

Network Rail Limited (the “Company”)

Terms of Reference

for

the Treasury Committee of the Board

Membership

- 1 The Treasury Committee shall be appointed by the Board and shall comprise at least two members.
- 2 The Treasury Committee shall comprise at least two non-executive directors. The members of the Treasury Committee shall be named in the Company’s annual report.
- 3 The Board shall appoint one of the members of the Treasury Committee to be its chairman and, subject to the normal periodic re-election of directors, shall determine the period for which the chairman and other members of the Treasury Committee shall hold office.
- 4 The Company Secretary of the Company shall act as secretary of the Treasury Committee (the “**Secretary**”).

Proceedings of the Treasury Committee

- 5 The Treasury Committee shall meet formally at least two times a year and otherwise on such occasions as the Board may request. In addition, a meeting of the Treasury Committee may be convened by any of its members or the Secretary if they consider it necessary.
- 6 The quorum for transaction of business by the Treasury Committee shall be two members of the Treasury Committee.
- 7 The Group Finance Director and senior executives responsible for the Treasury function within the Company and the Secretary will normally attend meetings of the Treasury Committee by invitation of the Treasury Committee. Other members of the Board of the Company shall also attend if invited by the Treasury Committee.
- 8 The Treasury Committee shall operate by majority decision. In the case of an equality of votes, the chairman of the Treasury Committee shall be entitled to an additional or casting vote in addition to any other vote he may have.
- 9 Notice of each meeting of the Treasury Committee (confirming the venue, date and time, and an agenda of business to be discussed) shall, unless agreed by all concerned, be sent to each member, all other non-executive

directors and any other invitees not less than three working days before the meeting.

- 10 The Secretary shall maintain a written record of the proceedings and decisions of the Treasury Committee that shall be circulated to all members of the Board.
- 11 The chairman of the Treasury Committee shall:
 - a) report the results of the Treasury Committee meeting to the next appropriate meeting of the Board (to the extent deemed appropriate by the chairman of the Treasury Committee);
 - b) attend the Annual General Meeting and so far as reasonably possible any other meeting of the membership of the Company to answer questions through the Chairman of the Board on the Treasury Committee's activities and responsibilities.
- 12 The Treasury Committee shall conduct an annual review of the work of and the members of the Treasury Committee and these terms of reference and make recommendations to the Board.
- 13 The Treasury Committee's duties and activities during the preceding financial year shall be disclosed in the Company's annual financial statements.

Authority of the Treasury Committee

- 14 The Treasury Committee is authorised by the Board of the Company to:
 - a) at the Company's expense directly employ the services of such external legal or other professional advisors, or otherwise commission such reports and surveys as it deems necessary to fulfil its responsibilities;
 - b) investigate any activity within its terms of reference;
 - c) invite such persons to its meetings as the Treasury Committee considers appropriate;
 - d) seek such information from the Company and its directors and employees (all employees being directed to co-operate with any such request by the Treasury Committee), as it deems necessary in order to fulfil its role.

The role of the Treasury Committee

- 15 The Treasury Committee shall exercise the powers and discretions described in paragraphs 15.1 to 15.4 below.

15.1 General

15.1.1 The Treasury Committee is required to review and satisfy itself as to:

(i) having regard to the general business needs of the Company the appropriateness of proposed treasury transactions including:

- Banking (including bank relationships)
- Cash Management
- Debt Raising (including Securitisation)
- Debt Management (including rating agency and investor interface)
- Investment Management
- Treasury Risk Management

(ii) the effective implementation of the Group's financing strategy.

15.1.2 The Treasury Committee shall consider and (as applicable) approve or recommend strategies and policies in relation to areas of treasury management including (but not limited to):

- hedging and management of interest rate, inflation, currency, credit and commodity exposures;
- financing opportunities (including developments in debt capital markets);
- rating agency developments;
- liquidity management and forecasting;
- investor relations;
- bank relationships; and
- treasury internal control and governance policies including changes to the Treasury Policies Manual.

15.1.3 The Treasury Committee shall approve the use of financial instruments designed to implement or maintain the Group's energy hedging strategy, including the use of energy derivatives.

15.1.4 The Treasury Committee may investigate or advise on these or any related matters that are referred to it or as may appear to it to be necessary.

15.2 Internal control

The Treasury Committee shall:

- (a) review the Treasury function's financial reporting and internal control procedures (including financial, operational and compliance controls and risk management relating to the work of the Treasury function) prior to endorsement of such procedures by the Board;
- (b) consider the current areas of greatest corporate funding risk and whether management is managing these effectively;
- (c) consider the major findings of internal investigations into the Treasury function and management's response and, where necessary, the making of recommendations to the Board in respect of the same;
- (d) review management's, the internal auditor's and external auditors' reports on the effectiveness of systems from internal financial control, financial reporting and risk management.

15.3 Transaction Authorisation

15.3.1 The Treasury Committee shall approve specific transactions in all areas of Treasury responsibility as detailed in 15.1 above.

15.3.2 The Treasury Committee shall have the power to sub-delegate the approval of specific transactions (within the parameters defined in 15.3.1) to the Group Treasurer and Group Finance Director.

15.4 Other

Consider any other matter specifically referred to the Treasury Committee by the full Board or the Audit Committee.

Adopted by the Board of Network Rail Limited on 23 January 2014.