and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

5.2 The parties irrevocably agree that the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Side Letter (including a dispute relating to the existence, validity or termination of this Side Letter or any non-contractual obligation arising out of or in connection with this Side Letter).

6 Contracts (Rights of Third Parties) Act 1999

No person (other than the Security Trustee) shall have any right to enforce any term or condition of this Side Letter under the Contracts (Rights of Third Parties) Act 1999.

7 Counterparts

This Side Letter may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Side Letter.

This Side Letter has been delivered as a deed on the date stated at the beginning of this Side Letter.

Please could you counter-sign and date this letter in the space provided below to indicate your acknowledgement and agreement to the terms of this Side Letter.

Yours faithfully

Executed as a DEED by NETWORK RAIL INFRASTRUCTURE FINANCE PLC

By: _____

Name:

Title:

By: _____

Name:

Title:

* * * * *

Acknowledgement and Agreement

We hereby acknowledge and agree to the terms of the above Side Letter.

Executed and delivered as a DEED by NETWORK RAIL INFRASTRUCTURE LIMITED

By: _____

Name:

Title:

Date:

By: _____

Name:

Title:

Date:

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series or Australian Domestic Notes (as described below). Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on any Bearer Notes or on the Certificates relating to Registered Notes (other than Australian Domestic Notes). All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes (other than Notes denominated in Australian dollars and issued in the domestic Australian capital markets ("**Australian Domestic Notes**")) are constituted by a trust deed dated 29 October 2004 (the "**Programme Establishment Date**"), (as amended or supplemented from time to time, the "**Trust Deed**") between Network Rail Infrastructure Finance PLC (the "**Issuer**") and HSBC Trustee (C.I.) Limited, as note trustee (in such capacity, the "**Note Trustee**", which expression shall include all persons for the time being the note trustee or note trustees under the Trust Deed) relating to the Issuer's £40,000,000,000 note programme (the "**Programme**"). Australian Domestic Notes will be issued in registered uncertificated (or inscribed) form. They will be constituted by the deed poll dated 11 July 2005 (as amended and supplemented from time to time, the "**Deed Poll**"). The provisions of these Conditions relating to Global Certificates, Global Notes, Coupons, Receipts and Talons do not apply to Australian Domestic Notes.

These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated the Programme Establishment Date has been entered into in relation to the Notes (other than the Australian Domestic Notes) between the Issuer, the Note Trustee, HSBC Bank plc as initial issuing and paying agent and the other agents named in it. An Australian Registry Services Agreement (as amended and supplemented from time to time, the "**Australian Registry Services Agreement**") dated 11 July 2005 has been entered into in relation to the Australian Domestic Notes between the Issuer and Austraclear Services Limited (ABN 28 003 284 419) as Australian registrar. The issuing and paying agent, the paying agents, the registrar, the Australian registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Australian Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar and the Australian Registrar) and the "**Calculation Agent(s)**" (together, the "**Agents**").

The Issuer has entered into a security trust deed dated the Programme Establishment Date (as amended, varied, supplemented, modified, suspended, assigned or novated from time to time, the "**Security Trust Deed**") with, *inter alios*, HSBC Trustee (C.I.) Limited as security trustee (in such capacity, the "**Security Trustee**", which expression shall include all persons for the time being the

security trustee or security trustees under the Security Trust Deed) pursuant to which the Security Trustee and the other parties thereto agree to certain intercreditor arrangements.

The Issuer has entered into one, and may enter into more intercompany loan agreements (collectively the "**Intercompany Loan Agreement**") with Network Rail Infrastructure Limited ("**NRIL**") under which the Issuer agrees to make available to NRIL the net proceeds from the issuance of Notes and other financial indebtedness.

The Issuer has entered into a deed of charge dated the Programme Establishment Date (the "**Deed of Charge**") with the Security Trustee pursuant to which the Issuer grants, by way of security assignment or charge, certain fixed and floating security to the Security Trustee. Pursuant to the Security Trust Deed, the Security Trustee holds the Security (as defined in the Security Trust Deed) for itself and on behalf of the Secured Creditors (as defined in the Security Trust Deed) which include the Note Trustee (for itself and on behalf of the Noteholders (as defined below), HSBC Bank plc in its capacity as the Issuer's account bank (the "**Account Bank**"), the FI Provider (as defined below) and the Agents, together with any other holders of any Indemnified Debt (as defined in the Security Trust Deed) and any additional creditor of the Issuer which accedes to the Security Trust Deed in accordance with its terms.

The FI Provider (as defined in Condition 11 *(Events of Default)* below) has provided a financial indemnity (as amended, varied, supplemented, modified, suspended, assigned or novated from time to time, the "**Financial Indemnity**") in favour of the Security Trustee who holds the benefit of such Financial Indemnity for, amongst others, the Noteholders.

The Trust Deed, the Deed Poll, the Notes, the Security Trust Deed, the Deed of Charge, the Australian Registry Services Agreement and the Agency Agreement are each a "**Programme Document**" and are together the "**Programme Documents**".

Copies of, *inter alia*, the Trust Deed, the Deed Poll, the Deed of Charge, the Security Trust Deed, the Financial Indemnity, the Intercompany Loan Agreement, the Australian Registry Services Agreement and the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Issuing and Paying Agent, the Registrar, the Australian Registrar and any other Paying Agents and Transfer Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") (the "**Receiptholders**") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Deed Poll, the Deed of Charge, the Security Trust Deed, the Financial Indemnity and the applicable Pricing Supplement and are deemed to have notice of those provisions applicable to them of the Agency Agreement and the Australian Registry Services Agreement.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) shown hereon. Australian Domestic Notes will only be Registered Notes.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

Registered Notes (other than Australian Domestic Notes) are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of such Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar or the Australian Registrar in accordance with the provisions of the Agency Agreement or the Australian Registry Services Agreement (as the case may be) (each a "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on any Certificate representing it) or its theft or loss (or that of any related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name (or, in the case of joint holders, the first named thereof) a Registered Note is registered in the Register (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered in the Register (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes. For the avoidance of doubt where an Australian Domestic Note is entered into the Austraclear System, the expression "Noteholder" includes Austraclear Limited (ABN 94 002 060 773) ("**Austraclear**") as operator of the system for holding securities and the electronic recording and settling of transactions in those securities between members of that system (the "**Austraclear System**").

In the case of Australian Domestic Notes, the following provisions shall apply in lieu of the foregoing provisions of Condition 1 in the event of any inconsistency.

Australian Domestic Notes will be debt obligations of the Issuer owing under the Deed Poll and will take the form of entries in a Register to be established and maintained by the Australian Registrar in Sydney (the "**Australian Register**") unless otherwise agreed with the Australian Registrar. The Agency Agreement is not applicable to the Australian Domestic Notes. Although the Australian Domestic Notes are not constituted by the Trust Deed, Australian Domestic Notes will have the benefit of the other provisions of the Trust Deed and of the Security Trust Deed.

Australian Domestic Notes will not be serially numbered. Each entry in the Australian Register constitutes a separate and individual acknowledgement to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder. The obligations of the Issuer in respect of each Australian Domestic Note constitute separate and independent obligations which the Noteholder and the Note Trustee are entitled to enforce in accordance with these Conditions, the Trust Deed and the Deed Poll. No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to an Australian Domestic Note unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

No Australian Domestic Note will be registered in the name of more than four persons. Australian Domestic Notes registered in the name of more than one person are held by those persons as joint tenants. Australian Domestic Notes will be registered by name only, without reference to any trusteeship and an entry in the Australian Register in relation to an Australian Domestic Note constitutes conclusive evidence that the person so entered is the registered owner of such Note, subject to rectification for fraud or error.

Upon a person acquiring title to any Australian Domestic Note by virtue of becoming registered as the owner of that Australian Domestic Note, all rights and entitlements arising by virtue of the Deed Poll or the Trust Deed in respect of that Australian Domestic Note vest absolutely in the registered owner of the Australian Domestic Note, such that no person who has previously been registered as the owner of the Australian Domestic Note has or is entitled to assert against the Issuer or the Australian Registrar or the registered owner of the Australian Domestic Note for the time being and from time to time any rights, benefits or entitlements in respect of the Australian Domestic Note.

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) **Exchange of Exchangeable Bearer Notes:** Subject as provided in Condition 2(g), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes (other than Australian Domestic Notes):** This Condition 2(b) does not apply to Australian Domestic Notes. One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes, together with the form of transfer

endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Note Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(a), (b), or (c) shall be available for delivery within three business days of receipt of the request for exchange or form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfers of Australian Domestic Notes:** Australian Domestic Notes may be transferred in whole but not in part. Australian Domestic Notes will be transferred by duly completed and (if applicable) stamped transfer and acceptance forms in the form specified by, and obtainable from, the Australian Registrar or by any other manner approved by the Issuer and the Australian Registrar. Australian Domestic Notes entered in the Austraclear System will be transferable only in accordance with the regulations known as the "Austraclear Regulations", together with any instructions or directions (as amended or replaced from time to time) established by Austraclear to govern the use of the Austraclear System.

Unless the Australian Domestic Notes are lodged in the Austraclear System, application for the transfer of Australian Domestic Notes must be made by the lodgment of a transfer and

acceptance form with the Australian Registrar. Each transfer and acceptance form must be accompanied by such evidence (if any) as the Australian Registrar may require to prove the title of the transferor or the transferor's right to transfer the Australian Domestic Notes and must be signed by both the transferor and the transferee.

The transferor of an Australian Domestic Note is deemed to remain the Noteholder of that Australian Domestic Note until the name of the transferee is entered in the Australian Register in respect of that Australian Domestic Note. Transfers will not be registered later than eight days prior to the Maturity Date of an Australian Domestic Note.

Australian Domestic Notes may only be transferred within, to or from Australia if (i) the aggregate consideration payable by the transferee at the time of transfer is at least A$500,000 (or its equivalent in any other currency and, in either case, disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act 2001 of the Commonwealth of Australia, (ii) the transfer is in compliance with all applicable laws, regulations or directives (including, without limitation, in the case of a transfer to or from Australia, the laws of the jurisdiction in which the transfer takes place), (iii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act 2001 of the Commonwealth of Australia, (iv) in the case of a transfer between persons outside Australia, if a transfer and acceptance form is signed outside Australia, and (v) such action does not require any document to be lodged with the Australian Securities and Investments Commission ("**ASIC**") or ASX Limited ("**ASX**"). A transfer to an unincorporated association is not permitted.

A person becoming entitled to an Australian Domestic Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Australian Registrar considers sufficient, transfer the Australian Domestic Note or, if so entitled, become registered as the holder of the Australian Domestic Note.

Where the transferor executes a transfer of less than all Australian Domestic Notes registered in its name, and the specific Australian Domestic Notes to be transferred are not identified, the Australian Registrar may register the transfer in respect of such of the Australian Domestic Notes registered in the name of the transferor as the Australian Registrar thinks fit, provided the aggregate principal amount of the Australian Domestic Notes registered as having been transferred equals the aggregate principal amount of the Australian Domestic Notes expressed to be transferred in the transfer.

(f) **Exchange Free of Charge:** Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar, the Australian Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar, the Australian Registrar or the relevant Transfer Agent may require).

(g) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to

Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of 7 days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Status

(a) **Notes, Receipts and Coupons:** The Notes and the Receipts and Coupons relating to them constitute secured, limited recourse obligations of the Issuer, are secured in the manner described in Condition 4 and shall at all times rank *pari passu* and without any preference among themselves and will 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.

(b) **Financial Indemnity:** The Financial Indemnity constitutes an unsubordinated and unsecured obligation of the FI Provider which will rank at least *pari passu* with all other unsubordinated and unsecured obligations of the FI Provider, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4 Security, Priority and Relationship with Secured Creditors

(a) **Security:** Under the Deed of Charge, the Issuer secures by way of security assignments, first fixed charges and/or a first floating charge the Security Assets (as defined in the Deed of Charge) for the benefit of the Secured Creditors. Each further Series of Notes issued by the Issuer and any additional creditor of the Issuer acceding to the Security Trust Deed will share in the Security.

(b) **Relationship among Noteholders and with other Secured Creditors:** The Trust Deed contains provisions detailing the Note Trustee's obligations to consider the interests of the Noteholders as regards all powers, trusts and authorities, duties and discretions of the Note Trustee. The Security Trust Deed provides that the Security Trustee will, where required, act on instructions of the Instructing Creditors (as defined in the Security Trust Deed) (including the Note Trustee as trustee for and representative of the holders of each Series of Notes) and, when so doing, the Security Trustee is not required to have regard to the interests of any Secured Creditor (including the Note Trustee as trustee for and representative of the Noteholders or any individual Noteholder) in relation to the exercise of such rights and consequently, has no liability to the Noteholders as a consequence of so acting.

(c) **Enforceable Security:** In the event of the Security becoming enforceable as provided in the Deed of Charge, the Security Trustee shall (in certain circumstances, only if instructed by the Instructing Creditors) enforce its rights with respect to the Security, but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Secured Creditor (including the Note Trustee as trustee for the Noteholders or any individual Noteholder), provided that the Security Trustee shall not be obliged to take any action unless it is indemnified and/or secured to its satisfaction.

(d) **Note Trustee and Security Trustee not liable for security:** The Note Trustee and the Security Trustee will not be liable for any failure to make the usual investigations or any investigations which might be made by a security holder in relation to the property which is

the subject of the Security, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer to property which is the subject of the Security, whether such defect or failure was known to the Note Trustee or the Security Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Security whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Security. Neither the Note Trustee nor the Security Trustee have any responsibility for the value of any such Security.

(e) **Limited Recourse and Non-Petition:** None of the Note Trustee, the Noteholders or the holders of any Coupon, Talon or Receipt may, to the fullest extent permitted by applicable law, 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) prior to the date that is one year and one day after the maturity date of the last maturing Indemnified Debt.

The liability of the Issuer to pay any amounts due under the Notes shall be limited to and payable solely out of the amounts received by the Issuer, or the Security Trustee on behalf of the Issuer, in respect of its assets. If, or to the extent that the amounts recovered on realisation of its assets are insufficient to pay or discharge amounts due from the Issuer under the Notes in full for any reason, the Issuer will have no liability to pay or otherwise make good any such insufficiency.

Subject always to this Condition 4(e), any amount due under the Notes and not payable or paid when due by the Issuer in accordance with this Condition 4(e) will nevertheless continue to be regarded as being outstanding for the purposes of making any demand under, or enforcing any Security Interest created by the Issuer pursuant to the Security Documents (as defined in the Security Trust Deed) or the Financial Indemnity and so that interest, default interest, indemnity payments and other similar amounts payable in accordance with the Notes will continue to accrue thereon. No delay in exercising its rights and remedies as a result of this Condition 4(e) shall operate as a permanent waiver of any of those rights or remedies.

5 Interest and other Calculations

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) **Interest on Floating Rate Notes and Index Linked Interest**

(i) ***Interest Payment Dates:*** Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest (in the case of Index Linked Interest Notes, multiplied by the Index Ratio in accordance with Condition 9), such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest

Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) ***Business Day Convention:*** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) ***Rate of Interest for Floating Rate Notes:*** The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the sum of the Margin and the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and

"**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions unless the context implies otherwise.

(B) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

(x) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:

(I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or

(II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page;

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

(y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in Europe as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous

Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(iv) ***Rate of Interest for Index Linked Interest Notes*:** The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be specified hereon and interest will accrue in accordance with the provisions of this Condition 5 and the provisions of Condition 9.

(c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Optional Redemption Amounts, Rate Multipliers and Rounding:**

(i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Optional Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Optional Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant

figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Note Trustee, the Security Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Note Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition and the Issuer shall publish the Rate of Interest or the Interest Amount so calculated unless the Note Trustee agrees otherwise. The determination of any rate or amount, the obtaining of each quotation and the making of each

determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) **Determination or Calculation by Note Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Note Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Note Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency;

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of:

(A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(v) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows;

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vi) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

(vii) if "**Actual/Actual - ICMA**" is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date specified as such hereon or, if none is so specified, the Interest Payment Date; and

(viii) if "**RBA Bond Basis**" is specified hereon, one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an

Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:

(i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365));

"**Effective Date**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling, (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

"**Page**" means such page, section, caption, column or other part of a particular information service as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or

on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means the institutions specified as such hereon or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be Europe);

"**Relevant Financial Centre**" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be Europe) or, if none is so connected, London;

"**Relevant Rate**" means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose "**local time**" means, with respect to Europe as a Relevant Financial Centre, 11.00 hours, Brussels time;

"**Representative Amount**" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated;

"**Specified Duration**" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 7(b)(ii); and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(l) **Calculation Agent and Reference Banks:** The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall (with the prior approval of the Note Trustee) appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one

Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Note Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) **Redemption by Instalments and Final Redemption**

(i) Unless previously redeemed or purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's option in accordance with Condition 6(d), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon (subject, in the case of Index Linked Redemption Notes, to adjustments for indexation in accordance with Condition 9). The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's option in accordance with Condition 6(d), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount, subject, in the case of Index Linked Redemption Notes, to adjustments for indexation in accordance with Condition 9) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount (subject, in the case of Index Linked Redemption Notes, to adjustments for indexation in accordance with Condition 9).

(b) **Early Redemption**

(i) ***Zero Coupon Notes***

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note prior to the Maturity Date and the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon (the "**Amortised Face Amount**").

(B) Subject to the provisions of sub-paragraph **(C)** below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph **(B)** above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) ***Other Notes:*** The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount (subject, in the case of Index Linked Redemption Notes, to adjustments for indexation in accordance with Condition 9) unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if the Issuer satisfies the Note Trustee immediately before the giving of such notice that (i) it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due, and (iii) the Issuer will have sufficient funds to redeem the Notes in full on the date to be specified for redemption. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Note Trustee (a) a certificate signed by two Authorised Signatories of the Issuer stating that the obligation referred to in (i) above cannot

be avoided by the Issuer taking reasonable measures available to it and the Note Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the matters referred to in (i) and (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders and (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 6(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(c).

"**Authorised Signatory**" means any director of the Issuer or any other person or persons notified to the Note Trustee by any such director as being an Authorised Signatory from time to time.

(d) **Redemption at the Option of the Issuer and Exercise of the Issuer's Options:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, or exercise any Issuer's option (as may be described hereon) in relation to, all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount (subject, in the case of Index Linked Redemption Notes, to adjustments for indexation in accordance with Condition 9) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of the Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been selected by the drawing of lots in such place as the Note Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(f) **Purchases:** The Issuer, the FI Provider and any of their respective subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its subsidiaries shall be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all

unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(h) **Compulsory Sale**: The Issuer may compel any beneficial owner of an interest in the Rule 144A Notes to sell its interest in such Notes, or may sell such interest on behalf of such holder, if such holder is a U.S. person that is not a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and a qualified purchaser (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940).

7 Payments and Talons

(a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes (other than Australian Domestic Notes):** This Condition 7(b) does not apply to Australian Domestic Notes.

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other

similar restrictions on payment or receipt of such amounts, and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments subject to Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer) and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Australian Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Australian Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Note Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, the Australian Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar or Australian Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent in London, so long as the Notes are listed on the official list of the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and admitted to trading on the London Stock Exchange plc's market for listed securities, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Note Trustee, and (vii) a Paying Agent with a specified office in a European Union member state 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 the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (d) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons**:

(i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount

equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).

(ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

(h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which

foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

(i) **Australian Domestic Notes**:

(i) The Australian Registrar will act (through its office in Sydney) as paying agent for Australian Domestic Notes pursuant to the Australian Registry Services Agreement. For the purposes of this Condition 7(i), in relation to Australian Domestic Notes, "Business Day" has the meaning given in the Australian Registry Services Agreement.

(ii) Payments of principal and interest will be made in Sydney in Australian dollars to the persons registered at the close of business in Sydney on the relevant Record Date (as defined below) as the holders of such Australian Domestic Notes, subject in all cases to normal banking practice and all applicable laws and regulations. Payment will be made by cheques drawn on the Sydney branch of an Australian bank dispatched by post on the relevant payment date at the risk of the Noteholder or, at the option of the Noteholder, by the Australian Registrar giving in Sydney irrevocable instructions for the effecting of a transfer of the relevant funds to an Australian dollar account in Australia specified by the Noteholder to the Australian Registrar (or in any other manner in Sydney which the Australian Registrar and the Noteholder agree).

(iii) In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Australian Registrar gives irrevocable instructions in Sydney for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the Noteholder on the same day as the day on which the instructions are given.

(iv) If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Australian Registrar is shown, to the satisfaction of the Australian Registrar, not to have reached the Noteholder and the Australian Registrar is able to recover the relevant funds, the Australian Registrar may make such other arrangements as it thinks fit for the effecting of the payment in Sydney.

(v) Interest will be calculated in the manner specified in Condition 5 and will be payable to the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date and cheques will be made payable to the Noteholder (or, in the case of joint Noteholders, to the first-named) and sent to their registered address, unless instructions to the contrary are given by the Noteholder (or, in the case of joint Noteholders, by all the Noteholders) in such form as may be prescribed by the Australian Registrar. Payments of principal will be made to, or to the order of, the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date, subject, if so directed by the Australian Registrar, to receipt from them of such instructions as the Australian Registrar may require.

(vi) If any day for payment in respect of any Australian Domestic Note is not a Business Day, such payment shall not be made until the next following day which is a Business Day, and no further interest shall be paid in respect of the delay in such payment.

(vii) Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto. Neither the Issuer nor the Australian Registrar shall be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from such payments.

In this Condition 7(i) in relation to Australian Domestic Notes, "**Record Date**" means, in the case of payments of principal or interest, the close of business in Sydney on the date which is the fifteenth calendar day before the due date of the relevant payment of principal or interest.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, and the Receipts and the Coupons on Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any authority therein or thereof having power to tax (together the "**Taxes**"), unless such withholding or deduction is required by law. In that event:

(a) in respect of listed Notes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such Taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note, Receipt or Coupon;

(ii) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority including if applicable making a claim under an appropriate double tax treaty;

(iii) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day;

(iv) **Payment to individuals:** where such withholding or deduction is imposed on a payment 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 of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(v) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid

such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union;

(b) in respect of unlisted Notes, unless and to the extent otherwise provided hereon, the Issuer will make payment subject to the appropriate deduction or withholding. Under current United Kingdom law, tax at the basic rate will generally be required to be deducted on payments of interest on unlisted Notes. No additional amounts will be paid by the Issuer in respect of any such deductions or withholdings.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date 7 days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it, and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9 Indexation

The provisions of this Condition 9 apply only to Index Linked Interest Notes and Index Linked Redemption Notes.

(a) **Definitions:**

"**Base Index Figure**" means, subject as provided in paragraph (c) below, the figure specified as such hereon.

"**Index**" or "**Index Figure**" means, subject as provided in paragraph (c) below, the United Kingdom All Items Retail Price Index (RPI) published by the *Office for National Statistics* (or other relevant governmental department) (January 1987=100) or any comparable index which may replace such index for the purpose of calculating the amount payable on repayment of the Reference Gilt. Any reference to the Index Figure which is specified in the relevant Pricing Supplement as:

(i) applicable to a particular month shall, subject as provided in paragraph (c) below, be construed as a reference to the Index Figure published in the seventh month prior to that particular month and relating to the month before that of publication;

(ii) applicable to the first calendar day of any month shall, subject as provided in paragraph (c) below, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or

(iii) applicable to any other day in any month shall, subject as provided in paragraph (c) below, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in sub-paragraph (ii) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in sub-paragraph (ii) above and rounded to the nearest fifth decimal place.

"**Index Ratio**" applicable to any month means the Index Figure applicable to such month divided by the Base Index Figure.

"**Reference Gilt**" means the reference gilt specified as such hereon.

(b) **Application of the Index Ratio:** Each payment of interest (in the case of Index Linked Interest Notes) and principal (in the case of Index Linked Redemption Notes) in respect of the Notes shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio applicable to the month in which such payment falls to be made and rounded to four decimal places (0.00005 being rounded upwards).

(c) **Changes in circumstances affecting the Index:**

(i) If at any time and from time to time the Index shall be changed by the substitution of a new base therefor, then with effect from, and including, the calendar month in which such substitution takes effect:

(A) the definition of "**Index**" and "**Index Figure**" shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, such other date or month as may have been substituted therefor under this paragraph (i)); and

(B) the new Base Index Figure shall be the product of the then existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.

(ii) If the Index Figure relating to any month (the "**calculation month**"), which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the fourteenth Business Day before the date (the "**date for payment**") on which such payment is due otherwise than because the Index has ceased to be published, the Index Figure applicable for the relevant calculation month shall be:

(A) such substitute index figure (if any) as the Note Trustee (acting solely on the advice of the Indexation Adviser (as defined below)) shall agree to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the UK government for such purpose) for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury stock selected by the Note Trustee on the advice of a gilt-edged market maker or other adviser selected by it in its sole discretion having consulted with the Issuer (but without responsibility or liability to the Issuer) (the "**Indexation Adviser**"); or

(B) if no such determination is made by the Note Trustee or (as the case may be) the Indexation Adviser within seven days, the Index Figure last published (or, if

later, the substitute index figure last determined pursuant to paragraph (A) above before the date for payment).

Where the provisions of paragraph (ii) above apply, the determination of the Note Trustee or (as the case may be) the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to paragraph (B) above, the Index Figure relating to the calculation month is subsequently published while the Notes are still outstanding, then:

(x) in relation to a payment of principal or interest in respect of the Notes other than upon redemption in full of the Notes, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of paragraph (B) above either below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth Business Day before the date for payment;

(y) in relation to a payment of principal or interest upon redemption in full of the Notes, no subsequent adjustment to amounts paid will be made.

(iii)

(A) If:

(x) the Note Trustee has been notified by the Calculation Agent (or otherwise becomes aware) that the Index has ceased to be published (in which event, the Note Trustee will give written notice of such occurrence to the Issuer); or

(y) any change is made to the coverage or the basic calculation of the Index which constitutes a fundamental change which would:

(I) in the opinion of the Note Trustee, acting solely on the advice of the Indexation Adviser, be materially prejudicial to the interests of the Noteholders (in which event, the Note Trustee will give written notice of such occurrence to the Issuer); or

(II) in the opinion of the Issuer, be materially prejudicial to the interests of the Issuer (in which event, the Issuer will give written notice of such occurrence to the Note Trustee),

and the Issuer and the Note Trustee together shall seek to agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no better and no worse position that they would have been in had the Index not ceased to be published or the relevant fundamental change not been made.

(B) If the Issuer and the Note Trustee fail to reach such agreement within 20 Business Days following the giving of such notice by or to the Note Trustee, a

bank or other person in London shall be appointed by the Issuer and the Note Trustee, or, failing agreement on such appointment within 20 Business Days following the expiry of the 20 Business-Day period referred to above, by the Note Trustee (in each case, such bank or other person so appointed being referred to as the "**Expert**"), to determine for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert, the Issuer and the Note Trustee in connection with such appointment shall be borne by the Issuer.

(C) If any payment in respect of the Notes is due to be made after the cessation or changes referred to in paragraphs (A) and (B) above, but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the calculation month is not available in accordance with the provisions of paragraph (c)(i) above) make a provisional payment on the basis that the Index Figure applicable to the month in which such payment is due to be made is the Index Figure last published. In that event or in the event of any payment (also referred to below as a "provisional payment") on the Notes having been made on the basis of an Index applicable under paragraph (c)(ii)(A) above and the Note Trustee (on the written advice of the Expert) subsequently determining that the relevant circumstances fall within this paragraph (iii), then:

(x) in relation to a payment of principal or interest in respect of the Notes other than upon redemption in full of the Notes, if the sum which would have been payable if such adjustment or substitute index had been in effect on the due date for such payment is greater or less than the amount of such provisional payment, the Interest Amount payable on the Notes on the Interest Payment Date next succeeding the date on which such adjustment or substitute index becomes effective shall be increased or reduced to reflect the amount by which such provisional payment fell short of, or (as the case may be) exceeded, the sum which would have been payable on the Notes if such adjustment or substituted index had been in effect on that date; or

(y) in the case of a payment of principal or interest on redemption in full of the Notes, no subsequent adjustment to amounts paid will be made.

(D) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Note Trustee or as determined by the Expert pursuant to the foregoing paragraphs or pursuant to paragraph (d)(iii) below, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Note Trustee may determine, and notify to the Issuer, as appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the Note Trustee and the Noteholders and the Issuer shall give notice to the Noteholders in accordance with Condition

17 (*Notices*) of such amendments as promptly as practicable following such notification.

(d) **Early redemption for index reasons:**

(i) If, within 30 days of its appointment (or such longer period as the Note Trustee may consider reasonable), the Expert fails, or states in writing to the Issuer and the Note Trustee that it is unable, to determine for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) which would leave the Noteholders in no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made, the Issuer shall, within 30 days after the expiry of such period or (as the case may be) after the date of such statement, give not more than 60, nor less that 30 days' notice to the holders of the Notes in accordance with Condition 17 (Notices) (which shall be irrevocable) to redeem all (but not some only) of the Notes at their Final Redemption Amount, together with interest accrued up to and including the date of redemption (and for the purposes of calculating such Final Redemption Amount and accrued interest, the Index shall be the Index last published).

(ii) If, within 30 days of its appointment (or such longer period as the Note Trustee may consider reasonable), the Expert states in writing to the Issuer and the Note Trustee that it is able to determine for the purposes of the Notes one or more adjustments to the Index or (as the case may be) a substitute index (with or without adjustments) which would leave the Noteholders in no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made, but the Expert is unable to confirm that such adjustment or adjustments to the Index or (as the case may be) such substitute index (with or without adjustments) would leave the Issuer in no worse position than it would have been had the Index not ceased to be published or the relevant fundamental change not been made, the Issuer may, within 60 days after the date of such statement, give not more than 60, nor less that 30 days' notice to the holders of the Notes in accordance with Condition 17 (Notices) (which shall be irrevocable) to redeem all (but not some only) of the Notes at their Final Redemption Amount, together with interest accrued up to and including the date of redemption (and for the purposes of calculating such Final Redemption Amount and accrued interest, the Index shall be the Index last published).

(iii) If the Issuer does not exercise its right to redeem the Notes in accordance with paragraph (b)(ii) above, the Index shall be adjusted or replaced by a substitute index as determined by the Expert pursuant to such paragraph and the provisions of paragraph (c)(iii)(D) shall apply.

10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Events of Default

If any of the following events in paragraphs (a) to (c) below (each such event, an "**Event of Default**") occurs and:

(i) (x) if it is a FI Provider Event of Default, the Note Trustee at its discretion may, and if so requested in writing by the holders of at least one fifth in nominal amount of the Notes or if so directed by an Extraordinary Resolution shall; or (y) if it is a Cross Acceleration Event of Default, the Note Trustee, but only if so requested in writing by the holders of at least one fifth in nominal amount of the Notes or if so directed by an Extraordinary Resolution shall (in each case, subject to being indemnified and/or secured to its satisfaction) give notice to the Issuer in writing that the Notes are, and (regardless of whether an Issuer Event of Default is also continuing or not) the Notes shall become, due and payable at their Early Redemption Amount together with accrued interest; or

(ii) provided that a FI Provider Event of Default has occurred and is continuing, if it is an Issuer Event of Default, the Note Trustee at its discretion may, and if so requested in writing by the holders of at least one fifth in nominal amount of the Notes or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured to its satisfaction) give notice to the Issuer in writing that the Notes are, and the Notes shall become, due and payable at their Early Redemption Amount together with accrued interest.

(a) **FI Provider Event of Default:** a FI Provider Event of Default occurs;

(b) **Issuer Event of Default:** an Issuer Event of Default occurs; or

(c) **Cross Acceleration Event of Default:** a Cross Acceleration Event of Default occurs.

Definitions

For the purposes of these Conditions:

"**Cross Acceleration Event of Default**" means any amount of Indemnified Debt is declared immediately due and payable as a result of a failure by the FI Provider (other than where such failure is caused by administrative or technical error) to pay when due any amount under the Financial Indemnity in respect of such Indemnified Debt;

"**FI Provider**" means the Secretary of State, except where the Secretary of State's (or any subsequent FI Provider's) rights, obligations and liabilities under the Financial Indemnity have been transferred in accordance with the terms of the Financial Indemnity, in which case "**FI Provider**" means such transferee.

"**FI Provider Event of Default**" means in respect of the FI Provider:

(i) **Non-payment by the FI Provider:** the FI Provider fails to pay any amount due under the Financial Indemnity in respect of any Note of that Series and such failure continues for three Business Days after the due date for payment under the Financial Indemnity; or

(ii) **Invalidity, Illegality, Repudiation**

(a) the Financial Indemnity is illegal or invalid or is alleged by the FI Provider to be illegal or invalid for any reason; or

(b) the FI Provider expressly repudiates or cancels the Financial Indemnity or expressly states an intention to repudiate or cancel the Financial Indemnity (other than in accordance with its terms);

"**Issuer Event of Default**" means:

(i) **Non-Payment:** there is a failure to pay any amount of principal or interest on any Note of that Series on the due date for payment thereof and such failure continues for a period of 14 days (and, for such purposes, failure "continues" until payment is made by the Issuer or the FI Provider);

(ii) **Breach of other obligation:** the Issuer does not perform or comply with any one or more of its other obligations under the Notes, the Trust Deed or any other Programme Document to which it is a party and such default is, in the opinion of the Note Trustee, materially prejudicial to the Noteholders and incapable of remedy within 60 days or, if in the opinion of the Note Trustee it is materially prejudicial to the Noteholders and capable of remedy within 60 days, it is not, in the opinion of the Note Trustee, remedied within 60 days after notice of such default shall have been given to the Issuer by the Note Trustee;

(iii) **Insolvency:** other than for the purposes of an amalgamation or reconstruction as is referred to in paragraph (iv) below, the Issuer ceases to carry on business or substantially all of its business or the Issuer is or is deemed unable to pay its debts within the meaning of Section 123(1) or (2) of the Insolvency Act 1986 (as that section may be amended from time to time) provided that, for these purposes, Section 123(1)(a) shall have effect as if for "£750" there was substituted "£1,000,000";

(iv) **Winding-up:** an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Note Trustee or by an Extraordinary Resolution;

(v) **Insolvency Proceedings and Enforcement Proceedings:** (a) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order) and such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith, (b) an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the Issuer or the whole or substantially the whole of its undertaking, property or assets, (c) an encumbrancer takes possession of the whole or substantially the whole of the undertaking, property or assets of the Issuer, (d) a distress, execution, diligence or other process is levied or enforced upon or sued against all or the whole or substantially the whole of the undertaking, property or assets of the Issuer and in any of the foregoing cases (other than in relation to the circumstances described in (b) where no grace period shall apply) such order, appointment, possession or process (as the case may be) is not discharged or does not otherwise cease to apply within 14 days, or (e) the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws (except in accordance with paragraph (iv) above) or makes a conveyance or assignment for the benefit of its creditors generally; or

(vi) **Additional Issuer Event of Default:** such other event as is specified hereon; and

"**Secretary of State**" means the Secretary of State for Transport acting on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland.

12 Meetings of Noteholders, Modification, Waiver and Substitution

(a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined below) of a modification of any of these Conditions or any provisions of the Trust Deed or the Deed Poll. Such a meeting may be convened by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two (or in the case of Australian Domestic Notes, one) or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Optional Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed, (viii) to modify any of the provisions of the Financial Indemnity in a way which, in the opinion of the Note Trustee, is materially prejudicial to Noteholders, (ix) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (x) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75%, or at any adjourned meeting not less than 25%, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. For the purposes of these Conditions, "**Extraordinary Resolution**" means a resolution passed at a meeting duly convened and held in accordance with Schedule 3 to the Trust Deed by a majority of at least 75% of the votes cast.

(b) **Modification of the Trust Deed:** The Note Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or the Deed Poll that is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification (except as mentioned in the Trust Deed or the Deed Poll), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Note Trustee not materially

prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Note Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) **Substitution:** The Trust Deed contains provisions permitting the Note Trustee to agree, subject to such amendment of the Trust Deed and/or the Deed Poll and such other conditions as the Note Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution in place of the Issuer or any previous substitute of any company (in any jurisdiction), as principal debtor under the Trust Deed, the Deed Poll and the Notes provided that certain conditions specified in the Trust Deed are fulfilled, including a requirement that the Financial Indemnity is fully effective in relation to the obligations of the new principal debtor under the Trust Deed, the Deed Poll and the Notes. In the case of such a substitution the Note Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons, the Deed Poll and/or the Trust Deed provided that such change would not in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders.

(d) **Entitlement of the Note Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Note Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Note Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

13 Enforcement

At any time after the Notes become due and payable, the Note Trustee may, subject to the terms of the Security Trust Deed, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Deed Poll, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Note Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 Indemnification of the Note Trustee

The Trust Deed contains provisions for the indemnification of the Note Trustee and for its relief from responsibility. The Note Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

15 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in London (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders,

in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any Series (including the Notes) constituted by the Trust Deed, the Deed Poll or any other deed supplemental to it shall, and any other securities may (with the consent of the Note Trustee), be constituted by the Trust Deed or the Deed Poll. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Note Trustee so decides.

17 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If in the opinion of the Note Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. Notices regarding Australian Domestic Notes shall also be published in a leading daily newspaper of general circulation in Australia. It is expected that such notices will normally be published in *The Australian Financial Review*. Any such notice will be deemed to have been given on the date of such publication.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19 Governing Law and Jurisdiction

(a) **Governing Law:** The Trust Deed, the Deed of Charge, the Security Trust Deed, the Agency Agreement, the Notes (other than the Australian Domestic Notes), the Receipts, the Coupons

and the Talons and all matters arising from or connected therewith are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) **Australian Domestic Notes:**

(i) In the case of Australian Domestic Notes, the Issuer has irrevocably agreed for the benefit of Noteholders that the courts of New South Wales, Australia and courts of appeal from them are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Australian Domestic Notes, the Deed Poll or the Australian Registry Services Agreement and that accordingly any suit, action or proceedings arising out of or in connection with the Australian Domestic Notes, the Deed Poll or the Australian Registry Services Agreement (together referred to as "**Australian Proceedings**") may be brought in such courts.

(ii) The Issuer has irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Australian Proceedings in any such court and any claim that any such Australian Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgment in any such Australian Proceedings brought in the courts of New South Wales and courts of appeal from them shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

(iii) For so long as any Australian Domestic Notes are outstanding, the Issuer will appoint an agent to accept service of process on its behalf in New South Wales in respect of any legal action or proceedings as may be brought in the courts of New South Wales, Australia or the federal courts of Australia. The initial agent is Dabserv Corporate Services Pty Limited (ABN 73 001 824 111) of Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000. In the event of such agent ceasing to act, the Issuer will immediately appoint another agent in Sydney.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Each Tranche of Notes in bearer form will initially be represented by a temporary Global Note or a permanent Global Note, without coupons. No interest will be payable in respect of a temporary Global Note except as provided below. Each Tranche of Notes in registered form will be represented by Certificates and may be represented by a Global Certificate.

If the Global Notes or the Unrestricted Global Certificates are stated in the applicable Pricing Supplement to be issued in NGN form or to be held under the NSS (as the case may be), they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes or the Unrestricted Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Unrestricted Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS and are intended to be cleared through Euroclear and/or Clearstream, Luxembourg may be delivered on or prior to the original issue date of the Tranche to a Common Depositary. Global Notes in respect of a Tranche of Notes intended to be cleared through an alternative clearing system will be deposited on behalf of the subscribers of the relevant Notes as otherwise agreed between the Issuer and the relevant Dealer, on or about the issue date of the relevant Notes.

If the Global Note is a CGN, upon deposit of the temporary Global Note(s) or permanent Global Note(s) with the Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and/or Clearstream, Luxembourg and delivery of the relevant Global Certificate to the Common Depositary or, in the case of an Unrestricted Global Certificate held under the NSS, to the Common Safekeeper, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Any payment due in respect of a Global Note or a Global Certificate will be made to each of Euroclear, Clearstream, Luxembourg, DTC or an alternative clearing system in respect of the portion of the Global Note or Global Certificate held for its account. An accountholder with Euroclear, Clearstream, Luxembourg or an alternative clearing system with an interest in a temporary Global Note will be required, in order to have credited to its account any portion of any payment, to present a certificate substantially in the form set out in the Agency Agreement indicating whether the beneficial owner of the relevant interest in the Global Note is not within the United States or a U.S. person as such terms are defined by the U.S. Internal Revenue Code and the regulations thereunder (the "**Code**").

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by other systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

The Global Certificates

Unless otherwise indicated in the relevant Pricing Supplement, Regulation S Notes issued in registered form (other than Australian Domestic Notes) may be evidenced on issue by an Unrestricted Global Certificate which, if held under the NSS will be delivered to a common safekeeper for Euroclear and Clearstream, Luxembourg or, if not held under the NSS, deposited with, and registered in the name of a nominee for, a Common Depositary for Euroclear and Clearstream, Luxembourg. Rule 144A Notes issued in Registered Form will be evidenced on issue by a Restricted Global Certificate deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC.

By acquisition of a beneficial interest in an Unrestricted Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person and is not purchasing for the account or benefit of a U.S. Person and that, prior to the expiration of 40 days after completion of the distribution of the Notes as determined and certified to the Paying Agent by the relevant Dealers (the "**distribution compliance period**"), it will not offer, sell, pledge or otherwise transfer such interest except to a person whom the seller reasonably believes to be a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S.

By acquisition of a beneficial interest in a Restricted Global Certificate, the purchaser thereof will be deemed to represent, among other things, that if it is a U.S. Person (within the meaning of Regulation S), it is a QIB that is also a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions set forth in "***Transfer Restrictions***" and contained in the Agency Agreement.

A beneficial interest in an Unrestricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate in denominations greater than or equal to the minimum denominations applicable to interests in a Restricted Global Certificate and only upon receipt by a Transfer Agent of a written certification (in the form provided in the Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB that is also a QP and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in a Restricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate only upon receipt by the Registrar of a written certification (in the form provided in the Agency Agreement) from the transferor to the effect that the transfer is being made to a non-U.S. Person and in accordance with Regulation S.

Any beneficial interest in an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate will, upon transfer, cease to be an interest in the Unrestricted Global Certificate and become an interest in the Restricted Global Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Restricted Global Certificate for as long as it remains such an interest. Any beneficial interest in a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate will,

upon transfer, cease to be an interest in the Restricted Global Certificate and become an interest in the Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Unrestricted Global Certificate for so long as it remains such an interest.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other permitted clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of such Global Certificate, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "***Overview of the Programme — Selling Restrictions***"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided below, in part for Definitive Notes or, in the case of (i) below, Registered Notes:

(i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such permanent Global Note for Registered Notes;

(ii) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system

is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(iii) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the taxation laws or regulations of its jurisdiction of incorporation which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two authorised signatories of the Issuer is delivered to the Note Trustee.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified Denominations.

Global Certificates

If the Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear, Clearstream, Luxembourg, DTC or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system to the following:

(i) if the Notes represented by the Global Certificate are held on behalf of Euroclear, Clearstream, Luxembourg, DTC or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) with the consent of the Issuer;

provided that, in the case of the first transfer of part of a holding pursuant to (i) above, the registered holder has given the Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer. Where the holding of Notes represented by a Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear, DTC and/or an Alternative Clearing System.

Partial Exchange of Global Notes and Global Certificates

For so long as a permanent Global Note or Global Certificate is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note or Global Certificate will, provided that clearing will be possible, be exchangeable in part on one or more occasions (i) in the case of a permanent Global Note, for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes or (ii) for Definitive Notes or Certificates, as the case may be, if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement or Supplemental Information Memorandum) relating to Partly Paid Notes.

Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange (i) the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent and (ii) the holder of any Global Certificate may, in the case of exchange in full, surrender such Global Certificate. In exchange for any Global Note or Global Certificate, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of (a) a temporary or permanent Global Note exchangeable for Definitive Notes or Certificates and (b) a Global Certificate exchangeable for Certificates, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Information Memorandum, "**Definitive Notes**" means, in relation to any temporary or permanent Global Note, the definitive Bearer Notes for which such temporary or permanent Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the temporary or permanent Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes 5 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendments to Conditions

The Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Information Memorandum. The following is a summary of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any temporary or permanent Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Certificates is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a temporary or permanent Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that temporary or permanent Global Note to or to the order of the

Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each temporary or permanent Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Unrestricted Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or Unrestricted Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) of (*Non-Business Days)*.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the Conditions).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note.

Purchase

Notes represented by a permanent Global Note may only be purchased (if so permitted) by the Issuer if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Options

Any option of the Issuer provided for in the Conditions of any Notes, while such Notes are represented by a permanent Global Note, shall be exercised by the Issuer giving notice to the

Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg and/or DTC (to be reflected in the records of Euroclear, Clearstream, Luxembourg and/or DTC as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

Note Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Note Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such temporary or permanent Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

Partly-Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Information Memorandum, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes or Global Certificates, as the case may be. For so long as any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note or Global Certificate representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes or Certificates, as the case may be. In the event that any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche[, subject only to the deletion of non-applicable provisions,] is set out below:

Pricing Supplement dated [●]

NETWORK RAIL INFRASTRUCTURE FINANCE PLC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "**Notes**")
under the ***£40,000,000,000 Multicurrency Note Programme***

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated [●] [and the supplemental Information Memorandum dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Information Memorandum [as so supplemented].

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") [AND THE NOTES COMPRISE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS]. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")). THIS PRICING SUPPLEMENT HAS BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S [AND WITHIN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" THAT ARE ALSO "QUALIFIED PURCHASERS" AS DEFINED IN SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")] AND FOR LISTING OF THE NOTES ON THE LONDON STOCK EXCHANGE. [PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A]. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE NOTES AND DISTRIBUTION OF THIS PRICING SUPPLEMENT AND THE REMAINDER OF THE INFORMATION MEMORANDUM SEE "SUBSCRIPTION AND SALE" AND "TRANSFER RESTRICTIONS" CONTAINED IN THE INFORMATION MEMORANDUM.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Information Memorandum dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Information Memorandum dated [current date] [and the supplemental Information Memorandum dated [●]], save in respect of the Conditions which are extracted from the Information Memorandum dated [original date] and are attached hereto.]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.*]

1	Issuer:	Network Rail Infrastructure Finance PLC
2	[(i)] Series Number:	[●]
	[(ii) Tranche Number:	[●]
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	
	[(i)] Series:	[●]
	[(ii) Tranche:	[●]]
5	[(i)] Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	[(ii) Net proceeds:	[●] (*Required only for listed issues*)]
6	(i) Specified Denominations:	[*Note - where multiple denominations above €100,000 (or its equivalent in other currencies) are being used the following sample wording should be followed:* *[€100,000] and integral multiples of [€1,000] in excess thereof [up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000]][1].]* *[Note - if Sterling denominated notes are issued consider whether such notes should be denominated at values of £125,000 or £150,000, rather than £100,000. If the Euro is valued at greater than parity to Sterling then issuing notes with a denomination of £100,000 would trigger the retail reporting requirements in the Transparency Obligations Directive.]*
	(ii) Calculation Amount	*[If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor]* *[Note: There must be a common factor in the case of two or more Specified Denominations]*
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●] (*if different from Issue Date*)

[1] Delete if notes being issued are in registered form.

8	Maturity Date:	[*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9	Interest Basis:	[[●]% Fixed Rate] [[*specify reference rate*] +/- [●]% Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (*specify*)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)]
11	Additional Issuer Event of Default:	[*Specify*]
12	Change of Interest or Redemption/Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
13	Call Option:	Issuer Call [(further particulars specified below)]
14	Status of the Notes:	As per Condition 3 (*Status*)
15	Listing:	[Official List of the UK Listing Authority and trading on the London Stock Exchange's Regulated Market/None/Other]
16	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●]% per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv) Broken Amount:	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate*]

(v)	Day Count Fraction (Condition 5(k)):	[●] (*Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars, unless requested otherwise*)
(vi)	Determination Date(s) (Condition 5(k)):	[●] in each year. *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon] (Only relevant where Day Count Fraction is Actual/Actual - ICMA)*
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
18	**Floating Rate Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Interest Period(s):	[●]
(ii)	Specified Interest Payment Dates:	[●]
(iii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
(iv)	Business Centre(s) (Condition 5(k)):	[●]
(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(vi)	Interest Period Date(s):	[Not Applicable/*specify dates*]
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(viii)	Screen Rate Determination (Condition 5(b)(iii)(B)):	
	- Relevant Time:	[●]
	- Interest Determination Date:	[[●] [TARGET] Business Days in *[specify city]* for *[specify currency]* prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
	- Primary Source for Floating Rate:	[*Specify relevant screen page or* "Reference Banks"]
	- Reference Banks (if Primary Source is "Reference Banks"):	[*Specify four*]

	-	Relevant Financial Centre:	[*The financial centre most closely connected to the Benchmark - specify if not London*]
	-	Benchmark:	[*LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark*]
	-	Representative Amount:	[*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
	-	Effective Date:	[*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
	-	Specified Duration:	[*Specify period for quotation if not duration of Interest Accrual Period*]
	(ix)	ISDA Determination (Condition 5(b)(iii)(A)):	
	-	Floating Rate Option:	[●]
	-	Designated Maturity:	[●]
	-	Reset Date:	[●]
	-	ISDA Definitions: (if different from those set out in the Conditions)	[●]
	(x)	Margin(s):	[+/-] [●]% per annum
	(xi)	Minimum Rate of Interest:	[●]% per annum
	(xii)	Maximum Rate of Interest:	[●]% per annum
	(xiii)	Day Count Fraction (Condition 5(k)):	[●]
	(xiv)	Rate Multiplier:	[●]
	(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
19	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Amortisation Yield (Condition 6(b)):	[●]% per annum
	(ii)	Day Count Fraction (Condition 5(k)):	[●]
	(iii)	Any other formula/basis of determining amount payable:	[●]
20	**Index Linked Interest Note**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-*)

	Provisions		*paragraphs of this paragraph*)
	(i)	Rate of Interest:	[●]% per annum
	(ii)	Base Index Figure:	[●]
	(iii)	Index Figure	[Paragraph (i) of the definition of "Index" or "Index Figure" in Condition 9(a) applies]/[Paragraphs (ii) and (iii) of the definition of "Index" or "Index Figure" in Condition 9(a) apply]
	(iv)	Reference Gilt:	[●]
	(v)	Calculation Agent responsible for calculating the interest due:	[●]
	(vi)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[●]
	(vii)	Interest Period(s):	[●]
	(viii)	Specified Interest Payment Dates:	[●]
	(ix)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(x)	Business Centre(s) (Condition 5(k)):	[●]
	(xi)	Minimum Rate of Interest:	[●]% per annum
	(xii)	Maximum Rate of Interest:	[●]% per annum
	(xiii)	Day Count Fraction (Condition 5(k)):	[●]
21	**Dual Currency Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate of Exchange/Method of calculating Rate of Exchange:	[*Give details*]
	(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[●]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

	(v)	Day Count Fraction (Condition 5(k)):	[●]

PROVISIONS RELATING TO REDEMPTION

22	**Call Option**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Note of [●] specified denomination
	(iii)	If redeemable in part:	
		(a) Minimum nominal amount to be redeemed:	[●]
		(b) Maximum nominal amount to be redeemed:	[●]
	(iv)	Option Exercise Date(s):	[●]
	(v)	Description of any other Issuer's option:	[●]
	(vi)	Notice period (if other than as set out in the Conditions):	[●]
23	**Final Redemption Amount of each Note**		[[●] per Note of [●] specified denomination/Other/See Appendix]
24	**Early Redemption Amount**		
	(i)	Early Redemption Amount(s) of each Note payable on:	
		(a) redemption for taxation reasons (Condition 6(c));	[●]
		(b) an FI Provider Event of Default (Condition 11);	[●]
		(c) an Issuer Event of Default (Condition 11); or	[●]
		(d) a Cross Acceleration Event of Default (Condition 11),	[●]
		and/or the method of calculating the same (if required or if different from that set out in the Conditions):	
	(ii)	Redemption for taxation reasons permitted on days other than Interest Payment	[Yes/No]

	Dates (Condition 6(c)):	
	(iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 7(f)):	[Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	[Bearer Notes/Exchangeable Bearer Notes/Restricted Registered Notes/Unrestricted Registered Notes/Australian Domestic Notes]
	New Global Note:[1]	[Yes] [No]
	(i) Temporary or permanent global Note/Global Certificate:	[temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes/Registered Notes [on [●] days' notice/at any time/][2]in the limited circumstances specified in the permanent Global Note] [temporary Global Note/Certificate exchangeable for Definitive Notes on [●] days' notice][3] [permanent Global Note exchangeable for Definitive Notes/Registered Notes [on [●] days' notice/at any time/][4]in the limited circumstances specified in the permanent Global Note] [Global Certificate exchangeable for Certificates in the limited circumstances specified in the Global Certificate]
	(ii) Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
26	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	[Not Applicable/*Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which item 17(ii), 18(iv) and 20(vii) relate*]]
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]

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[1] The "yes" option in respect of the "New Global Note" option should only be chosen if the "Yes" option has been chosen in respect of the item "Intended to be held in a manner which would allow Eurosystem Eligibility" under the heading "Operational Information" below. The "New Global Note" option is only applicable to certain issues of Bearer Notes.

[2] Applicable only to Notes exchangeable for Registered Notes.

[3] If the Temporary Global Note is exchangeable for definitives at the option of the holder, the Notes shall be tradeable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in paragraph 6 and multiples thereof.

[4] Applicable only to Notes exchangeable for Registered Notes.

28	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
29	Details relating to Instalment Notes:	[Not Applicable/*give details*]
	(i) Instalment Amount(s):	[●]
	(ii) Instalment Date(s):	[●]
	(iii) Minimum Instalment Amount:	[●]
	(iv) Maximum Instalment Amount:	[●]
30	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
31	Consolidation provisions:	[Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
32	Selling Restrictions:	[Rule 144A]/[Section 3(c)(7)]/[Regulation S Category 2]/[Other]
33	Other terms or special conditions[1]:	[Not Applicable/*give details*]

DISTRIBUTION

34	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager (if any):	[Not Applicable/*give name*]
	(iii) Dealer's Commission:	[●]
35	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
36	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

37	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No] [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs[2] as common safekeeper[, and

[1] If full terms and conditions are to be used, please add the following here:

"The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Information Memorandum for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary."

The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the pricing supplement.

[2] The International Central Securities Depositories (i.e. Euroclear S.A./N.V and Clearstream Banking, *société anonyme*).

		registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra- day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][*Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form*]
38	ISIN Code:	[●]
39	Common Code:	[●]
40	CUSIP	[●]
41	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
42	Delivery:	Delivery [against/free of] payment
43	The Agents appointed in respect of the Notes are:	[●]

GENERAL

44	Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 12(a):	[Not Applicable/*give details*]

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the £40,000,000,000 Multicurrency Note Programme of Network Rail Infrastructure Finance PLC.

STABILISING

In connection with this issue of Notes, [*insert name of Stabilising Manager(s)*] (the "**Stabilising Manager(s)**") (or persons acting on behalf of the Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of this issue of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of this issue of Notes. Any stabilisation action or over-allotment must be conducted by the relevant

Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.][1]

Signed on behalf of the Issuer:

By: _____
Duly authorised

[1] Stabilisation is not permitted in connection with an issue of Australian Domestic Notes and this paragraph should not be included.

UNITED KINGDOM TAXATION

The comments below are of a general nature based on current United Kingdom tax law and HM Revenue and Customs practice (which may not be binding on HM Revenue and Customs) and are not intended to be exhaustive. Prospective Noteholders should consult their professional advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes whether from the Issuer or from the FI Provider under the Financial Indemnity and the consequences of such actions under the tax laws of those countries. This summary is based upon the laws as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date.

UK withholding tax on UK source interest

Notes listed on a recognised stock exchange

The Notes issued will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the UK Listing Authority and are admitted to trading on the London Stock Exchange. HM Revenue and Customs has also confirmed that Notes issued by a company and carrying a right to interest which are admitted to trading on the London Stock Exchange's Professional Securities Market satisfy the condition of being admitted to trading on the London Stock Exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom tax.

All Notes

In all other cases, interest will generally be paid by the Issuer under deduction of income tax at the basic rate, subject to the availability of other reliefs or to any direction to the contrary from HM Revenue and Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

However, this withholding will not apply if the relevant interest is paid on the Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

Other rules relating to UK withholding tax

Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined below.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above and reporting requirements as outlined below.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" in this section mean "interest" as understood in United Kingdom tax law. The statements above and below do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Pricing Supplement of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Payments in respect of the Financial Indemnity

If the FI Provider makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be subject to United Kingdom withholding tax at the basic rate, subject to the availability of other reliefs or to any direction to the contrary from HM Revenue and Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Provision of information

Noteholders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

For the above purposes, "interest" should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" as defined for the purposes of Schedule 23, Finance Act 2011 (although, in this regard, HMRC published guidance for the year 2013/2014 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

EU Directive on the Taxation of Savings Income

The European Union has adopted Directive 2003/48/EC 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 or other similar income paid by a person established within its

jurisdiction to or for the benefit of an individual or 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 dependent or associated territories of certain Member States have adopted similar measures to the Directive.

AUSTRALIAN TAXATION

The following is a summary of the Australian taxation treatment at the date of this Information Memorandum of payments on the Australian Domestic Notes and certain other matters. It is a general guide and should be treated with appropriate caution. It may be amended, replaced or qualified (whether in part or in whole) in relation to a particular issue of Australian Domestic Notes in the applicable Pricing Supplement.

Prospective holders of Australian Domestic Notes should consult their professional advisers on the tax implications of an investment in the Australian Domestic Notes. Australian residents or non-residents acting at or through a permanent establishment in Australia should also consult their professional advisers on the tax implications of an investment in other Notes.

Interest withholding tax

So long as the Issuer continues to be a non-resident of Australia and the Australian Domestic Notes issued by it are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under Australian Domestic Notes issued by it should not be subject to Australian interest withholding tax.

Other tax matters

Under Australian laws as presently in effect:

(a) **death duties:** no Australian Domestic Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;

(b) **stamp duty and other taxes:** no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Australian Domestic Notes;

(c) **other withholding taxes on payments in respect of Australian Domestic Notes:** so long as the Issuer continues to be a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Income Tax Assessment Act 1936 and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("**Taxation Administration Act**") should not apply in connection with Australian Domestic Notes issued by the Issuer;

(d) **supply withholding tax:** payments in respect of the Australian Domestic Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act;

(e) **goods and services tax (GST):** neither the issue nor receipt of the Australian Domestic Notes will give rise to a liability for GST in Australia on the basis that the supply of Australian Domestic Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Australian Domestic Notes, would give rise to any GST liability in Australia; and

(f) **taxation of financial arrangements:** Division 230 of the Income Tax Assessment Act 1997 (Cth) ("**Australian Tax Act**") contains tax-timing rules for certain taxpayers to bring to account gains and losses from "financial arrangements".

The rules do not apply to certain taxpayers or in respect of certain short term "financial arrangements". They should not, for example, generally apply to holders of Australian Domestic Notes which are individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their "financial arrangements". Potential holders of Australian Domestic Notes should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made.

The rules in Division 230 do not apply to impose interest or other withholding taxes on payments in respect of the Australian Domestic Notes issued by the Issuer.

UNITED STATES TAXATION

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROGRAMME IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Pricing Supplement may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with initial purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent. or more of the voting stock of the Issuer, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Pricing Supplement.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are

partnerships should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

Bearer Notes (including Exchangeable Bearer Notes while in bearer form) are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Treatment of Notes Treated as Debt

The following summary assumes that the Notes are properly treated as debt for U.S. federal income tax purposes. The U.S. federal income tax consequences of owning Notes that are not treated as debt for U.S. federal income tax purposes will be discussed in the applicable Pricing Supplement

Payments of Interest

Interest on a Note, including Additional Amounts, if any, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "**foreign currency**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "Original Issue Discount — General"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and OID, if any, accrued with respect to the Notes (as described below under "Original Issue Discount") generally will constitute income from sources outside the United States.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount ("**OID**").

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a de minimis amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**installment obligation**") will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of

complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest." A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "Variable Interest Rate Notes"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "acquisition premium") and that does not make the election described below under "Election to Treat All Interest as Original Issue Discount", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Fungible Issue

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an installment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "de minimis market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to

which the election applies. This election may not be revoked without the consent of the Internal Revenue Service (the "**IRS**"). A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Note by more than a specified de minimis amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's

term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note's stated principal amount) in excess of a specified de minimis amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest

Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. See “Contingent Payment Debt Instruments” below for a discussion of the U.S. federal income tax treatment of such Notes.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortisable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to that year. Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “Original Issue Discount — Election to Treat All Interest as Original Issue Discount”.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “Original Issue Discount — General,” with certain modifications. For purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortisable bond premium (described above under “Notes Purchased at a Premium”) or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “Market Discount” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Contingent Payment Debt Instruments

Certain Series or Tranches of Notes may be treated as "contingent payment debt instruments" for U.S. federal income tax purposes ("**Contingent Notes**"). Under applicable U.S. Treasury regulations, interest on Contingent Notes will be treated as "original issue discount", and must be accrued on a constant-yield basis based on a yield to maturity that reflects the rate at which the Issuer would issue a comparable fixed-rate non-exchangeable instrument (the "**comparable yield**"), in accordance with a projected payment schedule. This projected payment schedule must include each non-contingent payment on the Contingent Notes and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuer is required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on Contingent Notes. This schedule must produce the comparable yield.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE WILL NOT BE DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF CONTINGENT NOTES FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND WILL NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF THE NOTES.

The use of the comparable yield and the calculation of the projected payment schedule will be based upon a number of assumptions and estimates and will not be a prediction, representation or guarantee of the actual amounts of interest that may be paid to a U.S. Holder or the actual yield of the Contingent Notes. A U.S. Holder will generally be bound by the comparable yield and the projected payment schedule determined by the Issuer, unless the U.S. Holder determines its own comparable yield and projected payment schedule and explicitly discloses such schedule to the IRS, and explains to the IRS the reason for preparing its own schedule. The Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

A U.S. Holder of a Contingent Note will generally be required to include OID in income pursuant to the rules discussed in the third paragraph under "Original Issue Discount – General", above, applied to the projected payment schedule. The "adjusted issue price" of a Contingent Note at the beginning of any accrual period is the issue price of the Note increased by the amount of accrued OID for each prior accrual period, and decreased by the projected amount of any payments on the Note. No additional income will be recognised upon the receipt of payments of stated interest in amounts equal to the annual payments included in the projected payment schedule described above. Any differences between actual payments received by the U.S. Holder on the Notes in a taxable year and the projected amount of those payments will be accounted for as additional interest (in the case of a positive adjustment) or as an offset to interest income in respect of the Note (in the case of a negative adjustment), for the taxable year in which the actual payment is made. If the negative adjustment for any taxable year exceeds the amount of OID on the Contingent Note for that year, the excess will be treated as an ordinary loss, but only to the extent the U.S. Holder's total OID inclusions on the Contingent Note exceed the total amount of any ordinary loss in respect of the Contingent Note claimed by the U.S. Holder under this rule in prior taxable years. Any negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. However, any negative adjustment that is carried forward to a taxable year in which the Contingent Note is sold, exchanged

or retired, to the extent not applied to OID accrued for such year, reduces the U.S. Holder's amount realized on the sale, exchange or retirement.

Purchase, Sale and Retirement of Notes

Notes other than Contingent Notes

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "Original Issue Discount — Market Discount" or "Original Issue Discount — Short Term Notes" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Contingent Notes

Gain from the sale or retirement of a Contingent Note will be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total interest inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a U.S. Holder on the sale or retirement of a Contingent Note will generally be foreign source.

A U.S. Holder's tax basis in a Contingent Note will generally be equal to its cost, increased by the amount of interest previously accrued with respect to the Note (determined without regard to any positive or negative adjustments reflecting the difference between actual payments and projected payments), increased or decreased by the amount of any positive or negative adjustment that the Holder is required to make to account for the difference between the Holder's purchase price for the Note and the adjusted issue price of the Note at the time of the purchase, and decreased by the amount of any projected payments scheduled to be made on the Note to the U.S. Holder through such date (without regard to the actual amount paid).

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign

currency. On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Foreign Currency Contingent Notes

Special rules apply to determine the accrual of OID, and the amount, timing, source and character of any gain or loss on a Contingent Note that is denominated in, or determined by reference to, a foreign currency (a "**Foreign Currency Contingent Note**"). The rules applicable to Foreign Currency Contingent Notes are complex, and U.S. Holders are urged to consult their tax advisers concerning the application of these rules.

Under these rules, a U.S. Holder of a Foreign Currency Contingent Note will generally be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Note is denominated (i) at a yield at which the Issuer would issue a fixed rate debt instrument denominated in the same foreign currency with terms and conditions similar to those of the Foreign Currency Contingent Note, and (ii) in accordance with a projected payment schedule determined by the Issuer, under rules similar to those described above under "Contingent Payment Debt Instruments". The amount of OID on a Foreign Currency Contingent Note that accrues in any accrual period will be the product of the comparable yield of the Foreign Currency Contingent Note (adjusted to reflect the length of the accrual period) and the adjusted issue price of the Foreign Currency Contingent Note. The adjusted issue price of a Foreign Currency Contingent Note will generally be determined under the rules described above, and will be denominated in the foreign currency of the Foreign Currency Contingent Note.

OID on a Foreign Currency Contingent Note will be translated into U.S. dollars under translation rules similar to those described above under "Foreign Currency—Interest". Any positive adjustment (i.e. the excess of actual payments over projected payments) in respect of a Foreign Currency Contingent Note for a taxable year will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account, or if earlier, the date on which the Foreign Currency Contingent Note is disposed of. The amount of any negative adjustment on a Foreign Currency Contingent Note (i.e. the excess of projected payments over actual payments) that is offset against accrued but unpaid OID will be translated into U.S. dollars at the same rate at which the OID was accrued. To the extent a net negative adjustment exceeds the amount of accrued but unpaid OID, the negative adjustment will be treated as offsetting OID that has accrued and been paid on the Foreign Currency Contingent Note, and will be translated into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was issued. Any net negative adjustment carry forward will be carried forward in the relevant foreign currency.

Sale or Retirement

Notes other than Foreign Currency Contingent Notes. As discussed above under "Purchase, Sale and Retirement of Notes", a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Notes traded on an

established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Foreign Currency Contingent Notes. Upon a sale, exchange or retirement of a Foreign Currency Contingent Note, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's tax basis in the Foreign Currency Contingent Note, both translated into U.S. dollars as described below. A U.S. Holder's tax basis in a Foreign Currency Contingent Note will equal (i) the cost thereof (translated into U.S. dollars at the spot rate on the issue date), (ii) increased by the amount of OID previously accrued on the Foreign Currency Contingent Note (disregarding any positive or negative adjustments and translated into U.S. dollars using the exchange rate applicable to such OID) and (iii) decreased by the projected amount of all prior payments in respect of the Foreign Currency Contingent Note. The U.S. dollar amount of the projected payments described in clause (iii) of the preceding sentence is determined by (i) first allocating the payments to the most recently accrued OID to which prior amounts have not already been allocated and translating those amounts into U.S. dollars at the rate at which the OID was accrued and (ii) then allocating any remaining amount to principal and translating such amount into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was acquired by the U.S. Holder. For this purpose, any accrued OID reduced by a negative adjustment carry forward will be treated as principal.

The amount realized by a U.S. Holder upon the sale, exchange or retirement of a Foreign Currency Contingent Note will equal the amount of cash and the fair market value (determined in foreign currency) of any property received. If a U.S. Holder holds a Foreign Currency Contingent Note until its scheduled maturity, the U.S. dollar equivalent of the amount realized will be determined by separating such amount realized into principal and one or more OID components, based on the principal and OID comprising the U.S. Holder's basis, with the amount realized allocated first to OID (and allocated to the most recently accrued amounts first) and any remaining amounts allocated to principal. The U.S. dollar equivalent of the amount realized upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Note will be determined in a similar manner, but will first be allocated to principal and then any accrued OID (and will be allocated to the earliest accrued amounts first). Each component of the amount realized will be translated into U.S. dollars using the exchange rate used with respect to the corresponding principal or accrued OID. The amount of any gain realized upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Note will be equal to the excess of the amount realized over the holder's tax basis, both expressed in foreign currency, and will be translated into U.S. dollars using the spot rate on the payment date.

Gain from the sale or retirement of a Foreign Currency Contingent Note will generally be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total OID inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realized by a U.S. Holder on the sale or retirement of a Foreign Currency Contingent Note will generally be foreign source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Foreign Currency Contingent Notes.

A U.S. Holder will also recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the receipt of foreign currency in respect of a Foreign Currency Contingent Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to the principal or accrued OID to which such payment relates.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

In general, payments of interest and accruals of OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments, including payments of OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Foreign Financial Asset Reporting

U.S. Holder may be subject to reporting requirements on the holding of certain foreign financial assets, including debt or equity of foreign entities, if the aggregate value of all of these assets exceeds $50,000 at the end of the taxable year or $75,000 at any time during the taxable year. These thresholds are higher for individuals living outside of the United States and married couples filing jointly. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are held in an account at a financial institution. U.S. Holders should consult their tax advisors regarding the application of the reporting rules for specified foreign financial assets.

CERTAIN ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") imposes fiduciary standards and certain other requirements on employee benefit plans subject to Title I of ERISA (collectively, "**ERISA Plans**"), including collective investment funds, separate accounts, and other entities or accounts whose underlying assets are treated as assets of such plans pursuant to the United States Department of Labor "plan assets" regulation, 29 CFR Section 2510.3-101, as modified by section 3(42) of ERISA (the "**Plan Assets Rules**"), and on those persons who are fiduciaries with respect to ERISA Plans.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption applies to the transaction. In particular, an extension of credit between a Plan and a "party in interest" or "disqualified person" may constitute a prohibited transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes or other liabilities under ERISA and the Code.

In addition, under a "look-through rule" set forth in the Plan Assets Rules, if a Plan invests in an "equity interest" of an entity and no other exception applies, the Plan's assets may include both the equity interest and an undivided interest in each of the entity's underlying assets. This rule will only apply where equity participation in an entity by benefit plan investors is "significant." Equity participation by benefit plan investors is generally significant if 25 per cent. or more of the value of any class of equity interest in the entity is held by benefit plan investors. An equity interest does not include debt (as determined by applicable local law) which does not have substantial equity features. The term "benefit plan investor" includes (a) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a "plan" described in Section 4975(e)(1) of the Code to which Section 4975 of the Code applies, or (c) any entity whose underlying assets include, or are deemed to include, "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity. Where the value of a Plan's equity interest in an entity relates solely to identified property of the entity, such property is treated as the sole property of a separate entity. No assurance can be given that an investment by a Plan in the Notes would not give rise to a prohibited transaction under the applicable provisions of ERISA and the Code. Accordingly, the Notes should not be acquired by any benefit plan investor.

BY ITS PURCHASE AND HOLDING OF A NOTE OR ANY INTEREST THEREIN, THE PURCHASER AND/OR HOLDER THEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED AT THE TIME OF ITS PURCHASE AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN THAT (1) IT IS NOT AND IS NOT ACTING ON BEHALF OF (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF ERISA, SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN SECTION 4975(E)(1) OF THE CODE TO WHICH SECTION 4975 OF THE CODE APPLIES, OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "BENEFIT PLAN INVESTOR") AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY SUCH NOTE OR ANY INTEREST THEREIN TO ANY PERSON WITHOUT FIRST OBTAINING THE SAME FOREGOING REPRESENTATION AND WARRANTY FROM THAT PERSON.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 29 October 2004, (as amended and supplemented from time to time, the "**Dealer Agreement**"), between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers or such other Dealers as may be appointed from time to time in respect of any Series pursuant to the Dealer Agreement. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer has agreed to pay the commissions as agreed between itself and the relevant Dealer(s) in respect of each issue of Notes on a syndicated basis or otherwise. Such commissions (if any) will be stated in the dealer confirmation or subscription agreement, as the case may be.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

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, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Notes and Exchangeable Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that, except as permitted by the Dealer Agreement, it has not offered, sold or, in the case of bearer notes, delivered and will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of Notes of which such Notes are a part, as determined and certified to the Issuer and each relevant Dealer by the Issuing and Paying Agent or, in the case of a syndicated issue, the lead manager in respect of such Tranche (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the Distribution Compliance Period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to persons whom they reasonably believe are QIBs and QPs who can represent that (a) they are QIBs who are also QPs, (b) they are not broker-dealers who own and invest on a discretionary basis less than $25 million in securities of unaffiliated issuers, (c) they are not a participant-directed employee benefit plan, such as a 401(k) plan, (d) they are acting for their own account, or the account of one or more QIBs each of which is a QP, (e) they were not formed for the purpose of investing in the Issuer or the Notes, (f) they, and each account for which they are purchasing, will hold and transfer at least $200,000 in principal amount of Rule 144A Notes at any time, (g) they understand that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositaries, and (h) they will provide notice of the transfer restrictions set forth in this Information Memorandum to any subsequent transferees.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

United Kingdom

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

(i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) 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;

(ii) 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

(iii) 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.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of the Commonwealth of Australia ("**Corporations Act**")) in relation to the Programme or any Notes has been or will be lodged with ASIC or ASX. In respect of Notes to be issued in Australia, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be

required to represent and agree that, unless the relevant Pricing Supplement (or another supplement to any Information Memorandum) otherwise provides, it:

(i) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(ii) has not distributed or published, and will not distribute or publish, any Information Memorandum or other offering material or advertisement relating to any Notes in Australia,

unless (a) the aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in any other currency, and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act (b) such action complies with all applicable laws, regulations and directives (including that the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act) and (c) such action does not require any document to be lodged with ASIC or ASX.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Information Memorandum.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Information Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands the Information Memorandum or any Pricing Supplement comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Each Dealer has agreed that it will use its best endeavours to comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Information Memorandum, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale or other transfer offered hereby.

Rule 144A Notes

Each purchaser of Rule 144A Notes, in the form of Restricted Global Certificates or otherwise, by accepting delivery of this Information Memorandum and the Rule 144A Notes, will be deemed to have represented, agreed and acknowledged that:

(1) If it is a U.S. Person within the meaning of Regulation S, it is (a) a QIB that is also a QP, (b) not a broker-dealer which owns and invests on a discretionary basis less than $25 million in securities of unaffiliated issuers, (c) not a participant-directed employee plan, such as a 401(k) plan, (d) acquiring such Notes for its own account, or for the account of one or more QIBs each of which is also a QP, (e) not formed for the purpose of investing in the Notes or the Issuer, and (f) aware, and each beneficial owner of such Notes has been advised, that the seller of such Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

(2) It will, (a) along with each account for which it is purchasing, hold and transfer beneficial interests in the Restricted Global Certificates in a principal amount that is not less than $200,000 and (b) provide notice of these transfer restrictions to any subsequent transferees. In addition, it understands that the Issuer may receive a list of participants holding positions in the Issuer's securities from one or more book-entry depositaries.

(3) It understands that the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB that is also a QP purchasing for its own account or for the account of one or more QIBs, each of which is also a QP or (b) to a non-U.S. Person within the meaning of Regulation S in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State or other jurisdiction of the United States.

(4) It understands that the Issuer has the power to compel any beneficial owner of an interest in Rule 144A Notes that is a U.S. Person and is not a QIB and a QP to sell its interest in the Rule 144A Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honour the transfer of an interest in the Rule 144A Notes to a U.S. Person who is not a QIB and a QP.

(5) It understands and acknowledges that its purchase and holding of such Notes or any interest therein constitutes a representation and agreement by it that at the time of its purchase and throughout the period in which it holds such Notes or any interest therein (a) it is not and is not acting on behalf of (i) an "employee benefit plan" as described in Section 3(3) of ERISA, subject to the provisions of Title I of ERISA, (ii) a "plan" described in Section 4975(e)(1) of the Code, to which Section 4975 of the Code applies, or (iii) any entity whose underlying assets include, or are deemed to include, plan assets by reason of such employee benefit plan's or plan's investment in the entity (any of the foregoing, a "Benefit Plan Investor") and (b) it will not sell or otherwise transfer any such Note or interest therein to any person without first obtaining these same foregoing representations and warranties from that person.

(6) It understands that the Restricted Global Certificates and any definitive Notes issued in respect thereof, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") THAT IS A QUALIFIED PURCHASER ("**QP**") WITHIN THE MEANING OF SECTION 2(a)(51) OF THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS EACH OF WHICH IS A QP WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, AND IN AN AMOUNT FOR EACH ACCOUNT OF NOT LESS THAN $200,000 PRINCIPAL AMOUNT OF NOTES OR (2) IN AN OFFSHORE TRANSACTION TO A PERSON WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF ANY NOTES OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THIS NOTE, THE TRUSTEE OR ANY INTERMEDIARY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

IF THE BENEFICIAL OWNER HEREOF IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S, SUCH BENEFICIAL OWNER REPRESENTS THAT (1) IT IS A QIB THAT IS ALSO A QP; (2) IT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN $25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (3) IT IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN; (4) IT IS HOLDING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, EACH OF WHICH IS A QP; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THIS NOTE; (6) IT, AND EACH ACCOUNT FOR WHICH IT IS PURCHASING, WILL HOLD AND TRANSFER AT LEAST $200,000 IN PRINCIPAL AMOUNT OF THE NOTES AT ANY TIME; (7) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES AND (8) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES.

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB AND A QP, THE ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS NOTE TO A PERSON WHO IS (I) A U.S. PERSON WHO IS A QIB AND A QP

THAT IS, IN EACH CASE, OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THIS NOTE TO THE ISSUER OR AN AFFILIATE OF THE ISSUER OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A U.S. PERSON WHO IS NOT A QIB AND A QP. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

EACH BENEFICIAL OWNER HEREOF REPRESENTS AND WARRANTS THAT FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) IT IS NOT AND IS NOT ACTING ON BEHALF OF (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN SECTION 4975(E)(1) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), TO WHICH SECTION 4975 OF THE CODE APPLIES, OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "BENEFIT PLAN INVESTOR") AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY NOTES TO ANY PERSON WITHOUT FIRST OBTAINING THE SAME FOREGOING REPRESENTATIONS, WARRANTIES AND COVENANTS FROM THAT PERSON.

THE ISSUER MAY COMPEL EACH BENEFICIAL OWNER OF THIS NOTE THAT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S TO CERTIFY PERIODICALLY THAT SUCH BENEFICIAL OWNER IS A QIB AND A QP.

(7) It acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer and the Dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

(8) It understands that before any interest in a Rule 144A Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Regulation S Notes outside the United States, by accepting delivery of this Information Memorandum and the Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time Regulation S Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. Person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

(2) It understands that the Regulation S Notes have not been and will not be registered under the Securities Act and, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP or (b) to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that before any interest in a Regulation S Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(4) It understands and acknowledges that its purchase and holding of such Notes and any interest therein constitutes a representation and agreement by it that at the time of its purchase and throughout the period it holds such Notes or any interest therein (a) it is not and is not acting on behalf of (i) an "employee benefit plan" as described in Section 3(3) of ERISA, subject to the provisions of Title I of ERISA, (ii) a "plan" described in Section 4975(e)(1) of the Code, to which Section 4975 of the Code applies, or (iii) any entity whose underlying assets include, or are deemed to include, plan assets by reason of such employee benefit plan's or plan's investment in the entity (any of the foregoing, a "Benefit Plan Investor") and (b) it will not sell or otherwise transfer any such Note or interest therein to any person without first obtaining these same foregoing representations and warranties from that person.

(5) It acknowledges that the Issuer, the Registrar, the Dealers and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agree that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

GENERAL INFORMATION

(i) The admission of the Notes to the Official List and the listing of the Notes on the Market will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued upon application to the UK Listing Authority and the London Stock Exchange and upon submission of a listing application form, the relevant Pricing Supplement and such other information as required by the UK Listing Authority and the London Stock Exchange, subject only to the issue of a Global Note or Global Certificate (or one or more Certificates) initially representing the Notes of such Tranche.

(ii) The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme and the increase in the limit of the Programme. The establishment of the Programme, the increase in the limit of the Programme and the issue of the Notes were authorised by resolutions of the board of directors of the Issuer passed on 8 October 2004, 8 July 2005, 4 July 2006, 22 May 2007, 20 May 2008, 21 May 2009, 26 May 2010, 26 May 2011, 21 May 2012 and 20 May 2013 respectively.

(iii) There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since 31 March 2013 (being the date of its most recent audited accounts).

(iv) The Issuer is not, nor has it, been involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the Issuer's financial position nor is the Issuer aware that any such proceedings are pending or threatened.

(v) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon and Exchangeable Bearer Note issued under the D Rules will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

(vi) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems, and through DTC. The Common Code, the International Securities Identification Number (ISIN), the CUSIP Number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.

(vii) Prior to the maturity of the Notes, the UK may become a participating member state in the Economic and Monetary Union and the euro may become the lawful currency of the UK. Adoption of the euro by the UK may have the result that: (a) all amounts payable in respect of sterling denominated Notes may become payable in euro; (b) the introduction of the euro as the lawful currency of the United Kingdom results in the disappearance of published or displayed rates for deposits in sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed; and (c) the Issuer chooses to redenominate the sterling denominated Notes into euro and take additional measures in respect of such Notes. The introduction of the euro could also be

accompanied by a volatile interest rate. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom will have on investors in the Notes.

(viii) From the date of this Information Memorandum and for so long as any listed Notes remain outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and at the specified office of the Issuing and Paying Agent:

(a) the Trust Deed (which includes the form of the Global Notes, the Global Certificate, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

(b) the Deed Poll;

(c) the Dealer Agreement;

(d) the Agency Agreement;

(e) the Australian Registry Services Agreement;

(f) the Issuer – ICSD Agreement;

(g) the Financial Indemnity;

(h) the Security Trust Deed;

(i) the Deed of Charge;

(j) a copy of this Information Memorandum together with any supplement to it; and

(k) each Pricing Supplement for Notes which are listed on the Official List and admitted to trading on the Market.

(ix) Financial statements of the Issuer have been prepared for the period from 1 April 2011 to 31 March 2012, and 1 April 2012 to 31 March 2013.

(x) The structure of the transaction and, *inter alia*, the issue of the Notes and ratings assigned to the Notes are based on law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law, tax and administrative practice. No assurance can be given that there will not be any change to such law, tax or administrative practice after the date of this document which change might impact on the Notes and the expected payments of interest and repayment of principal.

APPENDIX (INDEX OF DEFINED TERMS)

Registered office of the Issuer
Kings Place
90 York Way
London N1 9AG

Note Trustee and Security Trustee

HSBC Trustee (C.I.) Limited
HSBC House
Esplanade
St Helier
Jersey JE1 1GT

Issuing and Paying Agent, Transfer Agent, Calculation Agent, Security Trustee Calculation Agent and Account Bank

HSBC Bank plc
8 Canada Square
London E14 5HQ

Registrar

HSBC Bank USA, National Association
452 Fifth Avenue
New York
NY 10018-2706
USA

Legal Advisers

To the Dealers in respect of English and United States law

SNR Denton
Millennium Bridge House
London EC4V 4AJ

To the Issuer in respect of English and United States law

Clifford Chance
10 Upper Bank Street
London, E14 5JJ

To the Note Trustee and the Security Trustee in respect of English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ

To the Issuer in respect of Australian law

King & Wood Mallesons
Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

To the Secretary of State in respect of English law

Allen & Overy LLP
One Bishops Square
London E1 6AO