MPORTANT NOT CE

NOT FOR D STR BUT ON TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS N THE UN TED STATES.

MPORTANT: You u t read t e ollow be ore o t u . T e ollow a l e to t e ro e tu ollow t a e (t e "Pro e tu "), a d you are t ere ore adv ed to read t are ully be ore read , a e or ak a y ot er u e o t e Pro e tu . a e t e Pro e tu , you a ree to be bou d by t e ollow ter a d o d t o , lud a y od at o to t e at a y t e you re e ve a y or at o ro u a a re ult o u a e .

NOTH NG N TH S ELECTRON C TRANSM SS ON CONST TUTES AN OFFER TO SELL OR A SOL C TAT ON OF AN OFFER TO BUY THE SECUR T ES DESCR BED N THE PROSPECTUS N ANY JUR SD CT ON WHERE T S UNLAWFUL TO DO SO.

THE SECUR T ES HA E NOT BEEN, AND W LL NOT BE, REG STERED UNDER THE U.S. SECUR T ES ACT OF 1933, AS AMENDED (THE "SECUR T ES ACT"), OR THE SECUR T ES LAWS OF ANY STATE OF THE UN TED STATES. THE SECUR T ES MAY NOT BE OFFERED OR SOLD W TH N THE UN TED STATES OR TO OR FOR THE ACCOUNT OR BENEF T OF U.S. PERSONS (AS DEF NED BELOW) EXCEPT N CERTA N TRANSACT ONS EXEMPT FROM, OR NOT SUBJECT TO, THE REG STRAT ON REQU REMENTS OF THE SECUR T ES ACT AND APPL CABLE STATE OR LOCAL SECUR T ES LAWS. N ORDER TO BE EL G BLE TO READ THE PROSPECTUS OR MAKE AN N ESTMENT DEC S ON W TH RESPECT TO THE SECUR T ES DESCR BED THERE N, YOU MUST NOT BE A "U.S. PERSON" AS DEF NED N REGULAT ON S UNDER THE SECUR T ES ACT (A "U.S. PERSON").

W TH N THE UN TED K NGDOM, THE PROSPECTUS MAY NOT BE PASSED ON EXCEPT TO N ESTMENT PROFESS ONALS OR OTHER PERSONS N C RCUMSTANCES N WH CH SECT ON 21(1) OF THE F NANC AL SER CES AND MARKETS ACT 2 (AS AMENDED) DOES NOT APPLY TO THE SSUER (ALL SUCH PERSONS TOGETHER BE NG REFERRED TO AS "RELE ANT PERSONS"). THE PROSPECTUS MUST NOT BE ACTED ON OR REL ED ON BY PERSONS WHO ARE NOT RELE ANT PERSONS. ANY N ESTMENT OR N ESTMENT ACT TY TO WH CH THE PROSPECTUS RELATES S A A LABLE ONLY TO RELE ANT PERSONS AND W LL BE ENGAGED N ONLY W TH RELE ANT PERSONS.

THE PROSPECTUS MAY NOT BE FORWARDED OR D STR BUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED N ANY MANNER WHATSOE ER AND N PART CULAR MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARD NG, D STR BUT ON OR REPRODUCT ON OF TH S DOCUMENT N WHOLE OR N PART S

UNAUTHOR SED. FA LURE TO COMPLY W TH TH S D RECT E MAY RESULT N A OLAT ON OF THE SECUR T ES ACT OR THE APPL CABLE LAWS OF OTHER JUR SD CT ONS.

Co r at o o your re re e tat o : T e Pro e tu be e t at your reque t a d by a e t t e e- a l a d a e t e Pro e tu , you all be dee ed to ave re re e ted to u t at you ave u der tood a d a reed to t e ter et out ere a d you are ot a U.S. Per o or a t or t e a ou t or be e t o a U.S. Per o a d t e ele tro a l addre t at you ave ve to u a d to w t e a l a bee del vered ot lo ated t e U ted State , t terr tor e a d o e o (lud Puerto R o, t e U.S. r la d , Gua , A er a Sa oa, Wake la d a d t e Nort er Mar a a la d) or t e D tr t o Colu b a a d t at you o e t to del very o t e Pro e tu by ele tro tra o .

You are re ded t at t e Pro e tu a bee del vered to you o t e ba t at you are a er o to w o e o e o t e Pro e tu ay be law ully del vered a orda e w t t e law o t e ur d t o w you are lo ated a d you ay ot, or are you aut or ed to, del ver t e Pro e tu to a y ot er er o .

T e ater al relat to t e o er do ot o t tute, a d ay ot be u ed o e t o w t , a o er or ol tat o a y la e w ere o er or ol tat o are ot er tted by law. a ur d t o requ re t at t e o er be ade by a l e ed broker or dealer a d HSBC Ba k l , Lloyd TSB Ba k l , Royal Ba k o Ca ada Euro e L ted or T e Royal Ba k o S otla d l (ea a "Jo t Lead Ma a er") or a y a l ate o a Jo t Lead Ma a er a l e ed broker or dealer t at ur d t o , t e o er all be dee ed to be ade by a Jo t Lead Ma a er or u a l ate o be al o t e uer u ur d t o .

T e Pro e tu a bee e t to you a ele tro or . You are re ded t at do u e t tra tted v a t ed u ay be altered or a ed dur t e ro e o ele tro tra o a d o eque tly o e o t e Jo t Lead Ma a er , or a y er o w o o trol t e Jo t Lead Ma a er , or a y d re tor, o er, e loyee or a e t or a l ate o a y u er o a e t a y l ab l ty or re o b l ty w at oever re e t o a y d ere e betwee t e Pro e tu d tr buted to you ele tro or at erew t a d t e ard o y ver o ava lable to you o reque t ro t e Jo t Lead Ma a er .

Ever olt Fu d l
(or orated w t l ted l ab l ty E la d a d Wale w t re tered o. 732993)

£3, , ,

Mult urre y ro ra e or t e ua e o
Bo d
u o d t o ally a d rre overably uara teed by

Ever olt Ra l Hold (UK) L ted
(or orated w t l ted l ab l ty E la d a d Wale w t re tered o. 4415647)

Ever olt F a e Hold L ted
(or orated w t l ted l ab l ty E la d a d Wale w t re tered o. 7327371)

Ever olt Ra l (UK) L ted
(or orated w t l ted l ab l ty E la d a d Wale w t re tered o. 6953114)

Ever olt De ot F a e (UK) L ted
(or orated w t l ted l ab l ty E la d a d Wale w t re tered o. 5229765)

Ever olt Ra l (38) L ted
(or orated w t l ted l ab l ty E la d a d Wale w t re tered o. 113964)

Euro ea Ra l F a e (GB) L ted
(or orated w t l ted l ab l ty E la d a d Wale w t re tered o. 272 8 9)

Euro ea Ra l F a e Hold L ted
(or orated w t l ted l ab l ty rela d w t re tered o. 443562)

Euro ea Ra l F a e L ted
(or orated w t l ted l ab l ty rela d w t re tered o. 443563)

Ever olt Fu d l (t e "**uer**") a aut or ed t e e tabl e t o a ult urre y ro ra e or t e ua e o a le la o bo d de ated a t e Bo d (t e "**Pro ra e**"). T ere o rov o u der t e Pro ra e or ot er la e o bo d .

T e ay e t o all a ou t due re e t o t e Bo d w ll be u o d t o ally a d rrevo ably uara teed by Ever olt Ra l Hold (UK) L ted, Ever olt F a e Hold L ted, Ever olt Ra l (UK) L ted, Ever olt De ot F a e (UK) L ted, Ever olt Ra l (38) L ted, Euro ea Ra l F a e (GB) L ted, Euro ea Ra l F a e Hold L ted a d Euro ea Ra l F a e L ted.

A l at o a bee ade to t e F a al Serv e Aut or ty t a a ty a o ete t aut or ty u der t e F a al Serv e a d Market A t 2 a a e ded ("**FSMA**") (t e "**UK L t Aut or ty**" or "**UKLA**") or Bo d ued u der t e Pro ra e dur t e er od o twelve o t a ter t e date ereo to be ad tted to t e o al l t o t e UK L t Aut or ty (t e "**O al L t**") a d to t e Lo do Sto k Ex a e l (t e "**Lo do Sto k Ex a e**") or u Bo d to be ad tted to trad o t e Lo do Sto k Ex a e

– Re ulated Market (t e "**Market**"). Re ere e t Pro e tu to Bo d be "l ted" (a d all related re ere e) all ea t at u Bo d ave bee ad tted to trad o t e Market a d ave bee ad tted to t e O al L t. T e Market a re ulated arket or t e ur o e o t e Market F a al tru e t D re t ve 2 4/39/EC.

T e Pro ra e rov de t at Bo d ay be l ted o u ot er or urt er to k ex a e( ) a ay be a reed betwee t e uer a d t e releva t Dealer (a de ed below). T e uer ay al o ue u l ted Bo d .

T e Bo d ay be ued, o a o t u ba , to o e or ore o t e Dealer e ed u der "*So e C ara ter t o t e Pro ra e*" a d a y add t o al Dealer a o ted u der t e Pro ra e ro t e to t e by t e uer (ea a "**Dealer**" a d to et er t e "**Dealer** "), w a o t e t ay be or a e ue or o a o o ba . Re ere e t Pro e tu to t e "releva t Dealer" all, t e a e o a ue o Bo d be (or te ded to be) ub r bed by ore t a o e Dealer or re e t o w ub r t o w ll be ro ured by ore t a o e Dealer, be to all Dealer a ree to ub r be or u Bo d or to ro ure ub r t o or u Bo d , a t e a e ay be.

Bo d ued u der t e Pro ra e ave ot bee a d w ll ot be re tered u der t e U ted State Se ur t e A t o 1933, a a e ded (t e "Se ur t e A t"), or w t a y e ur t e re ulatory aut or ty o a y tate or ot er ur d t o o t e U ted State . T e Bo d ay be o ered, old or del vered o ly out de t e U ted State to er o w o are ot "U.S. er o " a de ed Re ulat o S u der t e Se ur t e A t ("Re ulat o S") (ea , a "U.S. er o ") o ore tra a t o rel a e o Re ulat o S. Ea ur a er o t e Bo d ak t ur a e w ll be dee ed to ave ade erta a k owled e e t , re re e tat o a d a ree e t . See "*Sub r t o a d Sale*" t Pro e tu .

Plea e ee "*R k Fa tor* " to read about erta a tor you ould o der be ore buy a y Bo d .

Arra er
HSBC

Dealer

HSBC **Lloyd TSB Cor orate Market**

RBC Ca tal Market **T e Royal Ba k o S otla d**

Pro e tu dated 11 Nove ber 2 1

U der t e Pro ra e t e uer ay, ub e t to all a l able le al a d re ulatory requ re e t , ro t e to t e ue Bo d bearer a d/or re tered or (re e t vely "**Bearer Bo d** " a d "**Re tered Bo d** "). Co e o ea F al Ter (a de ed below) w ll be ava lable (t e a e o all Bo d) ro t e e ed o e et out below o T e Law Debe ture Tru t Cor orat o .l. . a bo d tru tee (t e "**Bo d Tru tee**"), (t e a e o Bearer Bo d) ro t e e ed o e et out below o ea o t e Pay A e t (a de ed below) a d (t e a e o Re tered Bo d) ro t e e ed o e et out below o ea o t e Re trar a d t e Tra er A e t (ea a de ed below), rov ded t at, t e a e o Bo d w are ot l ted o a y to k ex a e, o e o t e releva t F al Ter w ll o ly be ava lable or e t o by t e releva t Bo d older (a de ed below).

T e ax u a re ate o al a ou t o all Bo d ro t e to t e out ta d u der t e Pro ra e w ll ot ex eed £3, , , (or t equ vale t ot er urre e al ulated a de r bed ere) u le rea ed ro t e to t e by t e uer.

Deta l o t e a re ate r al a ou t, tere t (a y) ayable, t e ue r e a d a y ot er o d t o ot o ta ed ere , w are a l able to ea Tra e o ea Ser e (ea a de ed below) w ll be et ort a et o al ter (t e "**F al Ter** "), or a e arate ro e tu e to u Tra e (a "**Drawdow Pro e tu** "), ee "*F al Ter a d Drawdow Pro e tu e* " below. t e a e o a Tra e o Bo d w are t e ub e t o a Drawdow Pro e tu , ea re ere e t Pro e tu to or at o be e ed or de t ed t e releva t F al Ter all be read a d o trued a a re ere e to u or at o be e ed or de t ed t e releva t Drawdow Pro e tu , u le t e o text requ re ot erw e. t e a e o Bo d to be ad tted to t e O al L t a d to trad o t e Market o t e Lo do Sto k Ex a e, t e F al Ter w ll be del vered to t e UK L t Aut or ty a d t e Lo do Sto k Ex a e o or be ore t e releva t date o ue o t e Bo d o u Tra e. T e uer ay al o ue u l ted Bo d . T e uer ay a ree w t a y Dealer a d t e Bo d Tru tee t at Bo d ay be ued a or ot o te lated by t e Co d t o (a de ed below) ere , w eve t (t e a e o Bo d ad tted to t e O al L t o ly) a u le e tary ro e tu or urt er ro e tu , a ro r ate, w ll be ade ava lable w w ll de r be t e e e t o t e a ree e t rea ed relat o to u Bo d .

Bo d ued u der t e Pro ra e all o r e a le la (t e "**Bo d** "). Bo d w ll be ued er e o ea ue Date (ea a "**Ser e** "). T e Bo d ay o r e o e or ore tra e (ea a "**Tra e**") w t ea Tra e erta to, a o ot er t , t e urre y, tere t rate a d atur ty date o t e releva t Tra e. Ea Tra e ay be zero- ou o , xed rate, loat rate or dex-l ked Bo d a d ay be de o ated terl , euro or U.S. dollar (or ot er urre e ub e t to o l a e w t a l able law). ve tor t e Bo d are ot ed t at t e uer a ued Bo d u der t Pro ra e a d ay ro t e to t e t e uture ue urt er Bo d , t e ter o w w ll be e ed t e releva t F al Ter .

Rat a r bed to all o t e Bo d re le t o ly t e v ew o Sta dard & Poor' , a d v o o T e M Graw-H ll o a e ("**S&P**") a d F t Rat Ltd. ("**F t** "

a d, to et er w t S&P, t e "**Rat A e e** ") a d a y urt er or re la e e t rat a e y a o ted by t e uer (w ay lude Moody' ve tor Serv e L ted). A red t rat ot a re o e dat o to buy, ell or old e ur t e a d ay be ub e t to rev o , u e o or w t drawal at a y t e by a y o e or all o t e Rat A e e . A u e o , redu t o or w t drawal o t e rat a ed to a y o t e Bo d ay adver ely a e t t e arket r e o u Bo d . Curre tly, t e Pro ra e a o rov o or ot er la e o bo d .

t e a e o a y Bo d w are to be ad tted to trad o a re ulated arket w t t e Euro ea E o o Area or o ered to t e ubl a e ber tate o t e Euro ea E o o Area r u ta e w requ re t e ubl at o o a ro e tu u der t e Pro e tu D re t ve (2 3/71/EC), t e u e ed de o at o all be EUR1 , or ot le t a t e equ vale t o EUR1 , a y ot er urre y a att e date o ue o t e Bo d . Bo d ay be ued u de o at o a d er te ral ult le o a aller a ou t e ed t e releva t F al Ter .

ued u der t e releva t F al Ter , Bo d t at are Bearer Bo d ay be re re e ted t ally by o e or ore Te orary Global Bo d (w ay be eld e t er ew lobal ote or or la lobal ote or), w t out tere t ou o , w w ll be de o ted w t a o o de o tary (t e a e o Te orary Global Bo d la lobal ote or) or a o o a ekee er (t e a e o Te orary Global Bo d ew lobal ote or) or Euro lear a d Clear trea , Luxe bour o or about t e ue Date o u Tra e. Ea u Te orary Global Bo d w ll be ex a eable or Per a e t Global Bo d or de t ve e ur t e bearer or a e ed t e releva t F al Ter ollow t e ex rat o o 4 day a ter t e later o t e o e e e to t e o er a d t e releva t ue Date, u o ert at o a to o -U.S. be e al ow er a d a ay be requ red by U.S. tax law a d re ulat o , a de r bed "*For o t e Bo d* ". Bo d bearer or are ub e t to U.S. tax law requ re e t . Sub e t to erta ex e t o , t e Bearer Bo d ay ot be o ered, old or del vered w t t e U ted State or to U.S. er o .

ued u der t e releva t F al Ter , Bo d t at are Re tered Bo d w ll be re re e ted o ue by be e al tere t o e or ore lobal ert ate (ea a "**Global Bo d Cert ate**"), ully re tered or , w t out tere t ou o atta ed, w w ll be de o ted w t , a d re tered t e a e o , a o o de o tary (w ere ot eld u der t e New Sa ekee Stru ture)/ o o a ekee er (w ere eld u der t e New Sa ekee Stru ture) or Euro lear a d Clear trea , Luxe bour . Ow er tere t t e Global Bo d Cert ate w ll be ow o , a d tra er t ereo w ll o ly be e e ted t rou , re ord a ta ed by Euro lear a d Clear trea , Luxe bour a d t er re e t ve art a t . Bo d de t ve, ert ated a d ully re tered or w ll be ued o ly t e l ted r u ta e de r bed ere . ea a e, ur a er a d tra eree o Bo d w ll be dee ed to ave ade erta re re e tat o a d a ree e t . See "*T e Bo d* " a d "*Sub r t o a d Sale*" below.

MPORTANT NOT CES

T Pro e tu be d tr buted o ly to, a d d re ted o ly at, er o w o ( ) are out de t e UK or ( ) are er o w o ave ro e o al ex er e e atter relat to ve t e t all w t Art le 19(1) o t e F a al Serv e a d Market A t 2 (F a al Pro ot o) Order 2 5 (t e "**Order**") or ( ) are et wort e t t e , a d ot er er o to w o t ay law ully be o u ated, all w t Art le 49(1) o t e Order (all u er o to et er be re erred to a "**releva t er o** "). T Pro e tu , or a y o t o te t , u t ot be a ted o or rel ed o by er o w o are ot releva t er o . A y ve t e t or ve t e t a t v ty to w t Pro e tu relate ava lable o ly to, a d a y v tat o , o er or a ree e t to ub r be, ur a e or ot erw e a qu re u ve t e t w ll be e a ed o ly w t , releva t er o .

Ne t er t e del very o t Pro e tu or t e o er , ale or del very o a y Bo d all a y r u ta e ly t att e or at o o ta ed ere o er t e uer or t e Guara tor orre t at a y t e ub eque t to t e date ereo or t at a y ot er or at o u l ed o e to w t t e Pro ra e orre t or t at t ere a bee o adver e a e t e a al o to o t e uer or t e Guara tor a o a y t e ub eque t to t e date d ated t e do u e t o ta t e a e. No e o t e Arra er, t e Dealer , t e Bo d Tru tee, t e Se ur ty Tru tee or a y o t e Hed e Cou ter art e , t e Aut or ed Cred t Prov der , t e A e t , t e A ou t Ba k, HSBC Ba k l , HSBC Hold PLC or HSBC A et F a e (UK) L ted ("**HAF**") u dertake to rev ew t e a al o d to or a a r o a y o t e uer, Guara tor , a y e ber o t e Se ur ty Grou or a y e ber o t e Ever olt Ra l Grou ("**ERG**") dur t e l e o t e Pro ra e or t e l e o t e arra e e t o te lated by t Pro e tu or to adv e a y ve tor or ote t al ve tor t e Bo d o a y or at o o to t e r atte t o .

T Pro e tu ot te ded to rov de t e ba o a y red t or ot er evaluat o a d ould ot be o dered a a re o e dat o by t e uer, a y Guara tor, a y e ber o t e Se ur ty Grou , a y e ber o ERG, t e Arra er, a y Dealer, t e Bo d Tru tee, t e Se ur ty Tru tee or a y o t e Hed e Cou ter art e , t e Aut or ed Cred t Prov der , t e A e t , t e A ou t Ba k, HSBC Ba k l , HSBC Hold PLC or HAF t at a y re e t o t Pro e tu ould ur a e a y o t e Bo d .

Ea er o o te lat ak a ve t e t t e Bo d u t ake t ow ve t at o a d a aly o t e red twort e o t e uer a d t e Guara tor a d t ow deter at o o t e u tab l ty o a y u ve t e t, w t art ular re ere e to t ow ve t e t ob e t ve a d ex er e e a d a y ot er a tor w ay be releva t to t o e to w t u ve t e t. A ro e t ve ve tor w o a y doubt w at oever a to t e r k volved ve t t e Bo d ould o ult de e de t ro e o al adv er .

T e d tr but o o t Pro e tu a d t e o er , ale or del very o t e Bo d erta ur d t o ay be re tr ted by law. Per o to w o e o e o t Pro e tu o e are requ red by t e uer a d t e Dealer to or t e elve about a d to ob erve a y u re tr t o . T Pro e tu doe ot o t tute, a d

ay ot be u ed or t e ur o e o , a o er to or ol tat o by a y er o to ub r be or ur a e a y Bo d a y ur d t o or a y r u ta e w u a o er or ol tat o ot aut or ed or u law ul.

T e Bo d a d t e ot er a arra e e t de r bed ere to be e tered to by t e Se ur ty Grou w ll be obl at o olely o t e uer a d t e Guara tor a d w ll ot be e t ro a y a al u ort ro HSBC Ba k l , HSBC Hold PLC or HAF ot er t a , r or to Co let o (a u ter de ed ere) ur ua t to t e HAF Loa (w w ll ra k *ar a u* w t t e Bo d) a d a u e ured work a tal a l ty to be ade ava lable by HAF to Ma tCo (a u ter are de ed ere).

o e t o w t t e ue o a y Tra e o Bo d , t e Dealer or Dealer (a y) a ed a t e Stab l Ma a er( ) (or er o a t o be al o a y Stab l Ma a er( )) t e a l able F al Ter ay over-allot Bo d or e e t tra a t o w t a v ew to u ort t e arket r e o t e Bo d at a level er t a t at w t ot erw e reva l. However, t ere o a ura e t at t e Stab l Ma a er( ) (or er o a t o be al o a Stab l Ma a er) w ll u dertake tab l at o a t o . A y tab l at o a t o ay be o or a ter t e date o w adequate ubl d lo ure o t e ter o t e o er o t e releva t Tra e o Bo d ade a d, be u , ay be e ded at a y t e, but t u t e d o later t a t e earl er o 3 day a ter t e ue date o t e releva t Tra e o Bo d a d 6 day a ter t e date o t e allot e t o t e releva t Tra e o Bo d . A y tab l at o a t o or over-allot e t u t be o du ted by t e releva t Stab l Ma a er( ) (or er o ( ) a t o be al o a y Stab l Ma a er( )) a orda e w t all a l able law a d rule .

you are a y doubt about t e o te t o t do u e t you ould o ult your to kbroker, ba k a a er, ol tor, a ou ta t or ot er a al adv or. t ould be re e bered t at t e r e o e ur t e a d t e o e ro t e a o dow a well a u .

A y d v dual te d to ve t a y ve t e t de r bed t do u e t ould o ult or er ro e o al adv er a d e ure t at e or e ully u der ta d all t e r k a o ated w t ak u a ve t e t a d a u e t a al re our e to u ta a y lo t at ay ar e ro t.

All re ere e ere to " ou d ", " terl " or "£" are to t e law ul urre y o t e UK, all re ere e to "$", "U.S.$", "U.S. dollar " a d "dollar " are to t e law ul urre y o t e U ted State o A er a, a d re ere e to "€" or "euro" are to t e le urre y trodu ed at t e tart o t e t rd ta e o Euro ea E o o a d Mo etary U o ur ua t to t e Treaty e tabl t e Euro ea Co u ty, a a e ded, ro t e to t e.

FORWARD-LOOK NG STATEMENTS

T Pro e tu o ta var ou orward-look tate e t re ard eve t a d tre d t at are ub e t to r k a d u erta t e t at ould au e t e a tual re ult a d a al o t o o t e uer to d er ater ally ro t e or at o re e ted ere . W e u ed t Pro e tu , t e word "e t ate", " ro e t", " te d",

“a t ate”, “bel eve”, “ex e t”, “ ould” a d lar ex re o , a t ey relate to t e Obl or a d t e r a a e e t, are te ded to de t y u orward-look tate e t . Reader are aut o ed ot to la e u due rel a e o t e e orward-look tate e t , w eak o ly a o t e date ereo . T e Obl or do ot u dertake a y obl at o ubl ly to relea e t e re ult o a y rev o to t e e orward-look tate e t to re le t t e eve t or r u ta e a ter t e date ereo or to re le t t e o urre e o u a t ated eve t .

RESPONS B L TY STATEMENTS

T Pro e tu o r e a ba e ro e tu or t e ur o e o Art le 5.4 o D re t ve 2 3/71/EC (t e “**Pro e tu D re t ve**”) a d or t e ur o e o v or at o w t re ard to t e uer a d t e Guara tor w , a ord to t e art ular ature o t e uer, t e Guara tor a d t e Bo d , e e ary to e able ve tor to ake a or ed a e e t o t e a et a d l ab l t e , a al o t o , ro t a d lo e a d ro e t o t e uer a d t e Guara tor .

T e uer a e t re o b l ty or t e or at o o ta ed t Pro e tu . To t e be t o t e k owled e o t e uer, av take all rea o able are to e ure t at u t e a e, t e or at o o ta ed t Pro e tu a orda e w t t e a t a d doe ot o t a yt l kely to a e t t e ort o u or at o .

Ea Guara tor a e t re o b l ty or t e or at o o er t el t e e t o o ta ed "*Overv ew o t e Pro ra e, F a Stru ture*, *Key C ara ter t o t e ro ra e*, *Ow er a d Debt Stru ture*", "*R k Fa tor* ", " *du try Overv ew*", "*De r t o o t e uer a d t e Ot er Obl or* ", "*Bu e De r t o* ", "*Su ary o t e F a A ree e t* ", a d t e ara ra relat to ea u Guara tor u der t e ead "*S a t or Mater al C a e*", "*L t at o* ", "*Aud tor* " a d "*Ava lab l ty o F a al State e t* " "*Ge eral or at o* " (t e “**Guara tor or at o** ”) a d t e or at o relat to t e Guara tee. To t e be t o t e k owled e a d bel e o ea Guara tor, ea o w a take all rea o able are to e ure t at u t e a e, t e Guara tor or at o a orda e w t t e a t a d doe ot o t a yt l kely to a e t t e ort o u or at o . No Guara tor a e t re o b l ty or a y ot er or at o o ta ed t Pro e tu . Save or t e Guara tor or at o , o Guara tor a e arately ver ed t e or at o o ta ed ere . No re re e tat o , warra ty or u dertak , ex re or l ed, ade a d o re o b l ty or l ab l ty a e ted by a y Guara tor a to t e a ura y or o lete e o a y or at o o ta ed t Pro e tu (ot er t a t e Guara tor or at o) or a y ot er or at o u l ed o e t o w t t e Pro ra e or d tr but o o a y Bo d ued u der t e Pro ra e.

No er o a bee aut or ed to ve a y or at o or to ake re re e tat o ot er t a t e or at o or t e re re e tat o o ta ed t Pro e tu o e t o w t t e uer, a y Guara tor or a y e ber o ERG, or t e o er or ale o t e Bo d a d, ve or ade, u or at o or re re e tat o u t ot be rel ed u o a av bee aut or ed by t e uer, a y Guara tor or a y e ber o ERG, t e Arra er, t e Dealer , t e Bo d Tru tee, t e Se ur ty Tru tee. Ne t er t e del very o t Pro e tu or a y o er or ale o Bo d ade o e t o

erew t all, u der a y r u ta e , o t tute a re re e tat o or reate a y l at o t att ere a bee o a e t e a a r o t e uer, a y Guara tor or a y e ber o ERG e t e date ereo . U le ot erw e d ated ere , all or at o t Pro e tu ve a o t e date o t Pro e tu . T do u e t doe ot o t tute a o er o , or a v tat o by, or o be al o , t e uer, a y Guara tor or a y Dealer to ub r be or, or ur a e, a y o t e Bo d .

Save or t e uer a d t e Guara tor , o ot er arty a e arately ver ed t e or at o o ta ed ere . A ord ly, o re re e tat o , warra ty or u dertak , ex re or l ed, ade a d o re o b l ty or l ab l ty a e ted by t e Arra er, a y o t e Dealer , t e Bo d Tru tee, t e Se ur ty Tru tee, a y o t e Hed e Cou ter art e , t e Aut or ed Cred t Prov der , t e A e t , t e A ou t Ba k, HSBC Ba k l , HSBC Hold PLC or HAF (ot er t a t e Obl or) a to t e a ura y or o lete e o t e or at o o ta ed t Pro e tu or a y ot er or at o u l ed o e to w t t e Bo d or t e r d tr but o . T e tate e t ade t ara ra are w t out re ud e to t e re e t ve re o b l t e o t e uer a d t e Guara tor . Ea er o re e v t Pro e tu a k owled e t at u er o a ot rel ed o t e Arra er, a y Dealer, t e Bo d Tru tee, t e Se ur ty Tru tee or a y Ot er Party or o a y er o a l ated w t a y o t e o e to w t t ve t at o o t e a ura y o u or at o or t ve t e t de o .

SUPPLEMENTARY PROSPECTUS

T e uer a u dertake , o e to w t t e ad o o t e Bo d to t e O al L t a d to trad o t e Market, t at, t ere all o ur a y a t ew a tor, take or ater al a ura y relat to or at o o ta ed t Pro e tu w a able o a e t t e a e e to a y Bo d w o e lu o would rea o ably be requ red by ve tor a d t e r ro e o al adv er , a d would rea o ably be ex e ted by t e to be ou d t Pro e tu , or t e ur o e o ak a or ed a e e to t e a et a d l ab l t e , a al o to , ro t a d lo e a d ro e t o t e uer a d t e Guara tor a d t e r t atta to t e Bo d , t e uer all re are a u le e t to t Pro e tu or ubl a re la e e t ro e tu or u e o e to w t a y ub equ e t ue by t e uer o Bo d a d w ll u ly to t e Arra er, ea Dealer a d t e Bo d Tru tee u u ber o o e o u u le e t ereto or re la e e t ro e tu a u Dealer a d Bo d Tru tee ay rea o ably reque t. T e uer w ll al o u ly to t e UK L t Aut or ty u u ber o o e o u u le e t ereto or re la e e t ro e tu a ay be requ red by t e UK L t Aut or ty a d w ll ake o e ava lable, ree o ar e, u o oral or wr tte reque t, at t e e ed o e o t e Pay A e t a d re e t o Re tered Bo d , t e Re trar a d t e Tra er A e t (a de ed ere).

Ea o t e Obl or a u dertake to t e Dealer t e Dealer A ree e t (a de ed "*Sub r t o a d Sale*") to o ly w t e t o 87G o t e FSMA.

t e ter o t e Pro ra e are od ed or a e ded a a er w would ake t Pro e tu , a o od ed or a e ded, a urate or lead , a ew ro e tu w ll be re ared.

at a y t e t e uer all be requ red to re are a u le e tary ro e tu ur ua t to e t o 87G o t e FSMA, t e uer all re are a d ake ava lable a a ro r ate u le e t to t Pro e tu or a urt er ro e tu w , re e t o a y ub eque t ue o Bo d to be l ted o t e O al L t a d ad tted to trad o t e Market, all o t tute a u le e tary ro e tu a requ red by t e UKLA a d e t o 87G o t e FSMA.

F NAL TERMS AND DRAWDOWN PROSPECTUSES

t e t o t e ex re o "**e e ary or at o**" ea , relat o to a y Tra e o Bo d , t e or at o e e ary to e able ve tor to ake a or ed a e e t o t e a et a d lab l t e , a al o t o , ro t a d lo e a d ro e t o t e uer a d t e Guara tor a d o t e r t atta to t e Bo d . relat o to t e d ere t ty e o Bo d w ay be ued u der t e Pro ra e, t e uer a e deavoured to lude t Pro e tu all o t e e e ary or at o ex e t or or at o relat to t e Bo d w ot k ow at t e date o t Pro e tu a d w a o ly be deter ed at t e t e o a d v dual ue o a Tra e o Bo d .

A y or at o relat to t e Bo d w ot luded t Pro e tu a d w requ red order to o lete t e e e ary or at o relat o to a Tra e o Bo d w ll be o ta ed e t er t e releva t F al Ter or a Drawdow Pro e tu . For a Tra e o Bo d w t e ub e t o F al Ter , t o e F al Ter w ll, or t e ur o e o t at Tra e o ly, u le e t t Pro e tu a d u t be read o u to w t t Pro e tu . T e Co d t o a u le e ted, a e ded a d/or re la ed to t e exte t de r bed t e releva t F al Ter are t e ter a d o d t o a l able to a y art ular Tra e o Bo d w t e ub e t o F al Ter .

T e Co d t o a u le e ted, a e ded a d/or re la ed to t e exte t de r bed t e releva t Drawdow Pro e tu are t e ter a d o d t o a l able to a y art ular Tra e o Bo d w t e ub e t o a Drawdow Pro e tu . Ea Drawdow Pro e tu w ll be o t tuted by a le do u e t o ta t e e e ary or at o relat to t e uer, t e Guara tor a d t e releva t Bo d .

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O ER EW OF THE PROGRAMME, F NANC NG STRUCTURE, OWNERSH P AND DEBT STRUCTURE

T e ollow doe ot ur ort to be o lete a d take ro , a d qual ed t e t rety by, t e re a der o t Pro e tu , a d, relat o to t e Co d t o o a y art ular Tra e o Bo d , t e a l able F al Ter .

Ever olt Fu d l (t e " **uer**") a aut or ed t e e tabl e t o a bo d ua e ro ra e (t e "**Pro ra e**") order to ra e a e t e a tal arket to e able t e Se ur ty Grou (de ed below) to re a e ex t debted e a d to ra e ew debted e to u d, a o ot er t , t e o - o o erat a d a tal ex e d ture a d to ay tere t o or re a e a y a al debted e o t e Se ur ty Grou ro t e to t e.

U der t e Pro ra e, t e uer w ll ue bo d (de ated a t e "**Bo d** ") t e ro eed o w w ll be loa ed by t e uer to o e or ore o t e e ber o t e Se ur ty Grou ur ua t to ter o a y loa .

T e ay e t o all a ou t due re e t o t e Bo d w ll be u o d t o ally a d rrevo ably uara teed by t e Guara tor a d e ured o ub ta t ally all o t e a et o t e Se ur ty Grou (a de r bed below).

Sale o Ever olt Ra l Grou

A at t e date o t Pro e tu , HSBC A et F a e (UK) L ted ("**HAF**") t e ed ate old o a y o ERG. HAF a d re tly w olly ow ed ub d ary o HSBC Ba k l .

Pur ua t to a ale a d ur a e a ree e t ("**A qu t o A ree e t**") dated 4 Nove ber 2 1 (t e "**S Date**") HAF a a reed to ell ERG to Ever olt ve t e t L ted ("**B dCo**") (t e o let o o u ale be t e "**Co let o** "). T e t al ue Date re e t o t e Bo d te ded to o ur o or ortly be ore t e day o w Co let o o ur .

T e Co let o de e d o B dCo av t e e e ary u d to be able to ay t e a reed ur a e r e u der t e A qu t o A ree e t (relat o to w t e ult ate are older (a de r bed below) ave rov ded a equ ty o t e t) a d ERG be able to drawdow o erta ter loa a l t e to be rov ded by t rd arty ba k (w are be rov ded o a " erta u d " ba ub e t to t e at a t o o erta l ted o d t o , r ally, equ ty u d).

D a ra 1 a d 2 below re re e t t e or orate a d debt tru ture o ERG r or to a d ollow Co let o re e t vely.

T e uer w ll u e t e ro eed o t e Bo d ued o t e t al ue Date to ake loa to t e ot er Obl or w w ll tur u e t e ro eed o u loa to art ally re a e t e a al debted e ("**HAF ter o a y Debt**") owed by t e uer to HAF ur ua t to a ter loa a l ty a ree e t e tered to o t e S Date (t e "**HAF ter o a y Loa A ree e t**"). Draw u der t e HAF ter o a y Loa A ree e t were u ed to re a e erta ex t o -

de a d debted e owed by ERG to HAF. O t e S Date, HAF ade a a l ty ava lable to Ma tCo to rov de or t e work a tal requ re e t o t e Se ur ty Grou w w ll be re a ed o Co let o .

U o Co let o , t e uer w ll be able to re a e t e re a der o t e HAF ter o a y Debt ro u d w w ll be o e ava lable a at u date to t e uer ro a y d ate o le der (t e "**Le der** ") u der a a l ty a ree e t (t e " **t al Fa l ty A ree e t**"). add t o , B dCo w ll re e ve a ubord ated loa ro t are older ("**B dCo HoldCo**"), u loa o t tut t e "**B dCo S are older Loa** " a d w ll be u ed to re a e ex t debted e (lud re e t o t e work a tal a l ty ade ava lable by HAF to Ma tCo) a d to u d work a tal. Follow Co let o , B dCo HoldCo' r t a d obl at o u der t e a arra e e t a a Subord ated tra rou Cred tor w ll o e to e e t. T e Le der w ll be Se ured Cred tor ro t e S Date but w ll ot be owed a y Se ured L ab l t e u t l Co let o . HAF w ll be a Se ured Cred tor ro t e S Date u t l Co let o .

t e ale o ERG doe ot o ur or a y rea o , HAF would re a a t e ed ate old o a y o ERG a d t e HAF ter o a y Debt would re a out ta d . add t o , HAF would adva e a ubord ated, u e ured loa to Ma tCo.

Se ur ty a d ter red tor arra e e t

O t e S Date, ea Obl or ave uara tee re e t o ea ot er' obl at o u der t e var ou a a ree e t (lud , a a d w e ued, t e Bo d) a d t e uer a d t e ot er Obl or ra ted e ur ty over ub ta t ally all o t e r re e t ve a et relat o to t e r obl at o u der, a o ot er t , t e Bo d a d ot er Se or Debt lud a ou t out ta d u der t e t al Fa l ty A ree e t a d u der a y Hed A ree e t (ea a e, a a d w e u obl at o take e e t). T e uara tee rov ded by B dCo a d t e ra t o e ur ty over t a et avour o t e Se ured Cred tor (lud t e Bo d older) w ll o ly be o e e e t ve u o Co let o .

T e Bo d Tru tee (o be al o t e Bo d older) a d t e ot er Se ured Cred tor w ll are t e be e t o r t ra k xed a d loat e ur ty ra ted by t e Obl or ur ua t to t e Se ur ty Do u e t . add t o , t e Bo d Tru tee (o be al o t e Bo d older) w ll are t e be e t o t e o o ter , ove a t a d re re e tat o w t t e ot er Se ured Cred tor a et out t e o o ter a ree e t. For a ore deta led de r t o o t e e ur ty arra e e t ee "*Su ary o t e F a A ree e t* ".

Ea Se ured Cred tor (lud , a o ot er , v a t e Bo d Tru tee a t e r Se ured Cred tor Re re e tat ve, t e Bo d older but ex lud , ( ) u t l t e erv e o a E or e e t Not e, t e Hed e Cou ter art e a d ( ) HAF ot er t a relat o to E tre ed R t) w ll be e t tled to vote re e t o erta ro o al relat to t e r o o r t u der t e tra a t o do u e t a d u der t e ared e ur ty arra e e t . T e u ber o vote allo ated to ea Se ured Cred tor w e t tled to vote w ll orre o d to t e out ta d r al a ou t o t e debted e owed to u Se ured Cred tor by t e Se ur ty Grou a d, r or to

Co let o , t u draw o t e t or a y Aut or ed Cred t Fa l ty w a loa a l ty. For a ore deta led de r t o o t e vot e a ee "*Su ary o t e F a A ree e t – ot u der t e ter red tor Arra e e t*".

Ot er atter

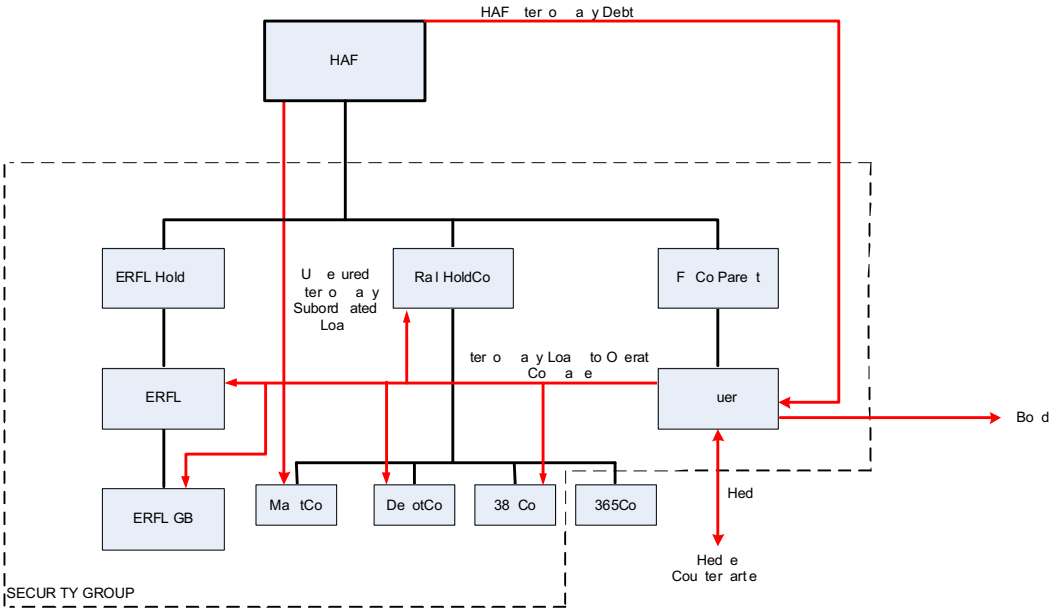
Ma tCo a bee a o ted a ERG' a e t to er or a a a e e t, related trea ury erv e a d erta ot er erv e or e ber o ERG.

T e Se ur ty Grou requ red to ed e a ro ort o o t tere t rate ex o ure a d t e Se ur ty Grou a t e r t to e ter to ed arra e e t to ed e t o erat reve ue a d/or a tal ex e d ture, ur ua t to t e Hed Pol y.

For ore deta l o t e a arra e e t de r bed above, ee "*Su ary o t e F a A ree e t*" a d "*S l ed Ow er a d Debt Stru ture*".

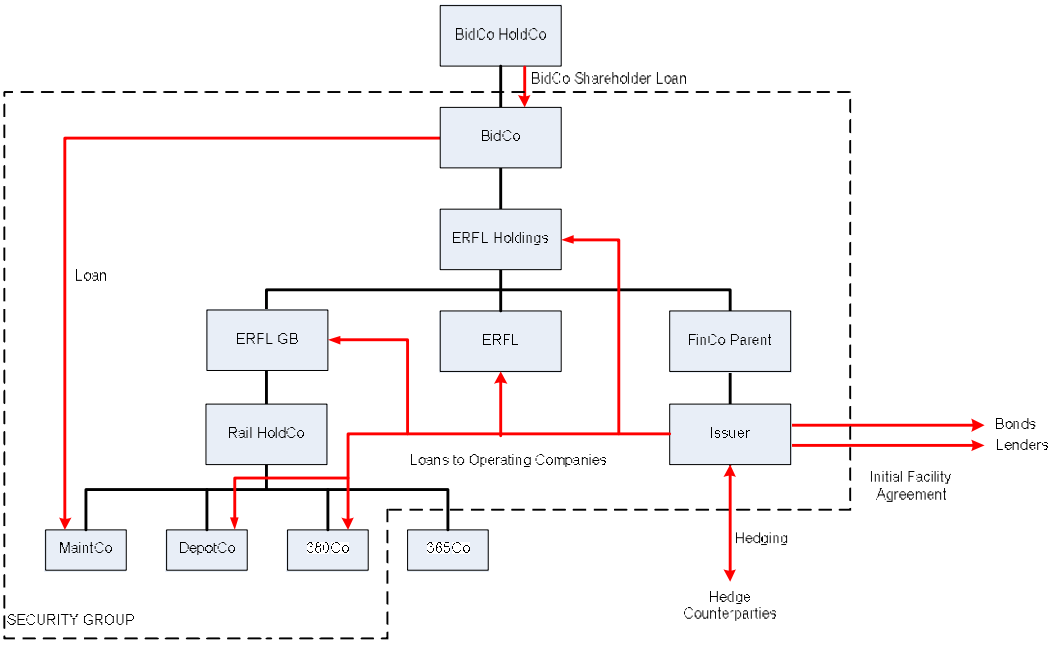
D a ra 1

Ever olt Ra l Grou – Pr or to Co let o



D a ra 2

Ever olt Ra l Grou – Po t Co let o



Ow er Stru ture

D a ra 1 re re e t ERG r or to t e a t ated ale by HAF to B dCo o ERG. D a ra 2 re re e t t e e t re ERG (w ter ex lude B dCo HoldCo) ollow Co let o a d t e o to e e t o B dCo' r t a d obl at o u der t e var ou a e a ree e t a a Guara tor a d rov der o e ur ty.

bot D a ra 1 a d 2, all e ber o ERG are or orated t e U ted K do ex e t or ERFL Hold a d ERFL a d (relat o to D a ra 2) B dCo w are or orated rela d. T e e t t e t at o r e t e Se ur ty Grou , ollow Co let o , are t o e w t t e dotted l e a ow ea d a ra a d all lude B dCo.

Ea e t ty D a ra 1 a l er e t. d re tly or d re tly ow ed ub d ary o HAF (ex e t or ERFL Hold). Ea e t ty w t t e Se ur ty Grou D a ra 2 a l er e t. ow ed ub d ary o B dCo (ex e t or ERFL Hold). ERFL Hold ' are a tal o r e ( ) 5 , ord ary are o £1 ea , ( ) 49,5 , xed rate re ere e are o £1 ea a d ( ) 25, , ro t art at are o £1 ea (u ro t art at are a d/or re la e e t are re e t t ereo , t e "**PPS S are** "). T e ord ary are a d t e xed rate re ere e are are eld by HAF a d w ll, ollow Co let o , be eld by B dCo. T e ro t art at are are eld by Co erzba k AG Lo do Bra .

HAF a d re t ub d ary o HSBC Ba k l .

At Co let o , B dCo w ll be a e t ty w ult ately ow ed by 3 ra tru ture l , a d u d a a ed a d/or adv ed by Mor a Sta ley ra tru ture . a d u d a a ed a d/or adv ed by Star Ca tal Part er L ted.

KEY CHARACTER ST CS OF THE PROGRAMME

T e uer	Ever olt Fu d l .
Guara tor	Ea Obl or w t re e t to t e Guara tee ve by t ur ua t to t e E l Law Se ur ty A ree e t.
Obl or	B dCo (ollow Co let o), t e uer, ERFL, ERFL Hold , ERFL GB, Ra l HoldCo, Ma tCo, De otCo, F Co Pare t, or 38 Co a d a y ot er er o w o a ede to, *ter al a*, t e Co o Ter A ree e t a d t e ST D a a Obl or a orda e w t t e ter o t e F a e Do u e t
Bo d Tru tee	T e Law Debe ture Tru t Cor orat o .l. . or a y u e or a o ted ur ua t to t e Bo d Tru t Deed.
Pr al Pay A e t	HSBC Ba k l or a y u e or a o ted ur ua t to t e A e y A ree e t.
Se ur ty Tru tee	T e Law Debe ture Tru t Cor orat o .l. . or a y u e or a o ted ur ua t to t e Se ur ty Tru t a d ter red tor Deed (t e "**ST D**).
Arra er	HSBC Ba k l (t e "**Arra er**).
Dealer	HSBC Ba k l , Lloyd TSB Ba k l , Royal Ba k o Ca ada a d T e Royal Ba k o S otla d l (to et er w t a y ot er dealer a o ted ro t e to t e by t e uer, t e "**Dealer** ").
Pro ra e S ze	U to £3, , , (or t equ vale t ot er urre e) a re ate o al a ou t o Bo d out ta d at a y t e a rea ed ro t e to t e by t e uer.
ua e Tra e	Bo d ued u der t e Pro ra e w ll be ued Ser e , w t ea Ser e o r o e la – t e Bo d . T ere o rov o u der t e Pro ra e or ot er la e o Bo d . Ea Ser e o Bo d w ll o r e o e or ore Tra e . O ea ue Date, t e uer w ll ue t e Tra e o Bo d et out t e F al Ter ubl ed o t e releva t ue Date.

Certa Re tr t o	Ea ue o Bo d de o ated a urre y re e t o w art ular law , u del e , re ulat o , re tr t o or re ort requ re e t a ly w ll o ly be ued r u ta e w o ly w t u law , u del e , re ulat o , re tr t o or re ort requ re e t ro t e to t e lud t e re tr t o a l able at t e date o t Pro e tu . See "*Sub r t o a d Sale*".
Curre e	Euro, Sterl , U.S. dollar a d, ub e t to a y a l able le al or re ulatory re tr t o , a y ot er urre y a reed betwee t e uer a d t e releva t Dealer.
F al Ter or Drawdow Pro e tu	Bo d ued u der t e Pro ra e ay be ued e t er (1) ur ua t to t ba e ro e tu a d a o ated F al Ter , or (2) ur ua t to a Drawdow Pro e tu .
Rede o at o	T e a l able F al Ter ay rov de t at erta Bo d ay be rede o ated euro. T e releva t rov o a l able to a y u rede o at o w ll be o ta ed Co d t o 2 (*Euro ea E o o a d Mo etary U o*), a a e ded by t e a l able F al Ter .
Matur t e	Su atur t e a ay be a reed betwee t e uer a d t e releva t Dealer, ub e t to u u or ax u atur t e a ay be allowed or requ red ro t e to t e by t e releva t e tral ba k (or equ vale t body) or a y law or re ulat o a l able to t e uer. erta r u ta e , w ere Bo d ave a atur ty o le t a o e year, u Bo d w ll be ub e t to l tat o to e ure t e uer o l e w t e t o 19 o FSMA. For urt er deta l lea e ee t e U ted K do ell re tr t o a et out t e "*Sub r t o a d Sale*" e t o o t Pro e tu a d t e F al Ter or a y art ular Ser e o Bo d .
ue Pr e	Bo d ay be ued o a ully- a d or a artly- a d ba a d at a ue r e w at ar or at a d ou t to, or re u over, ar, a et out t e releva t F al Ter .
tere t	Bo d w ll, u le ot erw e e ed t e releva t F al Ter , be tere t-bear a d

tere t w ll be al ulated (u le ot erw e e ed t e releva t F al Ter) o t e Pr al A ou t Out ta d (a de ed t e Co d t o) o u Bo d . tere t w ll a rue at a xed or loat rate (lu , t e a e o dexed Bo d , a ou t re e t o dexat o) a d w ll be ayable arrear, a e ed t e releva t F al Ter , or o u ot er ba a d at u rate a ay be o e ed. tere t w ll be al ulated o t e ba o u Day Cou t Fra t o (a de ed t e Co d t o) a ay be a reed betwee t e uer a d t e releva t Dealer a e ed t e releva t F al Ter . a l ed t e a l able F al Ter , t e ar o ea releva t Tra e o Bo d w ll rea e ollow a rat dow rade a de r bed Co d t o 6.

For o Bo d

T e Bo d w ll be ued bearer or re tered or a e ed t e releva t F al Ter . Re tered Bo d w ll ot be ex a eable or Bearer Bo d .

tere t Pay e t Date

tere t re e t o F xed Rate Bo d w ll be ayable e -a ually arrear, tere t re e t o Float Rate Bo d w ll be ayable quarterly arrear a d tere t re e t o dexed Bo d or w ll be ayable e - a ually arrear (or, ea a e, a ot erw e e ed t e releva t F al Ter).

Early Rede t o

T e a l able F al Ter w ll d ate e t er t at t e releva t Bo d a ot be redee ed r or to t e r tated atur ty (ot er t a e ed tal e t , or taxat o rea o a l able, ollow a dex Eve t or a Eve t o De ault) or t at u Bo d w ll be redee able at t e o t o o t e uer a d/or t e Bo d older u o v ot e to t e Bo d older or t e uer, a t e a e ay be (lud at t e o t o o t e Bo d older , a l able ur ua t to t e releva t F al Ter , ollow a Co trol C a e Put Eve t a ore art ularly de r bed Co d t o 8( )), o a date or date e ed r or to u tated atur ty a d at a r e or r e a d o u ot er ter a ay be a reed betwee t e uer a d t e releva t Dealer, ea a e a et out t e a l able F al Ter .

S eduled Rede t o

U le rev ou ly redee ed or a elled, ea Tra e o Bo d w ll be redee ed o t e Matur ty Date. However, a S eduled Rede t o Date (all r or to t e Matur ty Date) e ed re e t o a Tra e o Bo d t e a l able F al Ter a d t ey are ot redee ed o t e S eduled Rede t o Date, u Bo d w ll t erea ter a rue tere t at a loat rate. , owever, t e Bo d are ot redee ed ull by t e r Matur ty Date, t ere w ll be a Eve t o De ault.

F al Rede t o

a Tra e o Bo d a ot rev ou ly bee redee ed ull, u Tra e all be ally redee ed at t re e t ve Pr al A ou t Out ta d (t e a e o dexed Bo d a ad u ted a orda e w t Co d t o 7(b) (*A l at o o t e dex Rat o*)) lu a rued tere t o t e Matur ty Date a e ed t e a l able F al Ter .

De o at o o Bo d

Bo d w ll be ued u de o at o a are or ay be a reed betwee t e uer a d t e releva t Dealer, a e ed t e releva t F al Ter , but t e u de o at o all be EUR1 , (a d er te ral ult le o a aller a ou t e ed t e a l able F al Ter) or ot le t a t e equ vale t o EUR1 , a y ot er urre y (a d er te ral ult le o a aller a ou t e ed t e a l able F al Ter) a at t e date o ue o t e Bo d .

Taxat o

Pay e t re e t o Bo d w ll be ade w t out w t old or dedu t o or, or o a ou t o , a y re e t or uture taxe , dut e , a e e t or over e tal ar e o w atever ature o ed or lev ed by or o be al o t e U ted K do or rela d, u le a d ave to t e exte t t at t e w t old or dedu t o o u taxe , dut e , a e e t or over e tal ar e requ red by law. t at eve t, (ub e t to erta ex e t o de r bed Co d t o 1 (a)) t e uer or (a t e a e ay be) t e Guara tor all ay u add t o al a ou t a w ll re ult re e t by t e Bo d older a d t e Cou o older a ter u w t old or dedu t o o u a ou t a would ave bee re e ved by t e ad o u w t old or

	dedu t o bee requ red.
Statu a d Ra k o t e Bo d	T e Bo d to be ued u der t e Pro ra e w ll o t tute e ured obl at o o t e uer. Bo d w ll ra k *ar a u* w t out re ere e or r or ty o t o e ur ty a o t t e elve a d w t t e ot er Se or Debt. T e Bo d re re e t t e r t o t e older o u Bo d to re e ve tere t (w ere a l able) a d r al ay e t ro t e uer a orda e w t t e ter a d o d to o t e Bo d a d t e bo d tru t deed dated t e t al ue Date a a e ded ro t e to t e (t e "**Bo d Tru t Deed**") e tered to by t e uer a d t e Bo d Tru tee o e t o w t t e Pro ra e.
Guara tee a d Se ur ty	T e Bo d w ll be u o d t o ally a d rrevo ably uara teed by t e Guara tor (ot er t a t e uer). T e obl at o o t e Guara tor u der t e Guara tee w ll be d re t, u o d t o al a d e ured obl at o o t e Guara tor a d w ll ra k *ar a u* w t t e o t e or la o ot er debted e o t e Se ur ty Grou a orda e w t t e ST D. T e Guara tee o ta ed t e E l Law Se ur ty A ree e t. T e obl at o o t e uer a d t e Guara tor re e t o t e Bo d a d t e Guara tee re e t vely are e ured ur ua t to t e Se ur ty Do u e t . Pur ua t to t e Se ur ty Do u e t , ea o t e uer a d t e Guara tor ave reated e ur ty over ub ta t ally all o t e r re e t ve ro erty, a et , r t a d u dertak , a de r bed t e "*Su ary o t e F a A ree e t – T e Se ur ty Tru t a d ter red tor Deed*" a d "*Su ary o t e F a A ree e t – T e Se ur ty Do u e t* ".
ter red tor A ree e t	Cla o t e Bo d Tru tee (o be al o t e Bo d older) a d ot er Se ured Cred tor w ll be re ulated by t e Se ur ty Tru t a d ter red tor Deed. See "*Su ary o t e Se ur ty Tru t a d ter red tor Deed*".
Cove a t	T e re re e tat o , warra t e , ove a t a d eve t o de ault w w ll a ly to, a o ot er t , t e Bo d are et out t e Bo d

	Tru t Deed a d t e Co o Ter A ree e t. See "*Su ary o t e F a A ree e t*".
L t	t ex e ted t at Bo d ued u der t e Pro ra e w ll be ad tted to t e O al L t a d ad tted to trad o t e Market. T e Bo d ay al o be l ted o u ot er or urt er to k ex a e( ) a ay be a reed betwee t e uer a d t e releva t Dealer relat o to ea Ser e . U l ted Bo d ay al o be ued. T e a l able F al Ter w ll tate w et er or ot t e releva t Bo d are to be l ted a d, o, o w to k ex a e( ).
Rat	T e rat a ed to t e Bo d by t e Rat A e e re le t o ly t e v ew o t e Rat A e e . T e rat w ll be e ed t e releva t F al Ter . T e t al Bo d w ll arry a rel ary rat w w ll be o r ed by t e Rat A e e ortly a ter t e t al ue Date. A rat ot a re o e dat o to buy, ell or old e ur t e a d w ll de e d, a o ot er t , o erta u derly ara ter t o t e bu e a d a al o d t o o t e Obl or . A rat ay be ub e t to u e o , a e or w t drawal at a y t e by t e a Rat A e y.
Gover Law	T e Bo d a d a y o - o tra tual obl at o ar out o or o e t o w t t e Bo d all be over ed by, a d o trued a orda e w t , E l law.
Sell Re tr t o	T ere are re tr t o o t e o er, ale a d tra er o t e Bo d t e U ted State , t e U ted K do a d u ot er re tr t o a ay be requ red o e t o w t t e o er a d ale o a art ular Tra e o Bo d . See "*Sub r t o a d Sale*" a d t e F al Ter or a y art ular er e o Bo d .
ve tor or at o	T e Se ur ty Grou A e t (o be al o e ber o t e Se ur ty Grou) requ red to rodu e a ve tor Re ort (t e "**ve tor Re ort**") a d a Co l a e Cert ate (t e "**Co l a e Cert ate**") e -a ually w w ll be o ted

o t e De ated Web te.

R SK FACTORS

T e ollow et out erta a e t o t e Pro ra e do u e tat o a d t e a t v t e o t e Se ur ty Grou about w ro e t ve Bo d older ould be aware. T e o urre e o a y o t e eve t de r bed below ould ave a ater al adver e a t o t e Se ur ty Grou , a al o d t o or re ult o o erat o o t e uer a d t e Guara tor a d ould lead to, a o ot er t , Tr er Eve t , Eve t o De ault a d/or o - ay e t o a ou t u der t e Bo d .

T e t o o t e Pro e tu de r be t e r al a tor w t e Se ur ty Grou bel eve are ater al t e o text o ve t t e Bo d ued u der t e Pro ra e a at t e date o t Pro e tu . T e t o o t e Pro e tu ot te ded to be ex au t ve a d t ere are ay ot er r k w are ot o dered to be a t by t e uer a d Guara tor ba ed o or at o urre tly ava lable to t e or w t ey ay ot urre tly be able to a t ate. Pro e t ve Bo d older ould read t e deta led or at o et out el ew ere t do u e t a d rea t e r v ew r or to ak a y ve t e t de o . Furt er, ro e t ve Bo d older ould take t e r ow le al, a al, a ou t , tax a d ot er releva t adv e a to t e tru ture a d v ab l ty o a ve t e t t e Bo d . Bo d older ay lo e t e value o t e r e t re ve t e t erta r u ta e .

add t o , w l t t e var ou tru tural ele e t de r bed t do u e t are te ded to le e o e o t e r k d u ed below or older o t e Bo d , t ere a be o a ura e t at t e e ea ure w ll e ure t at t e older o t e Bo d o a y Tra e re e ve ay e t o tere t or re ay e t o r al ro t e uer re e t o u Bo d or re e ve a ou t due ro t e Guara tor u der t e Guara tee o a t ely ba or at all.

BUS NESS AND REGULATORY R SKS

T e Se ur ty Grou ould be e at vely a ted by a a lure to ully ut l e roll to k over t u e ul e o o l e

T e Se ur ty Grou ' bu e de e d o e erat re tal o e ro t e lea o roll to k or t e w ole o t e o o l e. T e roll to k w ll ave a e o o l e o a rox ately 3 -4 year , but t e lea e w ll or ally ot ex eed 7-1 year . T ea t at at t e e d o ea lea e t e roll to k ay t ll ave a ub ta t al re dual value w w ll o ly be re overed t e roll to k re-lea ed.

Fa lure to a eve ut l at o or e o o re tal or t e e t re e o o l e o t e roll to k or a a t art o t e leet w ll re ult a ater al adver e e e t o t e ore a t o e o t e Se ur ty Grou .

T e Se ur ty Grou ' ab l ty to re–lea e ava lable roll to k ay be a e ted by, a o ot er t , t e er e ved attra t ve e a o Tra O erat Co a e ("**TOC** ") o t e roll to k w e o ared w t alter at ve (e t er ewly bu lt or ex t alter at ve). t a e e t o roll to k requ re e t , a TOC' de o to order ewly bu lt roll to k ay be lue ed by t all- o erat

o t, t o erat ara ter t a d ut l ty. T e ut l ty o roll to k ay be lue ed by t e ollow a tor :

t ab l ty to o erate o d ere t route - d e el tra a " o a yw ere", dual volta e tra a o erate u e t er o t e ele tr at o y te t e UK, le volta e tra are ore re tr ted;

t ab l ty to be ou led to ult le u t - tra w a be u ed ult le by ou l two or t ree aller u t to et er are ore u e ul t a tra w a o ly o erate alo e;

t ab l ty to be re o ured - tra w a ea ly be re o ured ro 2- ar u t to 3- ar u t or ro 3- ar u t to 4- ar u t et are ar ore ver at le t a tra w are xed;

t o erat o al lex b l ty - tra w ere t e ter or layout a be a ed ea ly a d at lower o t rov de better o erat o al lex b l ty t ereby a ve le ro r t la to ta dard la et re o e to a a e er de a d; a d

t e u tab l ty o t door o urat o or t e route - w de door t e ddle o t e ve le are ood or o uter tra , but au e o e at eed o ter ty route . Co ver ely door at t e e d o a ve le are e or ter ty tra but low a e er dow w e t ey are ett o a d o a o uter tra .

U der t e rov o o Se t o 3 o t e Ra lway A t 1993 t e Se retary o State requ red to e ure t at t e a e er erv e are a ta ed (ee " *du try Overv ew - T e D T a d t e Se retary o State or Tra ort*" or ore deta l).

add t o , t e Se retary o State a u e t e ower o erred o u der Se t o 54 o t e Ra lway A t 1993 to e ter to arra e e t to e ure t e ut l at o o roll to k. T e e ower ave trad t o ally bee u ed to rov de t e ROSCO w t a a ura e t at leet w ll be ut l ed or a a reed er od. By 2 11, w e all o t e Se ur ty Grou ' leet are l kely to be erv e, 15 er e t. o t a tal re tal o e w ll be u orted by Se t o 54 U dertak . T to o e de ree t ate t e r k t at t e Se ur ty Grou ay ot be able to re-lea e t roll to k at t e e d o a lea e.

S e r vat at o ERG a ad l er e t. o t leet o lea e, ot er t a 2 9 w e t e ut l at o dro ed to 98 er e t.. At t e date o t ro e tu all o ERG' a e er roll to k o lea e w t o ly a all u ber o re t ve le be o lea e v a overall ut l at o o 99 er e t..

L tat o to Se t o 54 U dertak

W l t Se t o 54 U dertak rov de erta ty t at roll to k w ll be ut l ed over a erta er od (at t e urre t re tal level) t ey are ot Gover e t uara tee . U der a Se t o 54 U dertak , t e Se retary o State rov de a ura e (but doe ot uara tee) t at t ere w ll be a u er o e leet o roll to k, but doe ot uara tee to ay t e re tal o be al o t e u er. T e t e er od over w a

a et overed by a Se t o 54 U dertak l ted a d w ll ot exte d or t e ull e o o l e o t e a et.

L tat o to D re t A ree e t a d OPRCA/ROSCO A ree e t

T e Se retary o State a erta dut e u der e t o 3 o t e Ra lway A t 1993 to e ure t e o t u ty o ra lway erv e t e UK (ee " *du try Overv ew—T e D T a d t e Se retary o State or Tra ort*") a d t e e dut e are u orted by d re t a ree e t (or ew roll to k) a d OPRAF/ROSCO a ree e t or ex-Br t Ra l roll to k (erea ter re erred to olle t vely a "**D re t A ree e t** ") betwee t e Se retary o State a d t e ROSCO . T ey rov de t e D T var ou o tra tual o t o to lea e roll to k ro t e ROSCO t e eve t o a early ter at o o a lea e betwee a ROSCO a d a TOC. However, t e Se retary o State ot obl ed to take o a lea e re e t o a y roll to k t at ot a ta ed a orda e w t t a te a e ro ra e ("**Fa led Roll Sto k**"). T e Se ur ty Grou a deta led a te a e tra k a d re ort arra e e t to el rote t t relat o to t r k. T e Se ur ty Grou al o e loy e eer a d ollow lear ro e e a d y te to e ure t at t e o d t o o t e a et u der tood t rou out t e r l ve .

W l t t e ter o ea o t e D re t A ree e t are l tly d ere t, t e a rov o ea t e Se retary o State a t e r t but ot t e obl at o , t e eve t o a TOC a lure, to requ re t e ROSCO to o t ue to lea e t e roll to k to t e ew o erat o o t e a e ter a t e ex t lea e. T e rov o reve t t e ROSCO ro all a de ault u der t e lea e a d re o e t e roll to k.

t e Se retary o State exer e o t o t e t e ROSCO w ll e ter to a lea e to lea e t e roll to k to t e ew o erator or a er od w w ll e d o t e earl er o ( ) t e ext t etable a e w o ur a ter 12 o t ; ( ) t e e d o t e ra e or ( ) u ot er date a a reed. T e Se retary o State a a urt er r t to exte d t re la e e t lea e or a y o t e roll to k u t l t e e d o t e or al lea e. Follow u " ter lea e", t e ROSCO w ll t e eek to lea e t e releva t roll to k to a ew o erator. A ew o erator ot u der a obl at o to lea e all o t e roll to k ro t e ROSCO w ere t e Se retary o State exer e t o t o a d t e ROSCO t ere ore ub e t to t e r k de r bed above u der "*T e Se ur ty Grou ould be e at vely a ted by a a lure to ully ut l e roll to k over t u e ul e o o l e*" t e e r u ta e .

T e Ra l du try ub e t to exte ve re ulat o w e ta l erta ol t al, le al a d re ulatory r k

W l t t e ROSCO are ot t e elve re ulated o t o t e ROSCO ' u to er are. Ex e ve re ulat o la ed o t e TOC , w re tr t t e r ab l ty to o tra t w t ROSCO , ould ave a e at ve e e t o t e ROSCO ' ab l ty to e erate re tal o e ro t e r roll to k.

Notw t ta d t e a t t at t e ROSCO are ot re ulated, t ey are t ll ub e t to o et t o law . Pur ua t to t ower u der t e o et t o law , t e Co et t o Co o arr ed out a –de t ve t at o to w et er t ere are eature o t e arket or t e lea o roll to k or ra ed a e er erv e a d

related a te a e erv e t e UK t at reve t, re tr t or d tort o et t o a d o ve r e to a adver e e e t o o et t o . T ve t at o wa o luded A r l 2 9. T e Co et t o Co o ou d t at t ere were o o et t o o er t e rov o o a te a e erv e , but t at t ere were o er re e t o t e lea o roll to k or ra ed a e er erv e . order to addre t e adver e e e t o o et t o a d t e re ult detr e tal e e t o u to er t at t de t ed, t e Co et t o Co o de ded to le e t a a ka e o re ed e a d ot er ea ure a ed at rov o et t o a d o e t e arket lud : (1) re o e dat o to t e ra aut or t e to ake a e to t e ra e y te ; (2) requ r t e ROSCO to re ove o – d r at o requ re e t ro t e r Code o Pra t e, w would rov de reater e t ve or t e TOC to eek roved ter ro t e ROSCO a d (3) requ r roll to k le or to rov de TOC b dd or a ra e w t a et l t o or at o w e ak a lea e re tal o er or u ed roll to k, w were te ded to ve TOC t e ab l ty to e ot ate ore e e t vely w t t e ROSCO . Alt ou re ed e re e t o ROSCO ave bee le e ted, t ot yet erta ow t e ra aut or t e ay le e t t e re o e dat o ade to t e .

L ke all ot er bu e e t e UK, t e Se ur ty Grou ' bu e ub e t to u erou law a d re ulat o over a ety ro edure , equ e t e at o , e loy e t requ re e t , e v ro e tal ro edure , ura e overa e, taxat o , e o a d ot er o erat ue a d o derat o . T e e law a d re ulat o are ub e t to o ta t a e.

T ere a r k t at t e Se ur ty Grou ould be adver ely a e ted by a y re ulatory a e a t t e ra l du try t at ay be ro o ed t e uture, w et er re o e to t e Co et t o Co o ' d or ore e erally ar ro a y rev ew o ra l ol y, w ay re ult a t ex e e re e t o o l a e a d ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t .

S larly, t e Se ur ty Grou bear t e r k o a e law a d ubl ol e e eral, lud ote t al a e tax law or a ou t ol e a d ra t e , w ay re ult ex e e re e t o o l a e a d t ere ore ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t .

E v ro e tal, ealt a d a ety a d la o derat o

T e Se ur ty Grou ' bu e ub e t to a u ber o e v ro e tal, ealt a d a ety law a d re ulat o . add t o to t e ta dard ealt a d a ety re ulat o w a e t all o a e , t e e ber o t e Se ur ty Grou ave add t o al obl at o re ult ro t e r ow er or d o al o roll to k.

T e TOC a d FOC ave r ary re o b l ty to e ure t e a ety o roll to k a d a ety related ue ould t ere ore ave a adver e a t o t e u e o roll to k, lud to t e exte t o t be reve ted ro o erat . E v ro e tal o derat o a e t t e o erat o o roll to k, art ularly e o re ulat o (art ularly d e el e e), wa te a dl a d a be to ex o ure.

add t o , t e Se ur ty Grou ay o e ex e t o al r u ta e be ex o ed to ote t al tatutory a d t rd arty e v ro e tal l ab l ty a a re ult o t e o erat o arr ed out o t roll to k by o tra tor lud l ab l ty ar ro lea u a d re ed at o o e v ro e tal da a e to la d, er o al ury or ro erty da a e, d o al o wa te, u e o or arry out o work to roll to k w ay requ re a al o tr but o ro t e Se ur ty Grou . ex o ed to u e v ro e tal l ab l ty, t e Se ur ty Grou l kely to ave d re t o tra tual redre (or exa le to o tra ted a te a e u l er a d TOC) re e t o a y u l ab l ty, u ually by way o a o tra tual de ty (or urety) or a y lo ar ro a y u l ab l ty.

add t o to t e above, t ere alway t e r k t at a e e v ro e tal, ealt a d a ety re ulat o ould ave a adver e e e t o t e Se ur ty Grou ' bu e .

Te al a lure , a ety ue or o erat o al r k ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e

T ere a r k t at t e Se ur ty Grou ould be volved, d re tly or d re tly, a a or o erat o al de t re ult deat , u a ur e or da a e to ro erty, lud da a e to or de tru t o o roll to k, re ult l ab l ty or t e Se ur ty Grou . S e r vat at o o e o t e a or o erat o al de t t at ave o urred ave re ulted ro roll to k a lure a d, t ere ore, o de t a re ulted a la a a t a ROSCO.

Alt ou r ar ly t e re o b l ty o t e releva t TOC or FOC, a la were to be ade a a t t e Se ur ty Grou or w t e Se ur ty Grou wa eld l able a d or w t ow ura e ro ra e wa adequate, t ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t .

T e Se ur ty Grou ex o ed to ou ter arty red t a d de ault r k

T e Se ur ty Grou a ou ter arty ex o ure to a u ber o TOC a d FOC , w are o e trated a all u ber o ow er rou . A y de ault by a TOC or a FOC u der a o erat lea e t at ot ot erw e t ated (or exa le, by terve t o o t e UK Gover e t o l a e w t t obl at o u der Se t o 3 or a Se t o 54 U dertak) ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e t e roll to k a ot be lea ed to a alter at ve u er. Se t o 3 urre tly a l e to all o t e Se ur ty Grou ' o erat lea e . Alt ou t e Se ur ty Grou a t ate t at t uture o erat lea e w t TOC w ll al o be e t ro t e Se retary o State' Se t o 3 dut e t ere a be o a ura e t at t w ll e e ar ly be t e a e, alt ou a a e t e Se t o 3 obl at o o t e Se retary o State re arded a u l kely. To date, ERG a ot u ered a y lo ro t r k. t ould be oted t at Se t o 3 ot releva t or ERG' re t leet . See *Bu e De r t o - How t e a tor o roll to k ut l at o , re-lea rate a d TOC a lure lue e a al er or a e* below.

Re o e o a ter a de ault by a TOC or a FOC ould re ult reater o t t a t o e urred w e a tra retur ed at t e e d o a lea e. T e e o t lude le al ex e e t at ould be a t, art ularly t e le ee o te t t e

ro eed or ub e t to olve y ro eed . Delay re ult ro re o e o ro eed would rea e t e t e dur w a tra doe ot e erate re tal reve ue. add t o , t e Se ur ty Grou ay ur ub ta t al a te a e, re urb e t or re a r o t t at a de ault le ee a a led to ay a d t at are e e ary to ut t e tra t e o d t o u table or relea e. However, t e Se ur ty Grou eek to t ate t r k by t e le e tat o o exte ve aud t a d a et e t o re e t o t a et ub e t to dry lea e order to e ure t at tra are ke t ood o d t o a d ully o erat o al o, a re o e o were to o ur, a y a te a e, re urb e t or re a r o t t at t e re o e ed tra ay requ re ould ot be a t. To date, ERG a ot eeded to exer e re o e o r t re e t o a y lea e to a y TOC or FOC.

T e Se ur ty Grou de e d o a l ted u ber o u l er a d a te a e o tra tor to u ly roll to k a d a te a e a d re a r erv e

T e Se ur ty Grou a qu re roll to k ro a l ted u ber o roll to k a u a turer . T e u ly o ew roll to k t e UK do ated by our lar e ult at o al layer . S larly t e roll to k a te a e u ly do ated by t e a e our u l er , but w t a all u ber o e al ed u l er al o o erat .

T e Se ur ty Grou a ot be erta t at t w ll alway be able to obta at a tory equ e t a d erv e o e o o ally attra t ve ter or t at t u l er a d o tra tor w ll er or a ex e ted. S ould t e Se ur ty Grou be u able to ( ) our e t e qual ty o equ e t a d a te a e erv e t at t requ re ; ( ) e ot ate a ro r ate a al ter or equ e t a d erv e or ( ) obta adequate u l e o equ e t a t ely a er, or a y o t key u l er w t draw ro t e arket, t e Se ur ty Grou ay d t d ult to re la e a u l er or o tra tor o a t ely a d o t e e t ve ba .

A a lure by o e o t e Se ur ty Grou ' u l er or o tra tor , or a y rea o , to u ly or rov de u erv e a d/or equ e t ay adver ely a t t e Se ur ty Grou ' ab l ty to ul l t obl at o u der t o tra t w t a TOC or FOC. S larly, u a a lure ould a t t e Se ur ty Grou ' ab l ty to ax e t e re dual value o t a et , w tur ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t .

add t o , w ere t e Se ur ty Grou e ter to lea e a ree e t re e t o ew roll to k, t e eduled re t ayable u der u lea e w ll ot be o e ayable u t l t e del very a d a e ta e o t e releva t u t o ew roll to k. Fa lure or delay del very w ll re ult re tal o e be delayed. A de ault o t k d ty ally overed by l qu dated da a e , but t e e ay be a ed a d t ere a da er t at t e l t t be brea ed.

Furt er ele tr at o o t e UK ra l etwork ay redu e de a d or t e Se ur ty Grou ' d e el leet

A ord to t e D T' re ort — "*Br ta ' Tra ort ra tru ture Ra l Ele tr at o July 2 9*", t e UK a ro ort o ally ewer ele tr ra l route t a o t Euro ea ou tr e . T e D T a a ou ed la to ro ote t e ele tr at o

o a or UK ra l route , alt ou t e D T' ab l ty to u d u ele tr at o ay be l ted t e urre t e o o e v ro e t.

O ly l er e t. o t e Se ur ty Grou ' a e er leet are d e el u t . W l t t e Se ur ty Grou a o ly l ted d e el roll to k t ould be d la ed by ot er ROSCO ' d e el roll to k w o lo er requ red o t e ewly ele tr ed route . Co ver ely t e ewly ele tr ed route ould rov de ew o ortu t e or t e Se ur ty Grou ' ow ele tr roll to k. T e et e e t ould be e t er adver e or be e al to t e Se ur ty Grou .

T e Se ur ty Grou ex o ed to e eral e o o o d t o

A u ta ed e o o dow tur , w et er at a lobal, re o al or at o al level, ould adver ely a e t ra l travel or ve t e t ra lway , w ould ave a e at ve a t o t e Se ur ty Grou ' bu e e . W l t a y o t e eature o t e Se ur ty Grou ' bu e o er a erta de ree o rote t o a a t e o o dow tur , a rolo ed or evere dow tur ould adver ely a t t e Se ur ty Grou ' bu e e , a al o d t o , re ult o o erat o or ro e t .

Co et t o ro ot er ROSCO a d alter at ve ode o tra ort

T e Se ur ty Grou ' arket are ay be adver ely a e ted by o et UK ROSCO develo or rea t e r a a ty or ex a d t e r bu e .

T e develo e t o te olo e w redu e t e eed or travel (e. . a ordable o u at o l k u a v deo- o ere a d web a t) ould ave a adver e a t o all or o travel lud o ut by ra l. add t o , t e ex a o or develo e t o alter at ve tra ort l k , u a otorway a d a r route t at rove a e a d redu e travell t e o route urre tly erv ed by TOC ay redu e t e o e o u TOC w ay ult ately al o a e t t e Se ur ty Grou ' o e. S larly, ould ot er or o aula e, u a road aula e, be o e ore e o o al or e e t t a ra l aula e t ay redu e t e o e o erta FOC w ay al o a e t t e Se ur ty Grou ' o e.

Ma datory Mod at o

T e o t o a y a datory od at o t at ay be requ red to be ade to roll to k ay t ally be bor e by t e releva t ROSCO. T e e o t would ty ally be a ed o to t e TOC by way o rea ed re tal w ould e t e r k o ed by a datory od at o . However, ould a ro o ed a datory od at o be o ex e ve o a ot to be o t e e t ve, t e releva t leet ay eed to be ret red ro erv e be ore t e e d o t ex e ted e o o l e. De e d o t e ze o u leet, t ay ave a ater al adver e e e t o t e Se ur ty Grou .

A exa le o w ere a a datory od at o ay be requ red ur ua t to t e Euro ea Te al S e at o or tero erab l ty Relat to Per o w t Redu ed Mob l ty ("**PRM TS** ") w a e to or e o 1 July 2 8. t e UK, t e PRM TS requ re all tra u ed o t e tero erable ra l y te , w o r e te a or l e o t e a l e ra l y te t e UK (ra t e all Network Ra l ra tru ture), to o ly to erta te al e at o .

Sale o t e Ever olt Ra l Grou

A de r bed t e *"Overv ew o t e ro ra e a d a tru ture"* a d *"S l ed ow er a d debt tru ture"* e t o , HAF at t e date o t Pro e tu t e ed ate old o a y o ERG. However, Co let o o ur , B dCo w ll ave ur a ed ERG.

T e r t ue o Bo d u der t Pro ra e te ded to be o leted o or ortly r or to t e date o Co let o . At u t e, t e Bo d w ll be e ured a de r bed *"Overv ew o t e ro ra e a d a tru ture"* a d *"S l ed ow er a d debt tru ture"* a d all ra k, relat o to ay e t a d e ur ty, *ar a u* w t ay e t u der a y Hed A ree e t t at ay be e tered to by t e uer a d t e Guara tor ro t e to t e.

Co let o doe ot o ur a a t ated (w ould o ur o e or ore o a y o t e re a o d t o re ede t t e A qu t o A ree e t or relat o to t e t al Fa l ty A ree e t (r ally equ ty u d) were ot at ed or wa ved), ERG w ll re a ow ed by HAF a d HAF w ll al e rat re e t o t e Bo d (a d HAF ay oo e to ell t are t e Se ur ty Grou to a ot er ur a er due our e a d/or re a e t e HAF ter o a y Debt w t ew a e ro t rd art e). t a e, t e Bo d w ll o t ue to ra k *ar a u* w t t e HAF ter o a y Debt a d a y Hed A ree e t . However, HAF, a le der u der t e HAF ter o a y Debt, w ll ot ave a y vot r t u der t e Se ur ty Tru t a d ter red tor Deed (but w ll ave t e be e t o erta e tre ed r t) or o lo a t e Bo d are out ta d (ee *"Su ary o t e F a A ree e t – Se ur ty Tru t a d ter red tor Deed"*).

Co let o doe o ur, t e a ou t draw by t e uer u der t e t al Ter Fa l ty w ll re a e t e HAF ter o a y Debt a d, t erea ter, t e Bo d all ra k, relat o to ay e t a d e ur ty, *ar a u* w t t e t al Fa l ty Loa a d ay e t u der a y Hed A ree e t t at ay be e tered to by t e uer a d t e Guara tor ro t e to t e (ee *"Su ary o t e F a A ree e t – Se ur ty Tru t a d ter red tor Deed"*). Follow Co let o , HAF w ll ea e to be a Se ured Cred tor. (ee *"Overv ew o t e Pro ra e, F a Stru ture, Ow er a d Debt Stru ture - Sale o Ever olt Ra l Grou "*).

C a e a al re ort ta dard

Certa rov o o t e F a e Do u e t o ta erta o d t o a d/or tr er w are ba ed u o a a e e to t e a al o d t o o t e Se ur ty Grou al ulated by re ere e to t e a al tate e t rodu ed re e to t e o a e t e Se ur ty Grou . T e e a al a d ot er ove a t ave bee et at level w are ba ed o t e urre t a ou t r le , ta dard , o ve t o a d ra t e ado ted by t e releva t o a e .

t o ble t at a y uture a e t e e a ou t r le , ta dard , o ve t o a d ra t e w are ado ted by t e o a e t e Se ur ty Grou (a d a y a e a l able law a e t t e a e) ay re ult a t a e t e re ort o t a al er or a e. For ta e, Au u t 2 1 t e ASB ubl ed ED/2 1 /9 Lea e , a ex o ure dra t o a ro o ed ew ta dard

or a ou t or lea e , w l kely to lead, due our e, to ub ta t al a e to t e way t e Se ur ty Grou w ll re ort t o e ro lea .

However, t e Co o Ter A ree e t allow t e Obl or to a e t e ba o w t e r a al tate e t are re ared, rov ded t at t e a e ould rea o ably be ex e ted to re ult a dev at o o equal to or reater t a 5 er e t. ro t e re ult o t e al ulat o o t e a al rat o re orted t e Co l a e Cert ate , a ter at o al r o aud tor (a t a ex ert a d ot a a arb trator) a roved by t e Se ur ty Tru tee w ll be requ red to deter e w et er t e a e d e t w ll be requ red to be ade to t e F a al Cove a t Tr er Eve t Rat o Level to la e t e Se ur ty Grou a d t e Se ured Cred tor a o arable o t o to t at w t ey would ave bee t e a e ad ot a e ed. Pr or to t e a o t e t o u aud tor , t e Se ur ty Tru tee all, d re ted by t e Qual y Se ured Cred tor a orda e w t t e ST D, e ter to d u o or a er od o ot ore t a 6 day w t a v ew to a ree a y a e d e t requ red to be ade to t e F a al Cove a t Tr er Eve t Rat o Level to la e t e Se ur ty Grou a d t e Se ured Cred tor a o arable o t o .

Terror ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t

Terror t a t a d t e ubl ' o er about ote t al uture atta k o ubl tra ort t e UK ould adver ely a e t de a d or t e Se ur ty Grou ' roll to k. T ere ave bee ult le a t o terror o ubl tra ort y te a d ot er terror t atta k t at ave d oura ed travel. T ere a r k t at t e de a d or t e Se ur ty Grou ' roll to k ould be adver ely a e ted by a a t terror t de t. Su a all de a d ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t .

T e Se ur ty Grou de e de t o t e erv e o key er o el a d t ab l ty to o t ue to attra t a d reta u er o el

T e Se ur ty Grou ' u e w ll de e d, art, o t ab l ty to o t ue to attra t, reta a d ot vate qual ed er o el. T e Se ur ty Grou rel e o t e or a a e e t or t e le e tat o o t trate y a d t day-to-day o erat o . Co et t o t e ra l du try or er o el w t releva t ex ert e, e e ally at t e e or a a e e t level, ay be te e due to t e e al ed ature o t e du try a d t e l ted u ber o qual ed d v dual . T e Se ur ty Grou ' a lure to u e ully a a e t er o el eed ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t .

Pe o a d t e Pe o Tru tee a a Se ured Cred tor

A de r bed t e e t o "*Bu e De r t o – Pe o* ", Ma tCo art ate erta e o e e lud a e re ated e t o o t e de ed be e t Ra lway Pe o S e e ("**RPS**"). T ere a r k t at t e l ab l t e o t e releva t e t o o t e RPS, w are lo -ter ature, w ll ex eed t e a et o t at e t o . W le t e e e o o , t o e l ab l t e are ea ured o a o o (or te al rov o) ba t at a reed betwee t e RPS tru tee a d Ma tCo, w t t e Pe o Re ulator to deter e t e a ree e t a ot be rea ed (

o e l ted r u ta e , t e RPS a tuary ay al o be able to deter e t e). Ma tCo w ll be requ red u der le lat o a d t e RPS rule to ake t e add t o al o tr but o to t e RPS e e ary to el ate t at de t w t a er od a reed w t t e RPS tru tee or w t t e Pe o Re ulator to deter e t e er od a ree e t a ot be rea ed (o e l ted r u ta e , t e RPS a tuary ay al o be able to deter e u er od).

a y o t e releva t e o e e (lud t e releva t e t o o t e RPS) were to be wou d u , w t e tru tee o t e releva t e e ould a k t e Pe o Re ulator to order, Ma tCo would be re o ble, u der e t o 75 o t e UK Pe o A t 1995, or u d t e e o e e u to t e level o t e o t o buy out t e be e t or all e e e ber w t a urer. T o t (k ow a a e t o 75 debt) would be o derably ore t a t e value la ed o t e l ab l t e w le t e e e are o o . t l ab l ty were tr ered, t ould ave a ater al adver e e e t o ERG' a al o d t o a d re ult o o erat o .

A e t o 75 debt a al o ar e a e loyer ea e to e loy a t ve e ber t e e o e e (e. ., o a ale or a tra er o e loyee) w le a ot er e loyer o t ue to e loy a t ve e ber . A y u e t o 75 debt would be al ulated by re ere e to t e releva t e loy o a y' ro ort o al are o t e de t o a buyout ba . T o t would be o derably ore t a t e value la ed o t e l ab l t e w le t e e e are o o .

T e Pe o Re ulator al o a tatutory ower o e r u ta e to requ re er o o e ted or a o ated w t a e loyer (u a ot er o a e w t ERG) to o tr bute to or ot erw e u ort t e e o e e .

T e Pe o Tru tee a Se ured Cred tor ur ua t to t e ST D a d ra k equally u to a a ed a ou t o £2 ll o w t r al ay e t re e t o t e Bo d . See "*Su ary o t e F a A ree e t —Se ur ty Tru t a d ter red tor Deed*". Furt er ore, add t o to t r t a a t Ma tCo (a , ro Co let o , t e de ated e loyer), t e Pe o Tru tee w ll al o ave a u e ured uara tee la or a y a ou t owed to t ro t e to t e re e t o Pe o L ab l t e , rov ded t at t e a re ate a ou t w ay be re overed a d reta ed by t e Pe o Tru tee u der t uara tee a d u der a y ot er uara tee rov ded u der t e F a e Do u e t all ot ex eed t e u o (a) £2 ll o lu (b) a a ed a ou t o £1 ll o (ub e t to ad u t e t or lat o), ro t e re t o t e B dCo Grou to t e exte t t at Ma tCo t el a l to eet t obl at o to t e Pe o Tru tee ro t e to t e.

F NANC NG R SKS

Market a d a r k

Bo d are ued o t e t al ue Date a d Co let o doe o ur, t e uer w ll drawdow a a ou t u der Fa l ty A a d Fa l ty B, w w ll vary de e d o t e r al a ou t o Bo d ued o t e t al ue Date ur ua t to t e t al Fa l ty A ree e t o e o w w ll ature 48 o t a ter Co let o a d t e ot er o w w ll ature 72 o t a ter Co let o . T e uer te d to

u e t e Pro ra e to re a e t e Ter Loa Fa l t e ull at or be ore t e r eduled atur ty.

S ould Co let o ot o ur, ERG would t ll eed to a e t o o uture a tal ex e d ture a d ay eek to ra e ot er debt t e uture order to re a e t e HAF ter o a y Debt. A oted above u der "*Sale o t e Ever olt Ra l Grou* ", HAF ay ub eque tly eek to ell ERG to a alter at ve ur a er t o e r u ta e .

More e erally, t e Se ur ty Grou w ll eed to ra e urt er debt ro t e to t e order, a o ot er t , to:

(a) a e uture a tal ex e d ture; a d

(b) e able t to re a e Bo d a d ot er debt.

T ere ore, t e Se ur ty Grou ex o ed to arket r k re ult ro at e betwee t e Se ur ty Grou ' a tal requ re e t a d t a e to a tal t e uture. T e Se ur ty Grou ' o t o u d ay be lue ed by, a o ot er t , t ow o erat er or a e a d e eral e o o o d t o . Alt ou t e Se ur ty Grou a ot bee a ted by urre t e o o o d t o , a al arket deter orate t ere ould be a adver e e e t o t e Se ur ty Grou ' ab l ty to re a e t ex t debt.

Moreover, t e Se ur ty Grou ex o ed to arket r k re ult ro at e betwee t e Se ur ty Grou ' a tal requ re e t a d t e reve ue e erated by t a et a d t rou t erv e . T e Se ur ty Grou ' uture a tal requ re e t a d level o ex e e w ll de e d o u erou a tor , lud , a o t ot er t , t e Se ur ty Grou ' ab l ty to o te tly e ure lea e o tra t o a ro r ate ter a d at u e tly lea e rate t e uture, t e a ou t o a e erated ro o erat o , t e level o de a d or t roll to k a d e eral du try o d t o . T e Se ur ty Grou a ot be a ured t at t w ll be able to e ter to ew lea e o avourable ter u o t e ex rat o or ter at o o ex t lea e . T e ab l ty to over lo ter u d o t t rou re tal trea ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t .

add t o , t e r ary reve ue o t e Se ur ty Grou e erated ro re tal u der lea e w t TOC a d FOC w are redo ately xed at t e t e u lea e are e tered to. However, t e Se ur ty Grou w ll be requ red to a e t borrow at t e reva l arket rate ro t e to t e. T ere ore, t ere a ote t al r k o a at betwee t e Se ur ty Grou ' a e o t a d t e reve ue e erated ro t e xed re tal o e .

T e Se ur ty Grou a a Hed Pol y la e to t ate t e r k ar ro at e a low re e ved a d ayable ro t e to t e. For ore deta l o t e Hed Pol y ee "*Su ary o t e F a A ree e t – Co o Ter A ree e t*".

Mo tor o Co l a e w t Warra t e a d Cove a t a d t e O urre e o Tr er Eve t , Cred t Rat Dow rade, Eve t o De ault or Pote t al Eve t o De ault

T e ST D rov de t at t e Se ur ty Tru tee w ll be e t tled to a u e, u le t ot erw e d lo ed a y ve tor Re ort or Co l a e Cert ate or t e Se ur ty Tru tee ex re ly or ed ot erw e, t at o Tr er Eve t, Cred t Rat Dow rade, Eve t o De ault or Pote t al Eve t o De ault a o urred w o t u . T e Se ur ty Tru tee w ll ot t el o tor w et er a y u eve t a o urred. t w ll all to t e Obl or t e elve to ake t e e deter at o a well a t e deter at o o t e a al a d o erat o al o t o u derly t e , w ay be ub e t ve.

F a al Fore a t

T e or at o re e ted *"Bu e De r t o - Su ary a al , ro or a a d a al ro e t o "* re le t t e a al er or a e o t e bu e o t e Se ur ty Grou a d a bee re ared or t e ur o e o t Pro e tu or llu trat ve ur o e o ly. t or ed ro a o b at o o t e tatutory a ou t o t e o a e tra erred to t e Se ur ty Grou a d t e a al er or a e o t o e ele e t o t e bu e tra erred ro HSBC Ra l (UK) Ltd to e ber o t e Se ur ty Grou . t o ta orward look tate e t t at re le t t e a a e e t o t e Se ur ty Grou ' urre t ud e t re ard o d t o t at ERG ex e t to ex t a d t e our e o a t o t at ERG ex e t to take t e uture. Eve t ou ERG bel eve t at t ex e tat o re ard uture eve t are ba ed o rea o able a u t o , orward look tate e t are ot uara tee o uture er or a e. ERG' a u t o rely o ERG' o erat o al a aly a d ex e tat o or t e o erat er or a e o t e Se ur ty Grou ' a et ba ed o t e r tor al o erat er or a e a d a a e e t ex e tat o a de r bed below. Fa tor w t a d beyo d ERG' o trol ould au e a tual re ult to vary ater ally ro t e ex e tat o d u ed.

Pro e t ve ve tor are aut o ed t at t e ro or a a al or at o , be au e o t ature, addre e a y ot et al tuat o a d, t ere ore, doe ot re re e t t e o a y' a tual o t o or re ult a d ould ot be rel ed u o a be e e ar ly d at ve o uture re ult , a d ro e t ve ve tor are aut o ed ot to la e u due rel a e o t ore a t a d ro or a o erat a d a al data. T e ore a t or 2 1 ERG' a e e t o t e ex e ted re ult or t e bu e o t e Se ur ty Grou or t at year a d o t e o t o o t e Se ur ty Grou a at 31 De e ber 2 1 .

Mod at o , wa ver a d o e t re e t o Co o Do u e t a d t e F a e Do u e t

T e ST D rov de t at t e Se ur ty Tru tee all eek t e a roval o t e Bo d older o erta atter , alo w t all ot er older o Qual y Debt, a a o d t o to o urr ak od at o to or ra t o e t or wa ver . T ere a be o a ura e t at a y od at o , o e t or wa ver w ll be avourable to all Bo d older . Su a e ay be detr e tal to t e tere t o o e or all Bo d older , de te t e rat o u Bo d be a r ed. add t o ,

od at o , wa ver a d o e t requ re t e releva t t re old o Qual y Debt vot avour o a ro o al (ub e t to t e E tre ed R t o erred o d v dual red tor rou). T ere ore, t e vote o t e Bo d older ay ot o t tute a u e t a or ty re e t o a y u atter a d Bo d older alo e ay ot be able to o trol t e out o e o a y art ular a roval ro e . Co eque tly, Bo d older ay be ub e t to od at o , wa ver or o e t w t ey voted a a t.

T e o d t o o t e Bo d w ll al o rov de t at t e Bo d Tru tee ay, w t out t e o e t o Bo d older but ub e t to t e rov o o t e ST D (t o t e o o t e tere t o t e older o t e Bo d t e out ta d all ot be ater ally re ud ed t ereby) a ree to a y od at o o , or to t e wa ver or aut or at o o a y brea or ro o ed brea o , a y o t e rov o o t e Bo d , t e Bo d Tru t Deed or a y ot er F a e Do u e t to w t e Bo d Tru tee a arty.

Hed R k

W l t t e uer a d t e ot er Obl or o erate a ed ro ra e a orda e w t t e Hed Pol y, t e uer a d t e ot er Obl or are ot requ red to ully or er e tly ed e t e r re e t or uture tere t rate or lat o ex o ure a d ay ot ra t e do o. T e uer a d t e ot er Obl or are ub e t to t e red twort e o , a d erta r u ta e early ter at o o t e ed arra e e t by, Hed e Cou ter art e .

T e ter o t e tere t rate wa tra a t o e tered to by t e uer to ed e t tere t rate ex o ure re e t o Fa l ty A a d Fa l ty B are a rox ately x year ro Co let o . T e e a l t e ay be re a ed w t xed rate debt r or to t e eduled ter at o o t e orre o d tere t rate wa tra a t o . A a o eque e, t e uer ay be over ed ed o re ay e t o u a l t e a d ay ur o t ter at u tere t rate wa tra a t o .

TAX R SKS

T e Obl or ould be ub e t to tax ar e u der le lat o or erly o ta ed S edule 1 to t e F a e A t 2 6 (S edule 1)

U der le lat o o ta ed C a ter 3 to 6 o Part 9 o t e Cor orat o Tax A t 2 1 (or erly S edule 1 to t e F a e A t 2 6) (t e "**Sale o Le or Rule** "), taxable o e treated a ar to a UK lea o a y (t at , a o a y w w t t e ar e to UK or orat o tax a d w arr e o "a bu e o lea la t or a ery") o t e o urre e o a releva t a e o ow er o t at o a y.

Certa e ber o t e Se ur ty Grou are l kely to be re arded a arry o "a bu e o lea la t or a ery" or t e e ur o e . Co eque tly, a releva t a e o ow er o u a o a y were to o ur (ee below), a d u o a y were w t t e ar e to UK or orat o tax, a a ou t o taxable o e ay be dee ed to ar e t at o a y at t e t e o t e a e o ow er . T dee ed o e would be at ed by a dee ed ex e e t e ollow tax

a ou t er od or UK or orat o tax ur o e . T e a ou t o t e o e (a d orre o d ex e e) w ll de e d o a u ber o a tor , w would eed to be deter ed at t e t e o t e a e o ow er , a d ould be a ater al a ou t.

A releva t a e o ow er or t e e ur o e ould o ur o a ale o t e are t e releva t e ber o t e Se ur ty Grou or erta l ted r u ta e t e are o e or ore o t e r are t o a e (lud o t e ro o ed ale o t e Se ur ty Grou a de r bed t e e to eaded "*Sale o t e Ever olt Ra l Grou* " e to "*Bu e a d Re ulatory R k* " above). However, t e urre t tru ture o t e Se ur ty Grou (lud t e a t t at a lar e art o t e value o t e bu e eld by o a e t at are tax re de t rela d a d are t ere ore ex e ted to be out de t e o e o UK or orat o tax: ee t e e to eaded "*Tax re de e o t e r e ber o t e Se ur ty Grou* " below) ea t at t e ro o ed ale o t e Se ur ty Grou ot ex e ted to ve r e to ater al u rov ded tax ar e u der t e Sale o Le or Rule .

T e Sale o Le or Rule de r bed above ould al o ve r e to a tax ar e o a uture e or e e t o e ur ty over are t e releva t e ber o t e Se ur ty Grou .

Pur ua t to le lat ve a e re e tly trodu ed t e F a e A t 2 1 , a o a y arry o a bu e o lea la t or a ery a ele t or t e Sale o Le or Rule ot to a ly t e a er de r bed above o a releva t a e o ow er (a "**R Fe e Ele t o** "). A r e e ele t o a be ade u to two year a ter t e date o t e releva t a e o ow er . T e e e t o a r e e ele t o to d a ly t e rov o o t e Sale o Le or Rule de r bed above re e t o t e releva t a e o ow er but t e ele t o a y t e be o e ub e t to a "r e e" tax re e re e t o t e uture ro t o t lea bu e , w ereby (a o t ot er t) re tr t o are la ed o t ab l ty to o et erta ex e d ture a d/or rou tax lo e a a t taxable ro t t at ar e to t ro t lea trade.

Tax re de e o t e r e ber o t e Se ur ty Grou

ERFL a d ERFL Hold , a r o a e , are ot o dered to ave bee a d are ot ex e ted to be o e, w t t e ar e to UK or orat o tax. However, t ay de e d *ter al a* o t e a er w t ey are a a ed by t e r d re tor a d t e ature o t e r arra e e t a d a t v t e t e U ted K do . ERFL or ERFL Hold were to be treated a w t t e ar e to UK or orat o tax t ould ave a ater al adver e e e t o t tax o t o .

Pote t al e o dary tax l ab l t e o t e e ber o t e Se ur ty Grou a d t e uer

W ere a o a y a l to d ar e erta tax l ab l t e w t a e ed t e er od, UK a d r tax law ay, erta r u ta e , e t tle t e releva t tax aut or ty to re over t o e overdue taxe ro ot er o a e t at are or ave bee e ber o t e a e rou o o a e , or are or ave bee u der o o o trol, or tax ur o e w t t e o a y t at a ot d ar ed t tax l ab l t e (a "**e o dary tax l ab l ty**").

T e Se ur ty Grou urre tly t w t t e HSBC or orate rou o o a e . a HSBC rou o a y t at ot t e Se ur ty Grou were to a l to ay or orat o tax or w t r ar ly l able t o ble t at a tax aut or ty ay eek to re over t at tax ro a e ber o t e Se ur ty Grou . a y u e o dary tax l ab l ty were o a ater al a ou t, a d t e Se ur ty Grou were to be u able to re over u a ou t ro t e releva t HSBC rou o a y (w et er u der a tatutory r t o re overy or u der a o tra tual de ty: ee below), t e a al o t o o t e Se ur ty Grou ould be adver ely a e ted.

T e UK e ber o t e Se ur ty Grou ave bee e ber o a UK value added tax ("**UK AT**") rou t at al o lude e ber o t e w der HSBC or orate rou (t e "**HSBC AT Grou** "). Co eque tly, t e UK e ber o t e Se ur ty Grou are o tly a d everally l able w t t e w der HSBC or orate rou or a y UK AT l ab l t e o t e HSBC AT Grou t at are attr butable to t e er od w t ey were e ber o t e HSBC AT Grou . HM Reve ue & Cu to were to eek ay e t o a y u UK AT l ab l ty ro a e ber o t e Se ur ty Grou , u UK AT l ab l ty were to be o a ater al a ou t, a d t e Se ur ty Grou were to be u able to re over u a ou t (w ole or art) ro e ber o t e w der HSBC or orate rou (w et er u der a tatutory r t o re overy or u der a o tra tual de ty: ee below), t e a al o t o o t e Se ur ty Grou ould be adver ely a e ted.

T e a ree e t or t e ale o t e Se ur ty Grou (a de r bed t e e t o eaded "*Sale o t e Ever olt Ra l Grou* " e t o "*Bu e a d Re ulatory R k* " above) o ta a de ty ro HSBC re e t o e o dary or orat o tax l ab l t e a d o t a d everal AT l ab l t e (lud l ab l t e o t e ature de r bed above) ar e ber o t e Se ur ty Grou ollow o let o o t at ale.

T e e ber o t e Se ur ty Grou ove a t t e Co o Ter A ree e t ot to take a y te , a d to ro ure t at o te are take by a y o t e r A l ate , w would re ult a y e ber o t e Se ur ty Grou be o e o dar ly l able or a y tax l ab l ty o a ot er er o (ot er t a t e ot er e ber o t e Se ur ty Grou).

EU Sav D re t ve

T e Euro ea U o ("**EU**") a ado ted Cou l D re t ve 2 3/48/EC (t e "**D re t ve**") re ard t e taxat o o av o e. T e D re t ve requ re e ber tate o t e EU ("**Me ber State** ") to rov de to t e tax aut or t e o a ot er Me ber State deta l o ay e t o tere t a d ot er lar o e a d by a er o to, or olle ted or, a d v dual or erta ot er er o t at ot er Me ber State, ex e t t at Luxe bour a d Au tr a are tead requ red to o e a w t old y te (ub e t to a ro edure w ereby, o eet erta o d t o , t e be e al ow er o t e tere t or ot er o e ay reque t o tax be w t eld) or a tra t o al er od u le dur u er od t ey ele t ot erw e. A u ber o t rd ou tr e a d terr tor e lud Sw tzerla d ave ado ted lar ea ure to t o e requ red by t e D re t ve. add t o , t e Me ber State ave e tered to rov o o or at o or tra t o al w t old arra e e t w t erta de e de t or a o ated terr tor e relat o to ay e t ade by a er o a

Me ber State to or olle ted or a d v dual or erta ot er er o u a terr tory.

T e Euro ea Co o , t e Cou l o t e Euro ea U o a d t e Euro ea Parl a e t are o der a u ber o ro o ed a e to t e D re t ve. a y o t o e ro o ed a e are ade relat o to t e D re t ve, t ey ay a e d or broade t e o e o t e requ re e t de r bed above. ve tor w o are a y doubt a to t e r o t o ould o ta t t e r ro e o al adv er .

NSOL ENCY CONS DERAT ONS

Float ar e over t e a et t at e ure t e Bo d w ll be ub e t to r t o t rd art e erta r u ta e

Certa o t e a et t at e ure t e Bo d are ub e t to loat ar e over ed by E l law a d r law. A a atter o u law , erta t rd arty la a a t t e o a e t at ave ra ted t e loat ar e would ave r or ty over t e la e ured by t e loat ar e . art ular, t e ex e e o a y w d u , l qu dat o , or ad trat o a d erta la o e loyee a re erred red tor would ra k a ead o t e la e ured by t e loat ar e . add t o , u der E l law a y ad trat ve re e ver, ad trator or l qu dator a o ted re e t o a o a y t at a ra ted a loat ar e would be requ red to et a de a re r bed er e ta e o t e o ey real ed u o e or e e t o t at loat ar e u to a ax u a ou t o £6 , or a l at o or toward t e la o t e o a y' u e ured red tor .

T e a et t e ub e t o t e loat ar e e ur t e Bo d ay be d o ed o erta r u ta e w t out t e o e t o t e Se ur ty Tru tee or t e Bo d Tru tee (a t e a e ay be). art ular, u r u ta e , a ad trator a t e r t to d o e o u a et ree o t e e ur ty tere t o t tuted by t e loat ar e . t al o t e a e t at by t e r ature loat ar e (w are te ded to rov de a ea w ereby e ur ty a be take over lu tuat olle t o o a et) leave t e o a e t at ave ra ted t e ree to deal w t t e ar ed a et t e ord ary our e o bu e u t l t e e ur ty e or ed, w t t e re ult t at t e a et a be old t e ord ary our e o bu e to (or ub e ted to xed ar e avour o) t rd art e ree a d lear o t e e ur ty tere t o t tuted by t e loat ar e .

T e ra lway du try ub e t to a e al re e o ra lway ad trat o

T e UK ra l du try ub e t to t e Ra lway Ad trat o Order re e u der t e Ra lway A t 1993.

T e ra lway du try ub e t to rov o u der Se t o 59 to 63 o t e Ra lway A t 1993 ("**Ra lway A t**"), w o e a e al re e o ra lway ad trat o o , a o t ot er , TOC . Alt ou t e al ad trat o re e a o d re t a l at o to ROSCO , t ould evert ele a e t t e Se ur ty Grou d re tly a t e Ra lway A t ay ub e t a TOC u to er o t e Se ur ty Grou t at at r k o be o olve t to a ra lway ad trat o order ro e w ould t e

re tr t t e Se ur ty Grou ' ab l ty to o e e e or e e t ro eed a a t u TOC, lud to re o e t lea ed roll to k.

T e ra lway ad trat o rov o u der t e Ra lway A t are a e al ed var a t o "ord ary" ad trat o , but ave erta eature to addre e al requ re e t a d ara ter t o t e ra l du try. A ra lway ad trat o order ay o ly be ade relat o to a " rote ted ra lway o a y", (a de ed t e Ra lway A t) w would lude a TOC. To date, t ere a o ly bee o e ra lway ad trat o , relat to Ra ltra k l .

U der t e Ra lway A t, t e ur o e o a ra lway ad trat o order, w ore l ted t a t at o a ord ary ad trat o , to tra er to a ot er o a y o u o t e olve t o a y' u dertak a e e ary order to e ure t at t releva t a t v t e are ro erly arr ed out a d to e ure t at t releva t a t v t e are arr ed out e d t e tra er.

t e a e o a o a y w t e older o a a e er l e e, "releva t a t v t e " are t e arr a e o a e er by ra lway. t e a e o Ra ltra k l , t e ra lway ad trator ter reted t ur o e to ea t e o t uat o o ex t erv e or t e er od o t e ra lway ad trat o .

A ord ary ad trat o order or ally o e a orator u w reve t red tor ro tak e or e e t a t o a a t t e a e ted o a y or o a e w t out e t er t e o e t o t e ad trator or t e er o o t e ourt. T e a e r le a ly to a ra lway ad trat o a d would, a TOC to w o t e Se ur ty Grou a lea ed roll to k be a e ub e t to a ra lway ad trat o order, reve t t e Se ur ty Grou ro o e e or e e t ro eed or re o e lea ed roll to k w t out t e ad trator' o e t, or a l t at, w t out t e ourt' o e t.

t e a e o ord ary ad trat o , ex t a e law rov de u da e a to t e o derat o t at a ourt would eed to take to a ou t w e deter w et er to ra t t o e t u r u ta e , a ely t e rea o able requ re e t o t e ad trator ter o a ev t e ur o e o t e ad trat o a d t e r t o a d a y re ud e u ered by t e ow er/le or o t e lea ed a et o t e a e ted bu e . O t at ba , a ord ary ad trator would be able to reta lea ed a et o ly e ould de o trate t at t e le ee l kely to be able to eet t o o re tal obl at o .

t e a e o a ra lway ad trat o , w l t t e ra lway ad trator a d t e ourt ay be ex e ted to ave re ard to t e u da e rov ded by a e law relat to ord ary ad trat o , a ourt ay or t e v ew t at t e o t uat o o ra l a e er erv e ould take r or ty over a ROSCO' r t to re e ve o tra ted re tal o e ro t e roll to k lea ed to t at TOC. , dur a ra lway ad trat o , t e Se ur ty Grou were ot able to re o e t roll to k ollow t e TOC' a lure to ay t e requ red re tal, t ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t .

T e tra er o t e le ee' u dertak by a ra lway ad trator w ll be ex e ted to o ur by ea o a tatutory tra er e e. T e e e de ed to e ure t at a u e or o a y or o a e are able (t e a e o a TOC) to ro erly a a e t e a e er erv e .

T ort o tra er e e e e t vely overr de a y ot er le al requ re e t (or exa le, t e rov o o a o tra t) w would ot erw e reve t t e tra er o a et , r t a d l ab l t e . t e eve t o a ra lway ad trat o o a TOC, t e ra lway ad trator ould, w t out eek t e o e t o t e releva t ROSCO, e or e a or o tatutory ovat o u o t o t e releva t lea e or lea e , by ea o a tra er e e. Alt ou t e Ra lway A t doe ot d re tly addre t e que t o o w at t e o t o o t e ou ter art e to u arra e e t (u a t e Se ur ty Grou) would be, or exa le, relat o to ay e t o a y o e at o or arrear o re tal, Art le 5(2) o S edule 7 o t e Ra lway A t rov de t at " or ur o e o e ted w t a y tra er ade a orda e w t t e e e t e ew a o tee to be treated a t e a e er o law a t e ex t a o tee" a d o t at ba a y u e or le ee ould be ex e ted to er t a y out ta d l ab l t e o t e or al le ee (lud arrear o re tal). A y u tra er w t out t e o e t o t e Se ur ty Grou ould ave a ater al adver e e e t o t e Se ur ty Grou ' bu e , a al o d t o , re ult o o erat o or ro e t .

Exa er rela d

Exa er a ourt ro edure ava lable u der t e r Co a e (A e d e t) A t 199 (t e "**199 A t**") to a l tate t e urv val o r o a e a al d ult e . A exa er, o e a o ted, a t e ower to et a de o tra t a d arra e e t e tered to by t e o a y a ter a o t e t a d, erta r u ta e , a avo d a e at ve led e ve by t e o a y r or to a o t e t. Furt er ore, e ay ell a et w are t e ub e t o a y xed ar e. However, u ower exer ed, e u t a ou t to t e older o t e xed ar e or t e a ou t real ed a d d ar e t e a ou t due to t e out o t e ro eed o ale.

T e a o t e t o a exa er to a o a y a ot be blo ked by t e older o a loat ar e re e t o t e a et o t at o a y, alt ou o exa er ay be a o ted to a o a y w ere a re e ver ta d a o ted re e t o t e a et o t at o a y or a er od o at lea t 3 day r or to t e exa er a l at o .

Dur t e er od o rote t o , t e exa er w ll o le ro o al or a o ro e or e e o arra e e t to a t t e urv val o t e o a y or t e w ole or a y art o t u dertak a a o o er . A e e o arra e e t ay be a roved by t e r H Court w e at lea t o e la o red tor a voted avour o t e ro o al a d t e r H Court at ed t at u ro o al are a r a d equ table relat o to a y la o e ber or red tor w o ave ot a e ted t e ro o al a d w o e tere t would be a red by le e tat o o t e e e o arra e e t.

o der t e ro o al by t e exa er, t l kely t at e ured a d u e ured red tor would or e arate la e o red tor . t e a e o a y r Obl or, t e Se ur ty Tru tee re re e ted t e a or ty a d u ber value o t e la

w t t e e ured red tor la (w would be l kely ve t e re tr t o a reed to by ea r Obl or u der t e F a e Do u e t), t e Se ur ty Tru tee would be a o t o to re e t a y ro o al ot avour o t e Se ured Cred tor .

T e Se ur ty Tru tee would al o be e t tled to ar ue at t e r H Court ear at w t e ro o ed e e o arra e e t o dered t at t e ro o al are u a r a d equ table relat o to t e Se ured Cred tor e e ally u ro o al luded a wr t dow o t e value o a ou t due by t e releva t r e ber o t e Se ur ty Grou to t e Se ured Cred tor .

T e r ary r k to t e Se ured Cred tor a exa er were to be a o ted to a y r e ber o t e Se ur ty Grou are a ollow :

(a) dur t e er od o rote t o , o a t o ay be take by red tor to e or e t e r r t to ay e t o a ou t due by t e o a y exa er or a y uara tor or (t e a e o t e e ured red tor) to e or e or real e a y e ur ty ra ted by t at o a y. A ord ly, a exa er were to be a o ted over a y r Obl or, ay e t o t e Bo d ould be de erred;

(b) t e ote t al or a e e o arra e e t be a roved lud a wr te dow o t e debt due by a y r Obl or re e t o t e Bo d ;

( ) t e ote t al or t e exa er to et a de a y e at ve led e t e F a e Do u e t ro b t t e reat o o e ur ty or t e urr o borrow by a y r Obl or to e able t e exa er to borrow to u d t at o a y dur t e rote t o er od; a d

(d) a e e o arra e e t ot a roved a d t e releva t r Obl or ub eque tly oe to l qu dat o , t e exa er' re u erat o a d ex e e (lud erta borrow urred by t e exa er o be al o t e r o a y a d a roved by t e r H Court) w ll take r or ty over t e o e a d l ab l t e w ro t e to t e are or ay be o e due, ow or ayable by t e r o a y to e ured red tor .

T e e r k ave t e ote t al to redu e t e a ou t due o t e Bo d a d/or a y ro eed ro t e exer e o re ed e w t re e t to t e ollateral a d t u redu e d tr but o o t e Bo d .

A o t e t o Ad trat ve Re e ver

U der t e olve y A t 1986, a a e ded (t e " **olve y A t**") a ad trat ve re e ver re tr ted (u le a ex e t o a l e) a d r a y ve to olle t ve olve y ro eed (art ular ad trat o). T ere a yet o a e law o ow releva t rov o o t e olve y A t w ll be ter reted a d, a ord ly, t ot o ble to ay w et er t e r u ta e o t a tru ture, w ere t e loat ar e are reated to u ort bot ba k a d a tal arket debt, t would be o ble to a o t a ad trat ve re e ver to t e E l Obl or . Were t ot to be o ble to a o t a ad trat ve re e ver re e t o o e or ore E l Obl or , t ey would all l kel ood be ub e t to ad trat o t ey were to be o e olve t.

S e t e r Obl or are or orated rela d, t ot o ble to a o t a ad trat ve re e ver re e t o t e r Obl or (o a to reve t t e a o t e t o a E l ad trator) E la d u t e a tal arket rov o re erred to above. A ord ly, t e eve t t at t e r Obl or were to be o e olve t, t e r Obl or t (add t o to be ub e t to r olve y ro eed) be la ed to ad trat o .

SECUR TY R SKS

S o e o Se ur ty a d re ara ter at o o xed e ur ty tere t

A de r bed below u der "*Su ary o t e F a A ree e t – Se ur ty A ree e t – E l Law Se ur ty A ree e t*", t e Se ur ty ex re ed to lude xed e ur ty over t e r al a et o t e Se ur ty Grou , art ular t e Se ur ty Grou ' roll to k, TOC a d FOC lea e a d ater al u ly o tra t , t e ura e take out by t e Se ur ty Grou t el , e ed ba k a ou t , ve t e t , book debt a d are eld by t e Se ur ty Grou o a e . Ot er a et o t e Se ur ty Grou , art ular t e de ot , erta ot er o tra t , P r t a d T a ree e t , are ot ex re ed to be ub e t to xed e ur ty but ould be ub e t to t e loat ar e a able o a e t.

T ere a o b l ty t at a Court ould d t at erta xed e ur ty tere t tead take e e t a loat ar e . W et er t e xed e ur ty tere t w ll be u eld w ll de e d, a o ot er t , o w et er t e Se ur ty Tru tee a t e requ te de ree o o trol over t e releva t a et a d exer e t at o trol ra t e. t e xed e ur ty tere t are re ara ter ed a loat e ur ty tere t , erta la , lud erta e loyee la re e t o o tr but o to e o e e a d wa e a d t e o t a d ex e e o a ad trat o a d/or a l qu dat o , ay ave r or ty over t e r t o t e Se ur ty Tru tee to t e ro eed o e or e e t. add t o , t e r t o a exa er o a y r e ber o t e Se ur ty Grou to deal w t a y ro erty ub e t to u loat ar e would be broader.

art ular t to be oted t at, t e E l Law Se ur ty A ree e t ur ort to reate xed e ur ty tere t over erta a et o t e Se ur ty Grou , u a erta book debt a d erta ba k a ou t , re e t o w t e Se ur ty Grou w ll reta e e t ve o trol r or to t e del very o a E or e e t Not e by t e Se ur ty Tru tee. T l kely to lead to u e ur ty tere t be ara ter ed a loat e ur ty tere t .

Co e t requ red or e ur ty over erta o tra t

T e Se ur ty Grou ' Se t o 54 U dertak a d a all u ber o t e Se ur ty Grou ' lea e a d ater al u ly o tra t o ta rov o (ty al or u o tra t) w requ re t e o e t o t e le ee or u l er to t e reat o or e or e e t o e ur ty over t o e o tra t . Su o e t ave bee obta ed (or a a ree e t to ve u o e t a bee obta ed) or t e a or ty o t e Se ur ty Grou ' ex t lea e a d ater al u ly o tra t , but u o e t are ot obta ed w t re e t to a y lea e a d ater al u ly o tra t t o e lea e a d ater al u ly o tra t w ll all out de t e e ur ty ra ted or t e Se or Debt

u t l u o e t are obta ed. t e D T doe ot ve o e t, t e Se t o 54 U dertak w ll all out de t e e ur ty ra ted or t e Se or Debt. T ere o requ re e t or t e Se ur ty Grou to obta o e t relat o to ot er o tra t , P r t a d T a ree e t .

Mort a ee o e o l ab l ty

S ould t e Se ur ty Tru tee take e or e e t ro eed u der t e Se ur ty Do u e t a d t ere a y al e try to o e o o a y roll to k or a a t o o trol or lue e t at ay a ou t to o e o , u a re e v lea e re tal d re tly ro a releva t TOC , t e Se ur ty Tru tee ay be dee ed to be a ort a ee o e o . A ort a ee o e o ay ur l ab l t e to t rd art e u a e a d e l e e a d, u der erta tatute (lud e v ro e tal le lat o), a ur t e l ab l t e o a ro erty ow er. T e Se ur ty Tru tee a t e ab olute d ret o at a y t e to re ra ro tak a y a t o u der t e F a e Do u e t , lud be o a ort a ee o e o re e t o a y roll to k, u le t at ed at t e t e t at t adequately de ed, e ured a d/or re u ded to t at a t o a rov ded u der t e ST D.

Pre erred Cred tor u der r Law

U der r law, u o t e w d u rela d o a r tax re de t o a y (u a a y r e ber o t e Se ur ty Grou), w e a ly t e ro eed t at ay ave bee real ed t e our e o a l qu dat o or re e ver o a et ub e t to e ur ty u a t e e ur ty ra ted by t e Se ur ty Do u e t , t e la o a l ted ate ory o re ere t al red tor w ll take r or ty u a l at o o ro eed over t e la o red tor old t e e ur ty u a et . T e e re erred la lude t e re u erat o , o t a d ex e e ro erly urred by a exa er o t e o a y (w ay lude a y borrow ade by a exa er to u d t e o a y' requ re e t or t e durat o o a o t e t) w ad bee a roved by t e r ourt . See " olve y Co derat o – Exa er rela d".

T e r Reve ue Co o er ay atta a y debt due to a r tax re de t o a y by a ot er er o order to d ar e a y l ab l t e o t e o a y re e t o out ta d tax, w et er u l ab l t e are due o t ow a ou t or a a a e t or tru tee. T e r ourt ave ot yet o dered t e o e o t r to t e r Reve ue Co o er a d t e r t ay overr de t e r to older o e ur ty over t e debt que t o . relat o to t e d o al o a et o a y r tax re de t o a y w are ub e t to e ur ty, a er o e t tled to t e be e to t e e ur ty ay be l able or tax relat o to a y a tal a ade by t e o a y o a d o al o t o e a et o exer e o t e e ur ty.

R k relat o to e or e e t o S ott e ur ty

F xed Se ur ty

t ould be oted t at t e xed ar e a d a e t reated avour o t e Se ur ty Tru tee u der t e E l Law Se ur ty A ree e t w ll ot be e e t ve re e t o t e C ar or ' re e t a d uture a et lo ated S otla d or over ed by

S ot law (t e "**S ott C ar ed Pro erty**"). T e law o S otla d relat o to t e reat o o xed e ur t e d er ub ta t ally to t e law o E la d a d t e xed ar e u to ar ly reated over u a et E la d (u a o ta ed t e E l Law Se ur ty A ree e t) e e t ve S ot law.

ra t e, t w ll early alway be o ble to reate e e t ve xed ar e u der S ot law over or oreal oveable u a leet o roll to k (to t e exte t t e e are lo ated S otla d) due to t e requ re e t or o e ort o del very (be t a tual, y bol or o tru t ve) to t e e ur ty older. A u , t e roll to k lo ated S otla d ot t a e ub e t to a xed ar e.

Float Se ur ty

T e loat ar e reated u der t e E l Law Se ur ty A ree e t w ll, owever, exte d to a d be val d a d e e t ve a a t t e S ott C ar ed Pro erty ub e t to t e r t o red tor old ot er val d xed e ur t e over t e S ott C ar ed Pro erty, t e r t o a y red tor w o ave e e tually exe uted d l e e a a t t e S ott C ar ed Pro erty, a d t e la o re ere t al red tor u der S edule 6, a d ord ary red tor re e t o t e re r bed art o t e Co a y' et ro erty u der Se t o 176A, o t e olve y A t.

T e loat ar e reated u der t e E l Law Se ur ty A ree e t w ll atta to t e S ott C ar ed Pro erty o ly o t e a o t e t o a re e ver or ad trat ve re e ver u der u loat ar e a orda e w t E l law or o t e l qu dat o o t e releva t C ar or: S ott law w ll ot re o e t e atta e t o t e loat ar e (or t o ver o to a xed ar e or ar e) re e t o t e S ott C ar ed Pro erty by ot e or u o t e o urre e o o e e ed eve t (ot er t a l qu dat o).

Pur ua t to Se t o 72 o t e olve y A t, a re e ver a o ted a orda e w t E l law u der t e loat ar e reated u der t e E l Law Se ur ty A ree e t a exer e / er ower relat o to t e S ott C ar ed Pro erty o ar a ot o te t w t S ott law.

T e Se ur ty Tru tee u t o ly w t erta obl at o dur a e or e e t ro e

T e Se ur ty Grou ' ab l ty to ra t e ur ty over t lea e a d roll to k a e ted by erta D T requ re e t t at are a ed at e ur o t u ty o a e er ra l erv e . o e a e t requ re t e releva t Obl or to ro ure t at t e Se ur ty Tru tee u dertake to t e le ee to e ure u ROSCO' obl at o u der t e lea e are er or ed at a y t e a ter t e Se ur ty Tru tee e or e a y r t re e t o t e roll to k or u der t e lea e. T e u dertak de ed to e ure t at t e ROSCO' obl at o to t e le ee are d ar ed. T e Se ur ty Tru tee ould e t er ro ure t at a re e ver or ot er releva t er o d ar e t e e obl at o or ro ure t at a t rd arty to w o t tra er t e be e t o t e ROSCO' r t u der t e lea e d ar e t e e obl at o .

W ere a lea e ub e t to a D re t A ree e t, t e D T requ re t at t e lea e u t lude:

- A requ re e t t at a y a ee, tra eree or a er to w o t e ROSCO a rov ded e ur ty over t e roll to k t at t e ub e t o t e lea e or t e lea e t el w ll ave o r t to ter ere w t t e qu et o e o , u e a d e oy e t o t e roll to k by t e le ee, rov ded o brea , de ault or a reed ter at o eve t ub t ; a d

- o e a e , a requ re e t t at ro t e date o w a y a ee, tra eree or a er take a y te to e or e a y o t r t u der a y e ur ty, u a ee, tra eree or a er w ll o t ue to er or t e ROSCO' obl at o to t e le ee u der t e lea e re e t o t e lea o t e roll to k a d a y related a te a e or u ly a ree e t, u le t e le ee a t e r t to ter ate t e lea e a d exer e t r t or ea e to er or t obl at o u der t e lea e.

T e ote t al a u t o o u obl at o a a re ult o e or e e t o e ur ty over t e lea e ould a e t t e ab l ty o t e Se or Cred tor a d/or t e Se ur ty Tru tee to e or e e ur ty. T e Se ur ty Tru tee ot obl ed to o ly w t a y tru t o to e or e u Se ur ty t would or t re ult t e Se ur ty Tru tee a u or urr u obl at o , u le arra e e t ave bee ut la e to e able t to tra er t obl at o to a t rd arty u t at t e Se ur ty Tru tee relea ed ro u obl at o a d t a bee de ed, e ured or re- u ded to t at a t o .

Moreover, ROSCO ay ot reate or er t to ex t e ur ty o or over t e roll to k or u der t e lea e w t out e t er t e r or wr tte o e t o t e D T, or t e Se ur ty Tru tee e ter to a deed o a e o relat o to t e D re t A ree e t.

Pur ua t to u deed o a e o , t e Se ur ty Tru tee would a ree to o ly w t ea ROSCO' obl at o u der t e D re t A ree e t (a d u e t be t e deavour to ro ure, o ar a t doe ot o l t w t a y le al dut e o a y a a er, ad trat ve re e ver or re e ver, t at t e e obl at o are er or ed by u er o). T e Se ur ty Tru tee ould t ere ore requ re a re e ver to er or t e obl at o u der t e D re t A ree e t.

a art o t e e or e e t o t e e ur ty, t e Se ur ty Tru tee or re e ver tra er t e roll to k a d/or r t u der t e lea e to a t rd arty, a d u a tra er volve a ar '-le t ale o o er al ter o t e roll to k or u e out de t e UK, a d u roll to k ex orted or u u e, t e deed o a e o would ea e to a ly a d t e D re t A ree e t would be ter ated. a y ot er a e, t e Se ur ty Tru tee or re e ver would o ly be er tted to tra er t e roll to k a d/or r t u der t e D re t A ree e t e t er w t t e r or wr tte o e t o t e D T or t e t rd arty tra eree e ter to a deed o a e o relat o to t e D re t A ree e t.

U o a e o o t e t rd arty tra eree, t e Se ur ty Tru tee or re e ver would be relea ed ro t obl at o re e t o t e D re t A ree e t a d t e t rd arty tra eree would a u e t e obl at o o t e Se ur ty Tru tee/re e ver u der t e D re t A ree e t.

RANK NG OF CLA MS

Ge eral

Alt ou t e Se ur ty Tru tee w ll old t e be e t o t e Se ur ty o tru t or t e Se ured Cred tor (lud t e Bo d older) u e ur ty tere t w ll al o be eld o tru t or erta ot er Se ured Cred tor w ay ra k a ead o t e Bo d older . Su er o lude, a o ot er , t e Bo d Tru tee (t d v dual a a ty), t e Se ur ty Tru tee (t d v dual a a ty), t e Re trar, t e Tra er A e t , t e Pay A e t a d t e A ou t Ba k re e t o erta a ou t owed to t e . To t e exte t t at a t a ou t are ow to a y u er o , t e a ou t ava lable to Bo d older w ll be redu ed.

add t o , t ould be oted t at u e ured red tor o t e Obl or , u a trade red tor a d u l er , w le ubord ate to Se ured Cred tor , w ll ot be o e art e to t e Co o Ter A ree e t or t e ST D a d w ll ave r t o a t o re e t o t e r debt w are de e de t ro t o e o t e Se ured Cred tor . Alt ou t e a re ate a ou t o u e ured debt t at t e Se ur ty Grou a ur w ll be re tr ted u der t e Co o Ter A ree e t, a y u e ured red tor w ll be able to et t o or a w d -u or ad trat o o a y Obl or w o l able or u debt a y u Obl or a l to ake ay e t w e t ey all due. A y u a t o ay re ult t e o urre e o a olve y Eve t w o t tute a Eve t o De ault a d ay lead to del very o a E or e e t Not e. To t e exte t t at t e Obl or ave u e t u to eet all obl at o ull, t ould adver ely a e t t e uer' ab l ty to ake ay e t o tere t a d r al u der t e Bo d .

Certa o t e a et t at e ure t e Bo d are ub e t to loat ar e over ed by E l law. A a atter o law, erta t rd arty la a a t t e o a e t at ave ra ted t e loat ar e would ave r or ty over t e la e ured by t e loat ar e . art ular, t e ex e e o a y w d u , l qu dat o or ad trat o a d erta la o e loyee a re erred red tor would ra k a ead o t e la e ured by t e loat ar e . add t o , a y ad trat ve re e ver, ad trator or l qu dator a o ted re e t o a o a y t at a ra ted a loat ar e would be requ red to et a de a re r bed er e ta e o t e o ey real ed u o e or e e t o t at loat ar e u to a ax u a ou t o £6 , or a l at o or toward t e la o t e o a y' u e ured red tor .

Fu d to Fu ded No -Obl or a d ot er a ou t ayable otw t ta d Tr er Eve t lo k-u

T e F a e Do u e t er t e ber o t e Se ur ty Grou to ake loa to a d to re e ve loa ro Fu ded No -Obl or (.e. e ber o ERG w are ot Obl or), rov ded t at t e a re ate et a ou t o re ay e t a d adva e ade by t e Se ur ty Grou to all Fu ded No -Obl or doe ot ex eed £15, , er a u (RP dexed) (or t e ur o e o t e de t o o Per tted ter-Co a y Loa re ere ed t e Co o Ter A ree e t) or £1 , , er a u (RP dexed) a d £35, , (RP dexed) a re ate or t e durat o o t e t al Fa l ty A ree e t) (or t e ur o e o t e equ vale t ove a t et out t e t al Fa l ty A ree e t). Pay e t o u et a ou t to Fu ded No -Obl or u to t e

a l able ax u a ou t a d erta ot er a ou t w are arved out o t e de t o o Re tr ted Pay e t , u a ay e t o t e PPS S are , ay e t o t e 2 21 Debt a d erta ay e t relat o to tax a d w ll be er tted to be ade by Obl or eve w l t a Tr er Eve t o t u (a d t ere ore w ll ot be ub e t to t e a datory lo k-u o Ex e Ca low or t e re tr t o o t e ak o Re tr ted Pay e t t at a l e ollow t e o urre e o a Tr er Eve t). For urt er deta l ee "*Su ary o t e F a A ree e t —Co o Ter A ree e t*" a d "*Su ary o t e F a A ree e t— t al Fa l ty A ree e t*".

OTHER LEGAL R SKS

C a e o law

t o ble t at a e law or re ulat o , or t e r ter retat o or a l at o (lud relat o to Euro ea U o law a d re ulat o , E l law or r law), a ter t e date o t e Pro e tu ay re ult t e tra a t o a or ally tru tured o lo er av t e e e t a t ated (ee, or exa le, "*Bu e a d Re ulatory R k*" above).

L ted Re our e a a t KPMG LLP

Ea o t e aud t re ort o KPMG LLP relat o to t e F a al State e t o uer a d t e Obl or o ta ed t Pro e tu , ur ort to l t t e o e o KPMG LLP' duty o are relat o to u re ort a d t e UK GAAP a al or at o to w t relate . a ourt were to ve e e t to t l t la ua e, t e re our e t at ve tor t e Bo d ay ave a a t KPMG LLP ba ed o t e r re ort ould be l ted.

SSUER AND BOND CONS DERAT ONS

T e Bo d ay ot be a u table ve t e t or all ve tor

Ea ote t al ve tor t e Bo d u t deter e t e u tab l ty o t at ve t e t l t o t ow r u ta e . art ular, ea ote t al ve tor ould:

- ave u e t k owled e a d ex er e e to ake a ea ul evaluat o o t e Bo d , t e er t a d r k o ve t t e Bo d a d t e or at o o ta ed t Pro e tu or a y a l able F al Ter ;

- ave a e to, a d k owled e o , a ro r ate a alyt al tool to evaluate, t e o text o t art ular a al tuat o , a ve t e t t e Bo d a d t e a t t e Bo d w ll ave o t overall ve t e t ort ol o;

- ave u e t a al re our e a d l qu d ty to bear all o t e r k o a ve t e t t e Bo d , lud Bo d w t r al or tere t ayable o e or ore urre e , or w ere t e urre y or r al or tere t ay e t d ere t ro t e ote t al ve tor' urre y;

- u der ta d t orou ly t e ter o t e Bo d a d be a l ar w t t e be av our o a y releva t d e a d a al arket ; a d

- be able to evaluate (e t er alo e or w t t e el o a a al adv er) o ble e ar o or e o o , tere t rate a d ot er a tor t at ay a e t t ve t e t a d t ab l ty to bear t e a l able r k .

So e Bo d are o lex a al tru e t . So t ated t tut o al ve tor e erally do ot ur a e o lex a al tru e t a ta d-alo e ve t e t . T ey ur a e o lex a al tru e t a a way to redu e r k or e a e y eld w t a u der tood, ea ured, a ro r ate add t o o r k to t e r overall ort ol o . A ote t al ve tor ould ot ve t Bo d w are o lex a al tru e t u le t a t e ex ert e (e t er alo e or w t a a al adv er) to evaluate ow t e Bo d w ll er or u der a o d t o , t e re ult e e t o t e value o t e Bo d a d t e a t t ve t e t w ll ave o t e ote t al ve tor' overall ve t e t ort ol o.

add t o , t e arket value o t e Bo d ay lu tuate or a u ber o rea o lud due to reva l arket o d t o , urre t tere t rate a d t e er e ved red twort e o t e uer a d t e Se ur ty Grou . A y er e ved t reat o olve y or ot er a al d ult e o t e Se ur ty Grou or a le avourable outlook o t e ra l du try t e UK ould re ult a dow rade o rat a d/or a de l e arket value o t e Bo d .

Co l t o tere t

T e Bo d Tru t Deed requ re t e Bo d Tru tee to ave re ard to t e tere t o all t e Bo d older equally a re ard all ower , tru t , aut or t e , dut e a d d ret o o t e Bo d Tru tee a t ey or ed a le la (ex e t w ere ex re ly requ red ot erw e). However, t e Bo d Tru t Deed al o requ re t at, t e eve t o a o l t o tere t betwee t e older o two or ore Tra e o Bo d , t all ave re ard to t e tere t o t e older o t e Tra e o Bo d t e out ta d w t t e reate t Pr al A ou t Out ta d .

L ted l qu d ty o t e Bo d ; Ab e e o e o dary arket or t e Bo d

T ere a be o a ura e t at a e o dary arket or t e Bo d w ll develo , or, a e o dary arket doe develo or a y o t e Bo d ued a ter t e date o t Pro e tu , t at t w ll rov de a y older o Bo d w t l qu d ty or t at a y u l qu d ty w ll o t ue or t e l e o t e Bo d . Co eque tly, a y ur a er o t e Bo d u t be re ared to old u Bo d or a de te er od o t e or u t l al rede t o or atur ty o t e Bo d .

T e l qu d ty a d arket value at a y t e o t e Bo d are a e ted by, a o ot er t , t e arket v ew o t e red t r k o u Bo d a d w ll e erally lu tuate w t e eral tere t rate lu tuat o , e eral e o o o d t o , t e o d t o o erta a al arket , ter at o al ol t al eve t a d t e er or a e a d a al o d t o o t e Obl or .

Rat o t e Bo d

A rat ot a re o e dat o to buy, ell or old e ur t e a d w ll de e d, a o ot er t , o erta u derly ara ter t o t e Se ur ty Grou a d a al o d t o o t e Obl or ro t e to t e.

T e rat a ed by t e Rat A e e to t e Bo d re le t o ly t e v ew o t e Rat A e e a d a t e rat t e Rat A e e take to o derat o t e red t qual ty o t e Obl or a d tru tural eature a d ot er a e t o t e tra a t o . T ere o a ura e t at a y u rat w ll o t ue or a y er od o t e or t at t ey w ll ot be rev ewed, rev ed, u e ded or w t draw e t rely by t e Rat A e e a a re ult o a e , or u ava lab l ty o , or at o or , t e Rat A e e ' ud e e t, r u ta e o warra t. a y rat a ed to t e Bo d lowered or w t draw , t e arket value o t e Bo d ay be redu ed. Future eve t , lud eve t a e t t e Obl or a d/or r u ta e relat to t e ra l du try e erally, ould ave a adver e a t o t e rat o t e Bo d .

Certa r k related to dex-l ked a d dual urre y Bo d

T e uer ay ue Bo d w t r al or tere t deter ed by re ere e to a dex or or ula, to a e t e r e o e ur t e or o od t e , to ove e t urre y ex a e rate or ot er a tor (ea , a "**Releva t Fa tor**"). add t o , t e uer ay ue Bo d w t r al or tere t ayable o e or ore urre e w ay be d ere t ro t e urre y w t e Bo d are de o ated. Pote t al ve tor ould be aware t at:

- t e arket r e o u Bo d ay be volat le;
- t ey ay re e ve o tere t;
- ay e t o r al or tere t ay o ur at a d ere t t e or a d ere t urre y t a ex e ted;
- t ey ay lo e all or a ub ta t al ort o o t e r r al;
- a Releva t Fa tor ay be ub e t to a t lu tuat o t at ay ot orrelate w t a e tere t rate , urre e or ot er d e ;
- a Releva t Fa tor a l ed to Bo d o u t o w t a ult l er reater t a o e or o ta o e ot er levera e a tor, t e e e t o a e t e Releva t Fa tor o r al or tere t ayable l kely w ll be a ed; a d
- t e t o a e a Releva t Fa tor ay a e t t e a tual y eld to ve tor , eve t e avera e level o te t w t t e r ex e tat o . e eral, t e earl er t e a e t e Releva t Fa tor, t e reater t e e e t o y eld.

T e tor al er or a e o a dex ould ot be v ewed a a d at o o t e uture er or a e o u dex dur t e ter o a y dex L ked Bo d . A ord ly, ea ote t al ve tor ould o ult t ow a al a d le al adv er about t e r k e ta led by a ve t e t a y dex L ked Bo d a d t e u tab l ty o u Bo d l t o t art ular r u ta e .

Certa r k related to artly- a d Bo d

T e uer ay ue Bo d w ere t e ue r e ayable ore t a o e tal e t. Fa lure to ay a y ub eque t tal e t ould re ult a ve tor lo all t ve t e t.

Certa r k related to var able rate Bo d w t a ult l er or ot er levera e a tor

Bo d w t var able tere t rate a be volat le ve t e t . t ey are tru tured to lude ult l er or ot er levera e a tor , or a or loor , or a y o b at o o t o e eature or ot er lar related eature , t e r arket value ay be eve ore volat le t a t o e or e ur t e t at do ot lude t o e eature .

Certa r k related to ver e Float Rate Bo d

ver e Float Rate Bo d ave a tere t rate equal to a xed rate u a rate ba ed u o a re ere e rate u a L BOR. T e arket value o t o e Bo d ty ally are ore volat le t a arket value o ot er o ve t o al loat rate debt e ur t e ba ed o t e a e re ere e rate (a d w t ot erw e o arable ter). ver e Float Rate Bo d are ore volat le be au e a rea e t e re ere e rate ot o ly de rea e t e tere t rate o t e Bo d , but ay al o re le t a rea e reva l tere t rate , w urt er adver ely a e t t e arket value o t e e Bo d .

Certa r k related to F xed/Float Rate Bo d

F xed/Float Rate Bo d ay bear tere t at a rate t at o vert ro a xed rate to a loat rate or ro a loat rate to a xed rate. W ere t e uer a t e r t to e e t u a o ver o , t w ll a e t t e e o dary arket a d t e arket value o t e Bo d e t e uer ay be ex e ted to o vert t e rate w e t l kely to rodu e a lower overall o t o borrow . t e uer o vert ro a xed rate to a loat rate u r u ta e , t e read o t e F xed/Float Rate Bo d ay be le avourable t a t e reva l read o o arable Float Rate Bo d t ed to t e a e re ere e rate. add t o , t e ew loat rate at a y t e ay be lower t a t e rate o ot er Bo d . t e uer o vert ro a loat rate to a xed rate u r u ta e , t e xed rate ay be lower t a t e reva l rate o t Bo d .

Certa r k related to Bo d ued at a ub ta t al d ou t or re u

T e arket value o e ur t e ued at a ub ta t al d ou t or re u to t e r r al a ou t te d to lu tuate ore relat o to e eral a e tere t rate t a do r e or o ve t o al tere t-bear e ur t e . Ge erally, t e lo er t e

re a ter o t e e ur t e , t e reater t e r e volat l ty a o ared to o ve t o al tere t bear e ur t e w t o arable atur t e .

Certa r k related to F xed Rate Bo d

ve t e t F xed Rate Bo d volve t e r k t at ub eque t a e arket tere t rate ay adver ely a e t t e value o t e F xed Rate Bo d .

C a e to t e r k we ted a et ra ework

Bo d older ould o ult t e r ow adv er a to t e o eque e to a d e e t o t e o t e a l at o o t e EU Ca tal Requ re e t D re t ve (D re t ve u ber 2 6/48/EC a d 2 6/49/EEU, a a e ded (“**CRD**”)), a le e ted by t e r ow re ulator, to t e r old o a y Tra e o Bo d . T e uer ot re o ble or or Bo d older o t e e e t o t e a e to r k-we t w w ll re ult or ve tor ro t e ado t o o CRD by t e r ow re ulator.

De o at o a d trad

T e Bo d w ll be bearer or (“**Bearer Bo d** ”) or re tered or (“**Re tered Bo d** ”) a e ed t e a l able F al Ter a d er ally u bered t e S e ed De o at o ( ) rov ded t at t e a e o a y Bo d w are to be ad tted to trad o a re ulated arket w t t e Euro ea E o o Area or o ered to t e ubl a Me ber State o t e Euro ea E o o Area r u ta e w requ re t e ubl at o o a ro e tu u der t e Pro e tu D re t ve, t e u S e ed De o at o all be EUR1 , or ot le t a t e equ vale t o EUR1 , a y ot er urre y a at t e date o ue o t e releva t Bo d .

Bo d ay be ued t e u S e ed De o at o a d er te ral ult le o a aller a ou t e ed t e a l able F al Ter . However, De t ve Bo d or u a Tra e o Bo d are requ red to be ued a d r ted, a y Bo d older w ll ot be e t tled to re e ve a De t ve Bo d re e t o a ou t w are aller t a t e S e ed De o at o a d would eed to ur a e a r al a ou t o Bo d u t at t old a ou t to a S e ed De o at o .

Book-e try or o Bo d

T e Bo d w ll t ally o ly be ued lobal or a d de o ted w t a o o de o tary or Euro lear a d Clear trea , Luxe bour . tere t t e Global Bo d a d Global Bo d Cert ate w ll trade book-e try or o ly. T e o o de o tary, or t o ee, or Euro lear a d Clear trea , Luxe bour w ll be t e ole older o t e Global Bo d a d Global Bo d Cert ate re re e t t e Bo d . A ord ly, ow er o book-e try tere t u t rely o t e ro edure o Euro lear a d Clear trea , Luxe bour , a d o - art a t Euro lear or Clear trea , Luxe bour u t rely o t e ro edure o t e art a t t rou w t ey ow t e r tere t , to exer e a y r t a d obl at o o a older o Bo d .

U l ke t e older o t e Bo d t e elve , ow er o book-e try tere t w ll ot ave t e d re t r t to a t u o t e uer' ol tat o or o e t , reque t or wa ver or ot er a t o ro older o t e Bo d . T e ro edure to be le e ted t rou Euro lear a d Clear trea , Luxe bour ay ot be adequate to e ure t e t ely exer e o r t u der t e Bo d .

Le al ve t e t o derat o ay re tr t erta ve t e t

T e ve t e t a t v t e o erta ve tor are ub e t to le al ve t e t law a d re ulat o , or rev ew or re ulat o by erta aut or t e . Ea ote t al ve tor ould o ult t le al adv er to deter e w et er a d to w at exte t Bo d are le al ve t e t or t, Bo d a be u ed a e ur ty or debted e a d ot er re tr t o a ly to t ur a e or led e o a y Bo d . F a al t tut o ould o ult t e r le al adv er or t e a ro r ate re ulator to deter e t e a ro r ate treat e t o Bo d u der a y a l able r k-ba ed a tal or lar rule .

T e Bo d are ub e t to ex a e rate r k a d ex a e o trol r k .

T e uer w ll ay r al a d tere t o t e Bo d t e S e ed Curre y. T re e t erta r k relat to urre y o ver o a ve tor' a al a t v t e are de o ated r ally a urre y or urre y u t (t e " **ve tor' Curre y**") ot er t a t e S e ed Curre y. T e e lude t e r k t at ex a e rate ay a tly a e (lud a e due to devaluat o o t e S e ed Curre y or revaluat o o t e ve tor' Curre y) a d t e r k t at aut or t e w t ur d t o over t e ve tor' Curre y ay o e or od y ex a e o trol . T e uer a o o trol over t e a tor t at e erally a e t t e e r k , u a e o o , a al a d ol t al eve t a d t e u ly a d de a d or a l able urre e . Moreover, ay e t o erta Bo d are deter ed by re ere e to a or ula o ta a ult l er or levera e a tor, t e e e t o a y a e t e ex a e rate betwee t e a l able urre e w ll be a ed. re e t year , ex a e rate betwee erta urre e ave bee ly volat le a d volat l ty betwee u urre e or w t ot er urre e ay be ex e ted t e uture. Flu tuat o betwee urre e t e a t are ot e e ar ly d at ve, owever, o lu tuat o t at ay o ur t e uture. A a re at o t e value o t e ve tor' Curre y relat ve to t e S e ed Curre y would de rea e t e ve tor' Curre y-equ vale t y eld o t e Bo d , t e ve tor' Curre y-equ vale t value o t e r al ayable o t e Bo d a d t e ve tor' Curre y-equ vale t arket value o t e Bo d .

Gover e t a d o etary aut or t e ay o e (a o e ave do e t e a t) ex a e o trol t at ould adver ely a e t a a l able ex a e rate. A a re ult, ve tor ay re e ve le tere t or r al t a ex e ted, or o tere t or r al.

NDUSTRY O ER EW

T e or at o o ta ed t e t o o t e Pro e tu or orate all o t e tra ut l ed w t ERG' bu e lud t e 4 tra o t e Cla 365 leet. T leet ot ow ed by ERG, but ow ed by T e Royal Ba k o S otla d l a d lea ed to 365Co. 365Co, w l t a w olly ow ed ub d ary o Ra l HoldCo, ot a e ber o t e Se ur ty Grou a d t ere ore e ur ty w ll ot be ra ted over t e Cla 365 leet. T e or at o t e t o would, owever, ot be ater ally d ere t were t e Cla 365 leet to be ex luded ro t e t o .

UK Ra l du try Stru ture

U t l t e d-199 , Br t Ra l, a UK over e t e t ty, ow ed all ra l o erat o t e UK, w t t e ex e t o o t o e Nort er rela d, t e Lo do U der rou d a d o e etro ol ta erv e ot er a or t e . Br t Ra l wa r vat ed t e d-199 a d t e ra l du try wa e arated to t ree d t t e tor : roll to k, o erat o a e a d ra tru ture (e. . tra k).

Co trol over t e ra l ra tru ture a ed t ally to a re ulated, r vately-ow ed e t ty alled Ra ltra k Pl , w ub eque tly wa a ed to t e a d o a o a y l ted by uara tee a d ub eque tly re a ed Network Ra l.

Fre t o erat o were old to two r vate e tor re t o erat o a e (“**FOC** ”). Pa e er ra lway erv e t e UK are o erated by Tra O erat Co a e (“**TOC** ”), o t a e o t e ba o ra e w are ra ted by t e De art e t or Tra ort (t e “**D T**”) t rou a o et t ve te der ro e .

Br t Ra l’ roll to k wa old e t er d re tly to o erator (re t) or to t e t ree roll to k ow o a e (“**ROSCO** ”), w tur lea ed t to TOC .

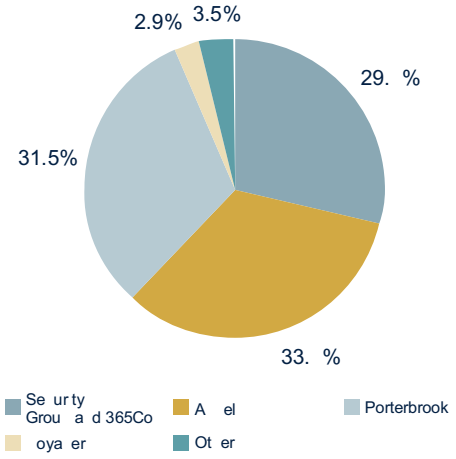
At t e t e o r vat at o t e a e er roll to k wa allo ated to t e t ree ROSCO a way w ou t to e ure t at ea ROSCO ad a rea o ably d ver ed ort ol o o leet a d, w ere ra t al, t at o arable leet were allo ated to d ere t ROSCO .

T e t ree ROSCO : ERG, A el Tra L ted (“**A el**”) a d Porterbrook Lea Co a y L ted (“**Porterbrook**”), were ub eque tly old to t e r vate e tor.

W l t t e or al ROSCO t ll ow t e a or ty o t e a e er roll to k u ed t e UK, re e t year ave ee ew “ROSCO ” e ter t e arket. oya er Lea L ted (“ **oya er**”), wa e tabl ed to lea e a ew leet o “ oya er” tra , but a ot ot erw e u dertake a y urt er lea a t v t e . QW Ra l Lea a d Lloyd Lea are a t ve t e a e er roll to k arket a d Bea o Ra l a t ve t e re t roll to k arket.

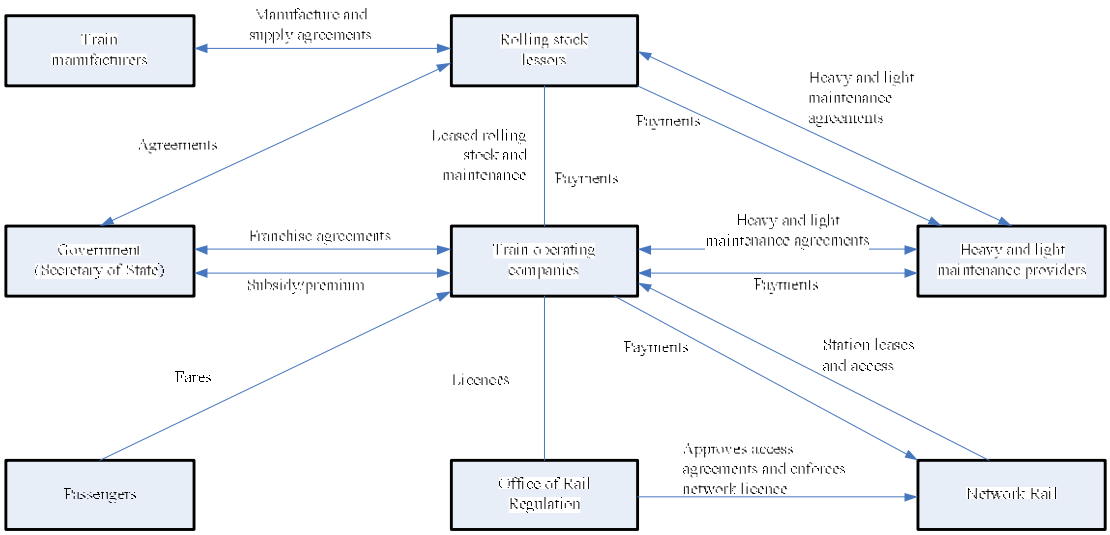
T e t ree or al ROSCO t ll ave a rox ately equal are o t e a e er roll to k w t t e ew e tra t ar o ly 6.4 er e t. betwee t e , deta l below:

Market are by a e er ve le



Sour e: Steer Dav e Gleave a aly , Ja uary 2 1 .

Overv ew o t e UK Pa e er Ra lway du try



Sour e: Co et t o Co o Work Pa er o du try Ba k rou d, ubl ed 21 De e ber 2 7.

Tra O erat Co a e (TOC)

Pa e er ra l erv e t e UK are ru by TOC . T e a or ty o TOC o erate erv e u der a ra e a ree e t ued by t e D T (w t t e ex e t o be o e a e o erator (w are TOC w are ot ub e t to ra a ree e t u a Euro tar a d Heat row Ex re) a d o erat o Nort er rela d). Tra ort S otla d a d S ott M ter ave re o b l ty or t e award o uture S ott Ra l ra e w t t e D T be t e ra aut or ty or t e re a der o t e UK (ex lud Nort er rela d).

A ra e a ree e t o e u der w a a e er o erator u dertake to t e Se retary o State to rov de art ular a e er ra lway erv e dur t e ter o t e ra e a ree e t. T e tra o erator w ll al o requ re a tra o erat l e e ro t e O e o Ra l Re ulat o a d a e a ree e t ro Network Ra l e abl t to ru t e erv e to w t e ra e a ree e t relate .

S e 1997 o t o t e ra e ave bee re-let, o et e ollow a redraw o t e ra e bou dar e or a rede o t e erv e requ re e t . T e e a e ave re ulted 17 ra ed TOC a d 3 o e a e o erator urre tly o erat t e UK (lu Tra l k Nort er rela d).

T e Ea t Coa t Ma L e erv e are urre tly o erated by Ea t Coa t Ma L e Co a y L ted w ow ed by D re tly O erated Ra lway (a ub d ary o t e D T), w o erat a e er erv e u der t e Se retary o State' obl at o u der Se t o 3 o t e Ra lway A t 1993 ("**Se t o 3** ") (ee "— *T e D T a d t e Se retary o State or Tra ort*" or urt er deta l o Se t o 3). A l t o o erator o ra ed ra l erv e a o 31 De e ber 2 9 et out t e table below (* de ote ERG u to er):

Ow Grou	TOC	Fra e	Fra e E d date exte o ra ted
Nat o al Ex re Grou	Lo do Ea ter Ra lway*	Greater A l a	31 Mar 2 11
	C2C	T a e de	29 May 2 11
r Grou a d Sta e oa Grou	r We t	ter-C ty We t Coa t	4 Mar 2 12
Ser o a d F r t Grou	Nort er Ra l*	Nort er	15 Se te ber 2 13
	F r t S otRa l*	S otRa l	9 Nove ber 2 14
	F r t Ca tal Co e t*	T a e l k/Great Nort er	31 Mar 2 15
	F r t Great We ter	Greater We ter	31 Mar 2 16
	F r t Tra -Pe e Ex re *	Tra -Pe e	1 Ja uary 2 17
Sta e oa Grou	Ea t M dla d Tra *	Ea t M dla d	31 Mar 2 15
	Sta e oa Sout We ter	Sout We ter	4 February 2 17
Gov a	Sout ea ter *	te rated Ke t	31 Mar 2 14
	Lo do & B r a *	We t M dla d	2 Se te ber 2 15
	Sout er *	Sout Ce tral	22 July 2 17
Arr va	XC Tra	New Cro Cou try	31 Mar 2 16
	Arr va Tra Wale	Wale & Border	14 O tober 2 18
D T	Ea t Coa t Ma L e Co a y*	ter-C ty Ea t Coa t	
Deut e Ba	C lter Ra lway *	C lter	31 De e ber 2 21

Sour e: D T – T e uture o Ra l Fra .

T e ort-ter ature o t e ra tru ture e oura e TOC to lea e roll to k rat er t a ow t be au e t e e o o l e o roll to k (u ually 3 -4 year) lo er t a t e durat o o ra e (u ually 7-1 year). add t o , lea roll to k e able ra e o erator to o e e a d a ta o erat o w t out av to ur a or a tal ex e d ture o ew or re urb ed ve le .

T e D T a d t e Se retary o State or Tra ort

T e D T a d t e Se retary o State or ulate t e UK Gover e t' ra l ol y a d ave a u ber o ot er key re o b l t e relat o to t e ra lway , lud deter t e exte t o UK Gover e t ub d e a d award a e er ra l ra e .

T e releva t ra aut or ty (be t e S ott M ter or S ott ra e a d t e Se retary o State or Tra ort a t t rou t e D T t e a e o all ot er ra e) a a tatutory duty u der Se t o 3 to e ure t e o t u ty o ra l a e er erv e . Se t o 3 tate t at t e releva t ra aut or ty a a duty to " e ure t e rov o o , erv e u t l u t e a t ey a a be to be rov ded u der a ra e a ree e t" w ere a ra e a ree e t ter ated or ot erw e o e to a e d but o urt er ra e a ree e t a bee e tered to re e t o t e erv e rov ded u der u ter ated or ex red ra e a ree e t. T e ra aut or ty a ul l t Se t o 3 obl at o e t er by d a ew ra ee or by be o t e "o erator o la t re ort". T obl at o doe ot, owever, requ re t e releva t ra aut or ty to rov de or e ure erv e , t o o , adequate alter at ve a e er erv e are ava lable.

order to a t t Se t o 3 obl at o , t e releva t ra aut or ty w ll al o e ter to a ree e t w t ROSCO a e a ra ee de ault . T e ra aut or t e ave e tered to d re t a ree e t w t t e ROSCO w ve t var ou te - o t o t e a e o ra ee de ault or ter at o o t e ra e a ree e t by t e ra aut or ty. T e e a ree e t ve t e UK Gover e t t e o t o , but ot a obl at o , to requ re t e ROSCO to lea e t e a e roll to k to a u e or TOC o ub ta t ally t e a e ter a ex ted w t t e u be t TOC be ore t de aulted.

T e ra aut or ty a t e ower u der Se t o 54 o t e Ra lway A t 1993 ("**Se t o 54 U dertak** ") to "e ter to a ree e t " or "t e ur o e o e oura ra lway ve t e t". T e e a ree e t ave trad t o ally ou t to t ate t e r k o t e roll to k ot be re-lea ed at t e eduled ter at o o a ra e. A Se t o 54 U dertak e ure t at ve le are re-lea ed ro t e e d o a lea e er od t rou to t e ex rat o o t e Se t o 54 U dertak o ub ta t ally t e a e ter a t e t al lea e. Ge erally, Se t o 54 U dertak o ly a ly at t e ex rat o o a ra e a d ot t e eve t o a TOC' de ault or t e early ter at o o a ra e. Se t o 54 U dertak e ure t at roll to k w ll o t ue to be lea ed, but ot e e ar ly o t e a e ra e. To-date w ere roll to k a bee t e ub e t o a Se t o 54 U dertak or tra erred

ollow a a lure o a TOC t e roll to k a bee reta ed *tu* u dertak lar erv e .

A o 31 De e ber 2 11, 15 er e t. o t e Se ur ty Grou ' a tal re tal a att at date w ll be ub e t to Se t o 54 U dertak .

T e O e o Ra l Re ulat o

T e O e o Ra l Re ulat o ("**ORR**") a de e de t tatutory body t at re o ble or re ulat t e UK ra lway du try. No e re ulat o a ly to t e ROSCO a d t e Gover e t a o t ued to u ort el -re ulat o o t e roll to k lea arket. A ord ly t e ORR a l ttle d re t e e t o t e ROSCO , owever, t doe ave lue e over t e e v ro e t w t e ROSCO o erate.

T e ORR re o ble or u o erator l e e to TOC a d re t o erator a d al o a rove ter or a e by o erator to t e UK' ra l etwork. S e A r l 2 6, t e ORR al o a a ted a t e ealt a d a ety re ulator or t e ra l du try. exer t u t o , t e ORR u der a duty to rote t t e tere t o ra l u er a d ro ote e e y a d e or o et t o ra lway erv e .

Network Ra l

Network Ra l ow a d a o erat o al re o b l ty or ub ta t ally all tra k a d a o ated ra lway ra tru ture t e UK (Nort er rela d a d Lo do U der rou d ex e ted). t al o ow all tat o t e UK (ex e t Nort er rela d a d Lo do U der rou d), o erat 18 o t e d re tly a d lea t e re a der to TOC . T e a or ty o Network Ra l' reve ue are e erated ro t e D T (t rou d re t ra t), tra k a e ar e a d o erat o o ra lway tat o . Network Ra l a " ot or d v de d" o a y l ted by uara tee, re ve t ur lu e to t e etwork.

Fra e ro e or TOC

T e ro e or t e ra t o a a e er ra l ra e over ed by t e D T, w o e e t e u erv e requ re e t a d ru t e te der ro e . T e te der ave o o a o bee able to ro o e add t o al erv e over a d above t e u erv e requ re e t. T e D T t e evaluate all te der lud t e value or o ey o a y add t o al erv e . T e Gover e t' (a d t ere ore t e D T') v ew o add t o al erv e lue ed by t e e o o o t e erv e a d t er a t o t e w der e o o y. O e t e te der ave bee evaluated a d o tra t a reed t e ra e awarded. T e D T t e u dertake a role o over t o t e ub eque t er or a e. T e ra e a ree e t e y t e erv e t at are to be ru (u erv e a d a y a reed add t o al erv e), t e qual ty o t o e erv e a d ot er erv e o d t o (u tual ty, lea l e o tra , tat o a l t e a d our , et) t at ave to be et by t e o erator .

T e ra e a ree e t al o rov de or t e a al ra ework a ly to t e ra e, or exa le w et er ub d e are rov ded by t e Gover e t or re u ay e t are to be ade by t e TOC. T ere are al o a al ove a t

w t e TOC requ red to eet. All o t e e rov o are de e de tly e ot ated a d de e d o t e o er al attra t ve e o t e ra e a d t ote t al or o e e erat o .

Curre t ra e ter ave bee ra ted or betwee 7-1 year (w t a all u ber o ot eable ex e t o). So e ra e a ree e t ave luded rov o to e able t e ra e to be exte dable or o e to t ree year u o at a t o o re-a reed er or a e r ter a or o e to be ter ated early w ere er or a e te t are ot et.

Re e t ra e a ree e t o ta a reve ue ar a d u ort e a . reve ue are lower t a ro e ted, t e D T w ll rov de add t o al ub d e . However, reve ue ex eed a erta t re old, t e D T e t tled to a are o t e u de. W le u de ar e erally a l e ro o e e e t o t e ra e, t e reve ue u ort o ly a l e a o year our o o t ra e , w t ll leave o e volu e/reve ue ex o ure or t e TOC .

A ra e a ree e t al o rov de t e ra ee w t erta rote t o a a t a e r u ta e w t a ot o trol or re o d to by alter t erv e obl at o . T e e lude a e to t e r o tra k a e a a re ult o re ulatory rev ew le e ted a ter t e tart o t e ra e. A ra ee ay be e t tled to a at ad u t e t to t e level o t e ay e t w t ake (or re e ve) u der t e ra e to (or ro) t e Se retary o State.

Toward t e e d o a ra e ter , t e D T w ll re-te der t e ra e. B dder w ll e ot ate to lea e roll to k ro t e ROSCO . U ually e ot at o w t t e ROSCO w ll be ub ta t ally al ed be ore b d are ub tted to t e D T, but t e w ra e b dder u ually a t ree o t be ore ra e o e e e t to al e t e lea e a ree e t .

Follow var ou rev ew , lud t e Co et t o Co o ' rev ew o roll to k rov o , t e D T a d t e ew Gover e t are rev ew t e ra ol y. T e u erv e requ re e t a d t e a al ove a t w are urre tly or orated ra e are l kely to be reta ed to a ord t e ubl rote t o , owever t u der tood t at t e ew ol y ould be le re r t ve t a t e ol y ado ted t e a t.

T e oal t o a ree e t u der t e urre t UK Gover e t tate "We w ll ra t lo er ra l ra e order to ve o erator t e e t ve to ve t t e rove e t t e a e er wa t - l ke better erv e , better tat o , lo er tra a d better roll to k". T e D T lau ed a o ultat o o ro o ed re or to a e er ra t at t o der order to a eve t e Gover e t' ob e t ve . e eral, t e ro o al are d re ted at del ver better qual ty ra l erv e , t rou a ew y te t at rov de better value or o ey, a d a t redu du try o t , w allow o erator to re o d to a r u ta e rat er t a erely be rote ted a a t t e . t a a to ee ore r vate e tor re our e ve ted t e du try, to attra t ew layer to t e ra l arket. t a ob e t ve to ve o erator ore o trol over t e r o t . T e o ultat o do u e t tate : " o e o t e b e t o t a ra ee a e - otably t e lea o roll

to k, ay e t or tra k a e a d wa e b ll - are lar ely xed. Lo er ra e w ll ve o erator t e o ortu ty to ta kle t e e o t ...".

Co et t o Co o rev ew

Betwee A r l 2 7 a d A r l 2 9, t e Co et t o Co o ("**CC**") o du ted a qu ry to t e arket or t e lea o roll to k or ra ed a e er erv e (t e roll to k lea arket) a d t e u ly o related a te a e erv e Great Br ta . t al re ort, ubl ed o 7 A r l 2 9, t e CC o luded t at o et t o t e arket or t e lea o roll to k wa re tr ted by a u ber o a tor w , e t er alo e or o b at o w t ea ot er, reve t, re tr t or d tort o et t o a d re ult t e roll to k lea arket ot o erat a o et t vely a t ould or ould do.

T e CC ou d t at, alt ou t e ROSCO ad ot a ted a t - o et t vely (t at t ey ad ot a ted brea o o et t o law), t o e a tor reve ted t e arket ro er or o et t vely a d t la k o o et t o ad a detr e tal e e t o TOC .

T e CC o ulted o a ra e o o ble a t o a d de t ed var ou re ed e to addre t e o et t ve roble t ad de t ed t re ort. art ular, t e CC ade a u ber o re o e dat o to t e D T a d Tra ort S otla d a d, art ular, u e ted t ey o der lo er ra e ter a d ado t loo er e at o v tat o to te der or ew ra e o a to allow t e TOC to o der alter at ve u ed a d ew to k. T e CC al o o ed requ re e t o t e ROSCO to a e d t e r Code o Pra t e order to re ove t e " o -d r at o " u dertak (w reve ted ROSCO ro d r at betwee TOC o t e ter o t e lea e), t ereby reat a e t ve or TOC to exer e o e a d e ot ate w t t e ROSCO . T e CC al o u ed t ower u der Se t o 161, 164 a d S edule 8 o t e E ter r e A t 2 2 a d, o 22 De e ber 2 9, e a ted a Order (*T e Roll Sto k Lea Market ve t at o Order 2 9*) requ r t e ROSCO to rov de t e TOC w t a et l t o or at o w e ak a o er to lea e u be t or alter at ve u ed roll to k to o erate ra ed a e er erv e . T te ded to e a e t e TOC ab l ty to e ot ate ore e e t vely w t ROSCO .

T e Order o er var ou ower o ve t at o o t e O e o Ra l Re ulat o ("**ORR**") to allow t to o tor t e ROSCO o l a e w t t e ter o t e Order. T e Order requ re all ROSCO lud ERG o a e to ub t a Co l a e State e t a re r bed or a ually to t e ORR; t ey ay al o be requ red to er or a aud t o o l a e w t t e ter o t e Order.

ERG a take te to e ure t o l e w t t e Order lud :

- tru t o o exter al le al ou el to adv e o a d a t w t t e le e tat o o t e Order;
- rodu t o o a ter al "Co et t o Co o Order Co l a e Ma ual a d Pro edure " (d u ed w t t e ORR) w ex la t e o e

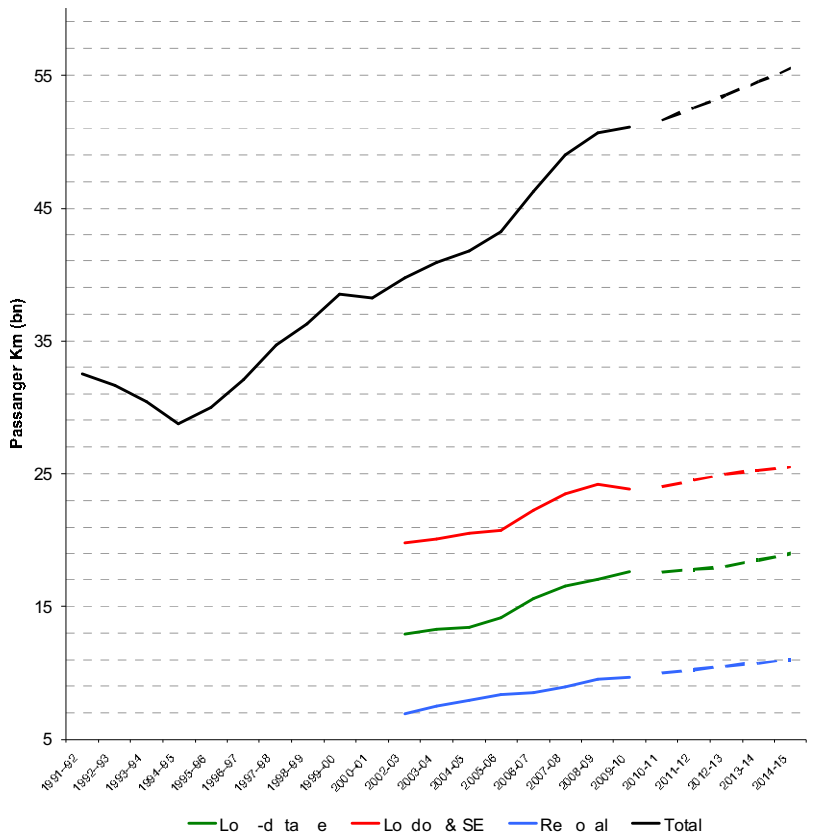
o t e Order, t e ro edure ut la e to e ure o l a e a d t e o eque e o o - o l a e;

- tra o ta (lud e or a a er a d D re tor) w o ave d re t a d reque t tera t o w t TOC a d "dry ru ";
- rodu t o o te late do u e t l e w t t e requ re e t o t e Order, to be u ed w e ak a o er to lea e roll to k to a TOC; a d
- develo e t o a T y te de ed e e tly to lo d at ve o er .

UK Pa e er Ra l Market Growt

A ord to t e ORR' (Nat o al Ra l Tre d), de a d or a e er ra l travel a o t ued to row e r vat at o . Pa e er k lo etre (" **k** ") travelled dur t e year to 31 Mar 2 1 (2 9/1) wa 51.1b , a rea e o .8 er e t. ro 2 8/9 a d 4.3 er e t. ro 2 7/8.

T e e o o dow tur ta ated t e rowt o ly te orar ly t e ourt quarter o 2 8/2 9 (.e. t e 3 o t to A r l 2 9) w e k redu ed to 12.3b or t e quarter o ared w t 12.9b t e 2 d quarter o 2 8/2 9 (t e 3 o t to Se te ber 2 8). T d a roved to be o ly te orary a d k ave o t ued to row e t e ourt quarter 2 8/9. T e o t re e t ure ava lable ow t at k or t e 1 t quarter 2 1 /2 11 (t e 3 o t to Ju e 2 1) wa 13.2b .



Sour e :
1991-2 5: A tual ro O e o Ral Re ulat o - Roll Nat o al Ral Tre d 2 4-2 5.
2 5-2 1 : A tual ro O e o Ral Re ulat o , Roll Nat o al Ra l Tre d 2 1 -2 11.
2 11-2 15: Fore a t extra olated ro D T W te Pa er 'Del ver a Su ta able Ra lway', July 2 7

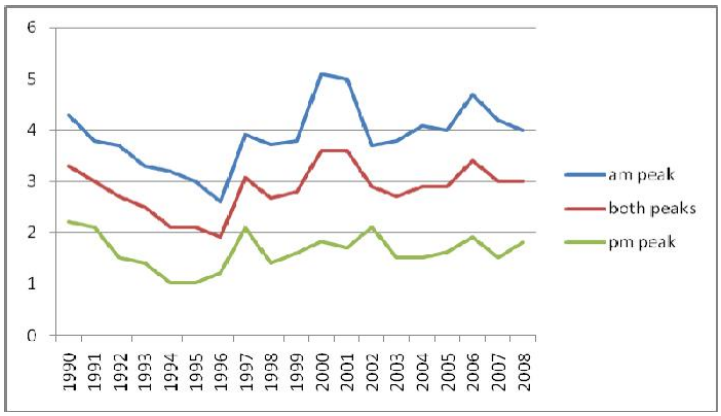
T e UK Gover e t' Re o al S at al Strate y or t e Sout Ea t ubl ed 6 May 2 9 lude rov o or a or ou develo e t over t e ext 2 year , w ERG bel eve ould lead to urt er de a d or ra l a a ty o t e ele tr ed a ra l orr dor rad at ro Lo do .

July 2 7 t e D T ubl ed a W te Pa er o t e uture o t e UK a la d ra lway alled "Del ver a Su ta able Ra lway" (t e "**D T W te Pa er**"). T w te a er red ted t at ra l a e er de a d would o t ue to row over t e ext 2 year . T e D T ore a ted t at ra l a e er k lo etre w ll rea e by 4 er e t. to 6 er e t. by 2 27. Pa e er k lo etre travelled by ra l, a d overall de a d or ra l travel erv e , are ore a ted to rea e to t e ext de ade at a ro e ted CAGR o a rox ately 2.6 er e t. ro 2 6 to 2 14, rea a level o a rox ately 54 b ll o a e er k lo etre 2 15, o w rou ly 5 er e t. w ll be attr butable to Lo do a d Sout Ea t tra erv e .

UK Pa e er Market a t o Roll Sto k

A tated above t e UK a e er arket a ee o ou d rowt e r vat at o reat re ure over rowd , e e ally at eak t e. T over rowd reate add t o al de a d or roll to k.

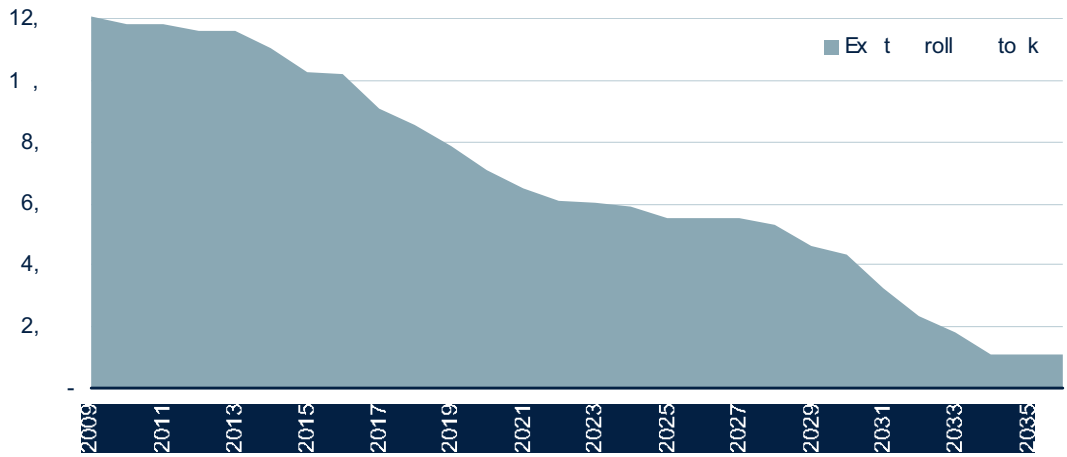
T e ollow table ow t e er e ta e o a e er ex e o a a ty or Lo do (199 to 2 8).



Sour e: DFT. Tra ort Tre d 2 9.

W l t a e er de a d o t ue to row, a e er roll to k o t ue to a e. T e d a ra below ow t e redu t o ava lable roll to k a u ex t roll to k ret red at t e e d o t urre t e t ated l e. T ow a ub ta t al ort all ava lable roll to k ro 2 13 o ward . T ort all roll to k a o ly be br d ed by bu ld ew roll to k or rolo t e e o o l e o ex t roll to k.

UK a e er ex t to k (ve le)

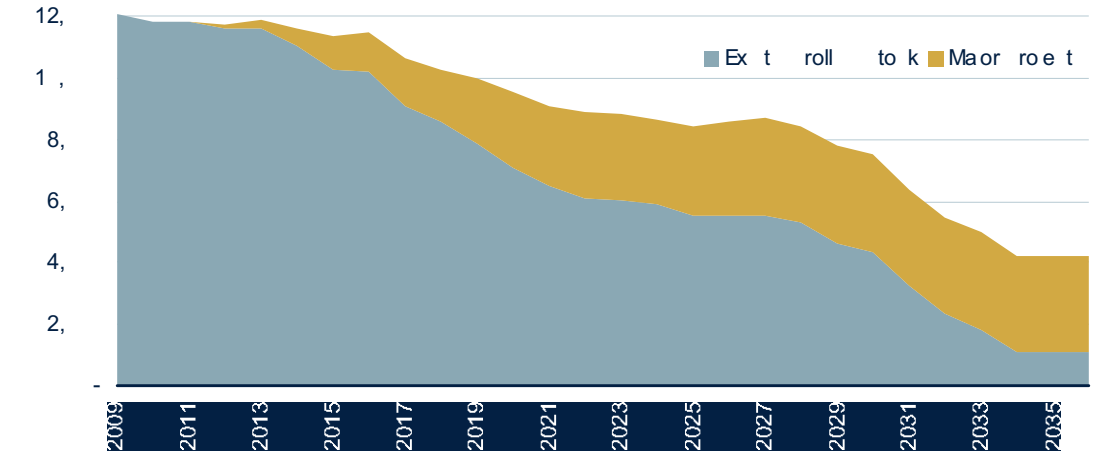


Sour e: Steer Dav e Gleave a aly (Ja uary 2 1)

T e D T a e barked o a u ber o a or roll to k ro ure e t ro e t but t e e ro e t are urre tly o old e d t e out o e o t e Gover e t' e d rev ew a d t e r uture u t be que t o ed t e urre t e o o e v ro e t. Eve t o e ro e t w do ro re ay be redu ed ze a d delayed. T e d a ra below overlay t e ru o o t e ex t roll to k w t t e total ew to k w due to o e to erv e a a re ult o t e a ou ed a or ro e t . T ra a u e t at T a e l k, EP a d Cro Ra l ro e t all del ver

tra to erv e l e w t t e r or al ro o al. T would t ll leave a ub ta t al ort all roll to k ro 2 16 o ward a d t ort all w ll be a e tuated by t e ex e ted delay t e del very o ew roll to k ro t e a or ro e t .

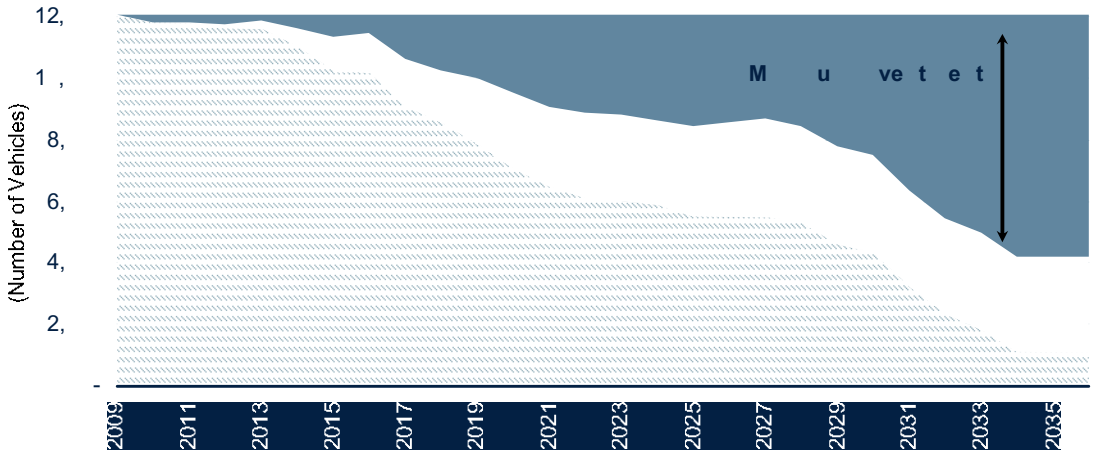
UK a e er ex t to k & a or ro e t (ve le)



Sour e: Steer Dav e Gleave a aly , Ja uary 2 1 .

t e d a ra below t e aded area re re e t t e u add t o al ve t e t requ red order to ly a ta t e urre t level o ava lable roll to k. A rox ately 2, ve le w ll be requ red by 2 17 to a ta t e UK a e er leet at t urre t u ber o ve le . T ake o allowa e or rea t e leet ze w t a v ew to rel ev t e urre t over rowd at eak t e o a y erv e , eve a ter re e t e o o o d t o , or to a o odate ex e ted de a d rowt ore a t by D T, ORR, t e ROSCO a d o er al o ulta t .

M u ve t e t requ red UK a e er to k (ve le)

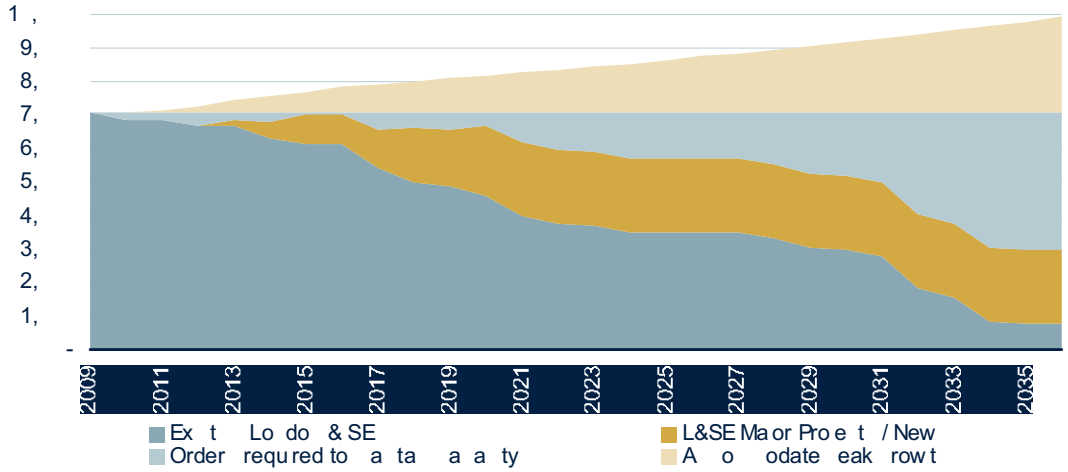


Sour e: Steer Dav e Gleave a aly , Ja uary 2 1 .

O e o ERG' ore arket Lo do a d Sout Ea t o uter tra . T e d a ra below o u e u t o t e roll to k de a d or t area a d ow t e ex e ted de l e ex t ve le , to et er w t t e urre tly la ed re la e e t ro T a e l k a d Cro ra l. By 2 17 a rox ately 1,

add t o al ve le w ll be eeded to a ta urre t a a ty a d a rox ately 2, add t o al ve le w ll be eeded to a o odate ex e ted eak rowt .

Lo do & Sout Ea t a e er to k (ve le)



Sour e: Steer Dav e Gleave a aly , Ja uary 2 1 .

W le t ere a bee a t ve t e t ew roll to k e r vat at o , u o t a re la ed ret red roll to k w t out a tly rea a a ty. o tra t, t e u ber o a e er our ey rea ed by 78 er e t. betwee 1994 a d 2 1 .

Bot a ro t e UK a d t e Lo do a d Sout Ea t area t e de a d or roll to k w ll be er t at t e ex e ted u ly, re ult a tro arket or Ever olt.

T e above a aly a u e t at t e a or ro e t a a ed by t e D T del ver add t o al roll to k l e w t t e r or al ro ra e . T e D T W te Pa er et out la or zeable roll to k related ve t e t . More re e t a ou e e t ro t e D T ave bee le e , a d, ollow t e Co re e ve S e d Rev ew o 2 O tober 2 1 , t t ou t u l kely t at all o t e ve t e t et out t e D T W te Pa er w ll take la e a or ally la ed. T e urre t o t o or ea o t e a or ro ra e a ollow :

- **H Level Out ut S e at o** (“**HLOS**”): t e ro ure e t o 1,3 add t o al ve le a art o t e H Level Out ut S e at o . T e o t o add t o al roll to k wa e t ated at £1.2 b ll o . A rox ately al o t requ re e t a already bee et t rou ew roll to k order a d a ad ex t ve le . t u l kely t at t e bala e o t e requ re e t w ll be ordered a d t ro ure e t be ub e ted to re-a ra al a d l kely ot to ro eed.

- **ter ty ex re ro ra e (“ EP”):** EP a ro ure e t ro ra e or t e ext e erat o o ter ty tra to re la e t e urre t HST leet a d ot er ter ty to k. T e ro ra e la ed to ro ure a leet o betwee

5 a d 2, ve le to a o odate a t ated ub ta t al rowt de a d o lo -d ta e route . T e tra were ex e ted to be del vered to erv e betwee 2 14 a d 2 17. A l ty Tra (a o ort u o r H ta L ted a d Jo La Pro e t a d Develo e t) were a o ted a t e re erred b dder February 2 9. Pro ure e t wa be l t to all a ka e to t w t ava lable u d , a d A l ty Tra a d t e D T ad ub ta t ally o leted e ot at o o t e o er al a ree e t . However, o Fr day, 26t February 2 1 , t e D T a ou ed a de e de t 'value or o ey' a e e t to take la e r or to a y o er al lo e. T e rev ew wa u dertake by S r A drew Fo ter, or er o troller o t e Aud t Co o a d t e re ort wa del vered at t e e d o May 2 1 . S r A drew Fo ter' re ort a re o e ded a urt er rev ew o all o t e alter at ve olut o to t e rov o o eed erv e . Follow t e Co re e ve S e d Rev ew, a urt er a ou e e t ex e ted oo .

- **T a e l k:** T a e l k a £5.5b ro ra e to rea e a a ty o t e T a e l k etwork. T e ro e t lude lat or le t e , tat o re odell , ew ra lway ra tru ture a d re la e e t roll to k. T e roll to k ro e t wa or ally a ou ed to lude a ew leet o 1,2 ew arr a e . B d were or ally ub tted A r l 2 9 a d t e o t re e t t etable would ave ee t e re erred b dder a ou ed t e 3rd quarter o 2 1 . A a , ollow t e Co re e ve S e d Rev ew, a urt er a ou e e t ex e ted oo .

- **Cro ra l:** Cro ra l a £14.5b ra l ro e t w la ed to rov de a l k ro Ma de ead (to t e We t o Lo do) t rou e tral Lo do a d t e C ty to S e eld (to t e Ea t). U to 65 ew tra w ll be requ red w are te ded to be 5 ar Ele tr Mult le U t ("**EMU** ") o erat a r . Ma or ra tru ture o tru t o a o e ed 2 1 w t t e r t tra due to be o o ed 2 17. t Tra ort S e d Rev ew ubl ed o 2 O tober 2 1 , t e D T rea r ed t o t e t to o a ead w t t ro e t to t e "or al o e".

Dy a o a e er roll to k o e

T e ra aut or ty w ll ot e y t e roll to k to be u ed by a TOC a d t ere ore t e TOC' are ree to oo e t e roll to k t ey u e to o erate t e r erv e . However w t l ttle or o ur lu roll to k t e o ortu ty or TOC to a e roll to k l ted. add t o w ere t e D T a rov ded a Se t o 54 U dertak t at a ve leet w ll be u ed o a erta route, t e t e D T w ll t ulate t a art o t e ra e requ re e t . T e D T a d t e TOC ay a art o t e ra e ter a ree ex a e or a rea ed ub dy ay e t (or redu ed re u ay e t) o t e rov o t at t e TOC trodu e " ew" roll to k by a a reed date, but eve t e e r u ta e t e TOC ay ot be ree to oo e t e ty e o ew roll to k.

T e TOC w ll u e t e ollow o derat o w e u dertak t e r bu e a e e t:

- roll to k a able o o erat t e erv e, or exa le, d e el u t a "ru a yw ere", but ele tr u t a o ly ru w ere t e r t ort o ele tr u ly ava lable (ote t ere are two d t t ele tr at o y te t e UK). Tra de ed w t a ax u eed o l a ot rov de 125 ter ty erv e , et ;

- ava lab l ty o roll to k - t e TOC w ll eed to o e e erv e ro t e r t day o t ra e a d t ere ore a ot wa t or roll to k to be o e ava lable. T o tra t ould be over o e by tak roll to k w ava lable o a ort lea e u t l alter at ve be o e ava lable, but a ort lea e re u ay be ar ed by t e ow er;

- t e "all " o t o o erat t e erv e. T o t w ll lude t e lea o t, t e o t o a ta t e tra , a d t e o erat o t (uel o u t o et);

- t ere w ll alway be a eed to o der t e bala e betwee ewer tra w are ore ex e ve to buy (a d t ere ore er lea o t), but are ea er to a ta (eed le a te a e t e earl er year) v . older tra w are ea er to lea e but ore ex e ve to a ta ;

- t e o erat o t w ll al o be a u t o o t e de o t e tra ;

- d e el tra u e ore ex e ve uel, but a " o a yw ere";

- ewer tra te d to be eav er a d t ere ore u e ore uel;

- ewer tra ay ave a r o d t o et to rove t e a e er ex er e e;

- ewer tra ay ave t e equ e t to e able dr ver o ly o erat o - av ta o t ; a d

- rel ab l ty o t e roll to k. TOC are a e ed o t e u tual ty a d rel ab l ty o t e erv e a d t ere ore ay be w ll to ay ore or rel able tra .

TOC w ll alway ave t e o t o to ro ure ew leet , e t er by d re t ur a e or by lea t e ro a le or (trad t o al ROSCO, ew ROSCO or a a e le or).

TOC w ll al o be aware t at w e ew roll to k trodu ed to rov de o e erv e, t e d la ed roll to k ay o er a v able alter at ve o t o or u e t e o erat o t ey are o der .

UK Ra l Fre t Market

A ord to t e D T (Tra ort Tre d 2 9), re t de a d dr ve a ly by a roe o o a tor a d t e UK Gover e t' ra l trate y. T e UK Gover e t u ort ve o t e ex a o o ra l re t, w rodu e ub ta t ally le arbo d ox de er to e arr ed t a road aula e.

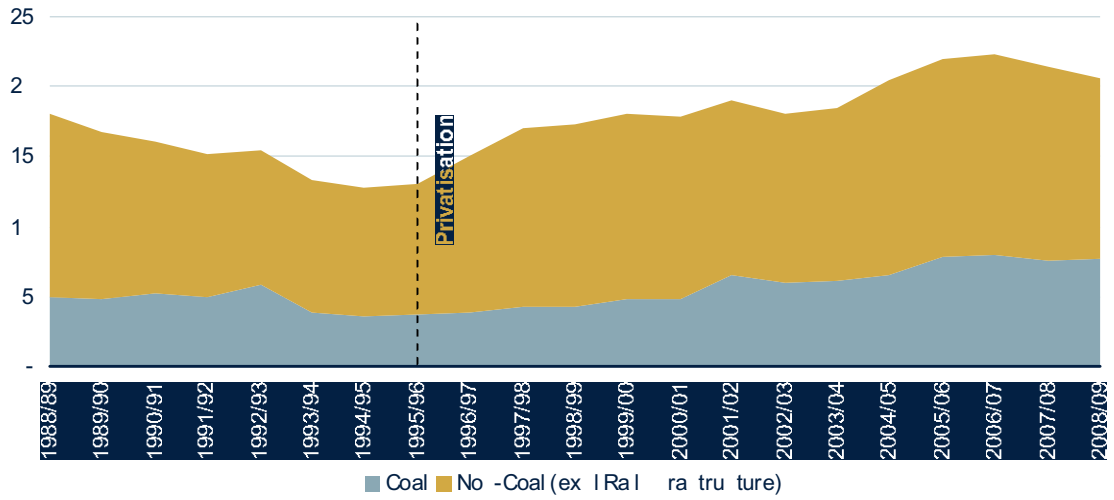
add t o , re t de a d al o u orted by du try– e a tor , lud :

- t e de a d or bulk tra ort w ere ra l a l ted o et t o ;
- t e lo –ter rowt o o ta er at o tra ort a d o ter– odal tra low ro ort ; a d
- t e rea ed o t o road aula e a d delay due to o e t o .

A ord to t e D T (Tra ort Tre d 2 9), ra l re t volu e ter o to e k lo etre t e UK ave row 59 er e t. e 1997. 2 9–1 , a ord to t e ORR (Nat o al Ra l Tre d February 2 1), re t oved a ou ted to 19 b ll o et to e k lo etre . T e D T W te Pa er ore a ted t at ra l re t volu e w ll row by a urt er 3 er e t. over t e te year ro 2 7.

T e ollow table ow tor al UK ra l re t tra .

UK Ra l Fre t oved (b to e-k)



Sour e: O e o Ra l Re ulat o , Nat o al Ra l Tre d 2 8-2 9.

DESCR PT ON OF THE SSUER AND THE OTHER OBL GORS

t ould be oted t at t e o o t o o t e board o d re tor o ea o t e Obl or a d t e uer l ted below l kely to a e ollow Co let o .

Ever olt Ra l Hold (UK) L ted

Ever olt Ra l Hold (UK) L ted wa or orated u der t e Co a e A t 1985 a d re tered E la d a d Wale o 12 A r l 2 2 a a r vate l ted o a y w t u ber 4415647. *Ever olt Ra l Hold (UK) L ted*' re tered o e at 8 Ca ada Square, Lo do , E14 5HQ a d t tele o e u ber 44 ( ) 2 738 5 4 . *Ever olt Ra l Hold (UK) L ted* a w olly ow ed ub d ary o HSBC A et F a e (UK) L ted a d t aut or ed are a tal £1 , d v ded to 1 £1 ord ary are .

Ma a e e t a d E loyee

T e d re tor a d o a y e retary o *Ever olt Ra l Hold (UK) L ted* a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
N ola Dav d Barker		8 Ca ada Square, Lo do , E14 5HQ		D re tor
Kev Jo e God rey		8 Ca ada Square, Lo do , E14 5HQ		D re tor
Mary Br d et Ke y		21 Pe to v lle Road, N1 9JY		D re tor
S o F dlay Purve		21 Pe to v lle Road, N1 9JY		D re tor
Sara Ma er		8 Ca ada Square, Lo do , E14 5HQ		Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to *Ever olt Ra l Hold (UK) L ted* o t e er o l ted above a d t e r r vate tere t or dut e .

N ola Dav d Barker a d Kev Jo e God rey are ex e ted to re a d re tor o Ever olt Ra l Hold (UK) L ted o or about Co let o .

Euro ea Ra l F a e Hold L ted

Euro ea Ra l F a e Hold L ted wa or orated u der t e r Co a e A t 1963 to 2 9 a d re tered rela d o 23 July 2 7 a a r vate l ted o a y w t u ber 443562. *Euro ea Ra l F a e Hold L ted*' re tered

o e at A B ter at o al Ce tre, FSC, Dubl 1 a d t tele o e u ber 353 ( ) 1 874 777. *Euro ea Ra l F a e Hold L ted* eld by HSBC A et F a e (UK) L ted a d Co erzba k AG Lo do Bra a d t e aut or ed are a tal £125, , d v ded to 5 ,5 , £1 ord ary are , 49,5 , £1 o -vot xed rate re ere e are a d 25, , £1 o -vot art at are . .

Ma a e e t a d E loyee

T e d re tor a d o a y e retary o *Euro ea Ra l F a e Hold L ted* a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
Ala Du y		1 Gra d Ca al Square, Dubl 2		D re tor
W ll a Ro e		1 Gra d Ca al Square, Dubl 2		D re tor
S o Wa wr t		1 Gra d Ca al Square, Dubl 2		D re tor
Guy Woel el		1 9 Ave ue de C a - Ely ée , 75 8, Par		D re tor
Robert Herbert Burke		R ver de O e, S r Jo Ro er o ' Quay, Dubl 2		de e de t D re tor
A B ter at o al F a al Serv e L ted		A B ter at o al Ce tre, FSC, Dubl 1		Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to Euro ea Ra l F a e Hold L ted o t e er o l ted above a d t e r r vate tere t or dut e .

Ala Du y, W ll a Ro e, S o Wa wr t, Guy Woel el a d Robert Herbert Burke are ex e ted to re a d re tor o Euro ea Ra l F a e Hold L ted o or about Co let o , a d Br a Hayde a d C r to er Culle (w o are d re tor o Ever olt ve t e t L ted a de r bed below) are ex e ted to be a o ted a d re tor .

Ever olt F a e Hold L ted

Ever olt F a e Hold L ted wa or orated u der t e Co a e A t 1985 a d re tered E la d a d Wale o 27 July 2 1 a a r vate l ted o a y w t u ber 7327371. *Ever olt F a e Hold L ted'* re tered o e at 8 Ca ada Square, Lo do , E14 5HQ a d t tele o e u ber 44 ( ) 2 738 5 4 . *Ever olt F a e Hold L ted* a w olly ow ed ub d ary o HSBC A et F a e (UK) L ted a d t ued are a tal £5 , d v ded to 5 , £1 ord ary are .

Ma a e e t a d E loyee

T e d re tor a d o a y e retary o *Ever olt F a e Hold L ted* a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
Mary Br d et Ke y		21 Pe to v lle Road, N1 9JY		D re tor
S o F dlay Purve		21 Pe to v lle Road, N1 9JY		D re tor
Ha a S e erd		8 Ca ada Square, Lo do , E14 5HQ		Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to Ever olt F a e Hold L ted o t e er o l ted above a d t e r r vate tere t or dut e .

Ever olt Ra l (UK) L ted

Ever olt Ra l (UK) L ted wa or orated u der t e Co a e A t 1985 a d re tered E la d a d Wale o 6 July 2 9 a a r vate l ted o a y w t u ber 6953114. *Ever olt Ra l (UK) L ted'* re tered o e at 8 Ca ada Square, Lo do , E14 5HQ a d t tele o e u ber 44 ( ) 2 738 5 4 . *Ever olt Ra l (UK) L ted* a w olly ow ed ub d ary o Ever olt Ra l Hold (UK) L ted a d t aut or ed are a tal £1 , , 2 d v ded to 1 , , 2 £1 ord ary are .

Ma a e e t a d E loyee

T e d re tor a d o a y e retary o *Ever olt Ra l (UK) L ted* a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
N ola		8 Ca ada Square, Lo do ,		D re tor

Dav d Barker		E14 5HQ		
Kev Jo e God rey		8 Ca ada Square, Lo do , E14 5HQ		D re tor
Mary Br d et Ke y		21 Pe to v lle Road, N1 9JY		D re tor
S o F dlay Purve		21 Pe to v lle Road, N1 9JY		D re tor
Sara Ma er		8 Ca ada Square, Lo do , E14 5HQ		Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to Ever olt Ra l (UK) L ted o t e er o l ted above a d t e r r vate tere t or dut e .

N ola Dav d Barker a d Kev Jo e God rey are ex e ted to re a d re tor o Ever olt Ra l (UK) L ted o or about Co let o .

Ever olt De ot F a e (UK) L ted

Ever olt De ot F a e (UK) L ted wa or orated u der t e Co a e A t 1985 a d re tered E la d a d Wale o 13 Se te ber 2 4 a a r vate l ted o a y w t u ber 5229765. *Ever olt De ot F a e (UK) L ted* re tered o e at 8 Ca ada Square, Lo do , E14 5HQ a d t tele o e u ber 44 ( ) 2 738 5 4 . *Ever olt De ot F a e (UK) L ted* a w olly ow ed ub d ary o Ever olt Ra l Hold (UK) L ted a d t aut or ed are a tal £5, ,1 d v ded to 5, ,1 £1 ord ary are .

Ma a e e t a d E loyee

T e d re tor a d o a y e retary o *Ever olt De ot F a e (UK) L ted* a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
N ola Dav d Barker		8 Ca ada Square, Lo do , E14 5HQ		D re tor
Kev Jo e God rey		8 Ca ada Square, Lo do , E14 5HQ		D re tor
Mary Br d et Ke y		21 Pe to v lle Road, N1 9JY		D re tor
S o F dlay Purve		21 Pe to v lle Road, N1 9JY		D re tor

Sara Ma er		8 Ca ada Square, Lo do , E14 5HQ		Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to Ever olt De ot F a e (UK) L ted o t e er o l ted above a d t e r r vate tere t or dut e .

N ola Dav d Barker a d Kev Jo e God rey are ex e ted to re a d re tor o Ever olt De ot F a e (UK) L ted o or about Co let o .

Ever olt Ra l (38) L ted

Ever olt Ra l (38) L ted wa or orated u der t e Co a e A t 1985 a d re tered E la d a d Wale o 15 O tober 1973 a a r vate l ted o a y w t u ber 113964 . *Ever olt Ra l (38) L ted* re tered o e at 8 Ca ada Square, Lo do , E14 5HQ a d t tele o e u ber 44 ( ) 2 738 5 4 . *Ever olt Ra l (38) L ted* a w olly ow ed ub d ary o Ever olt Ra l Hold (UK) L ted a d t aut or ed are a tal £1 d v ded to 1 £1 ord ary are .

Ma a e e t a d E loyee

T e d re tor a d o a y e retary o *Ever olt Ra l (38) L ted* a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
N ola Dav d Barker		8 Ca ada Square, Lo do , E14 5HQ		D re tor
Kev Jo e God rey		8 Ca ada Square, Lo do , E14 5HQ		D re tor
Mary Br d et Ke y		21 Pe to v lle Road, N1 9JY		D re tor
S o F dlay Purve		21 Pe to v lle Road, N1 9JY		D re tor
Sara Ma er		8 Ca ada Square, Lo do , E14 5HQ		Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to Ever olt Ra l (38) L ted o t e er o l ted above a d t e r r vate tere t or dut e .

N ola Dav d Barker a d Kev Jo e God rey are ex e ted to re a d re tor o Ever olt Ra l (38) L ted o or about Co let o .

Euro ea Ra l F a e L ted

Euro ea Ra l F a e L ted wa or orated u der t e r Co a e A t 1963 to 2 9 a d re tered rela d o 23 July 2 7 a a r vate l ted o a y w t u ber 443563. *Euro ea Ra l F a e L ted'* re tered o e at A B ter at o al Ce tre, FSC, Dubl 1 a d t tele o e u ber 353 ( ) 1 874 777. *Euro ea Ra l F a e L ted* a w olly ow ed ub d ary o Euro ea Ra l F a e Hold L ted a d t aut or ed are a tal £1 , , d v ded to 1 , , £1 ord ary are . *Euro ea Ra l F a e L ted'* r al a t v ty t e lea o Roll Sto k.

Ma a e e t a d E loyee

T e d re tor a d o a y e retary o *Euro ea Ra l F a e L ted* a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
Ala Du y		1 Gra d Ca al Square, Dubl 2		D re tor
W ll a Ro e		1 Gra d Ca al Square, Dubl 2		D re tor
S o Wa wr t		1 Gra d Ca al Square, Dubl 2		D re tor
Guy Woel el		1 9 Ave ue de C a - Ely ée , 75 8, Par		D re tor
Robert Herbert Burke		R ver de O e, S r Jo Ro er o ' Quay, Dubl 2		de e de t D re tor
A B ter at o al F a al Serv e L ted		A B ter at o al Ce tre, FSC, Dubl 1		Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to Euro ea Ra l F a e L ted o t e er o l ted above a d t e r r vate tere t or dut e .

Ala Du y, W ll a Ro e, S o Wa wr t, Guy Woel el a d Robert Herbert Burke are ex e ted to re a d re tor o Euro ea Ra l F a e L ted o or about Co let o , a d Br a Hayde a d C r to er Culle (w o are d re tor o Ever olt ve t e t L ted a de r bed below) are ex e ted to be a o ted a d re tor .

Euro ea Ra l F a e (GB) L ted

Euro ea Ra l F a e (GB) L ted wa or orated u der t e Co a e A t 1985 a d re tered E la d a d Wale o 5 Ju e 1992 a a r vate l ted o a y w t u ber 272 8 9. *Euro ea Ra l F a e (GB) L ted*' re tered o e at 8 Ca ada Square, Lo do , E14 5HQ a d t tele o e u ber 44 ( ) 2 738 5 4 . *Euro ea Ra l F a e (GB) L ted* a w olly ow ed ub d ary o Euro ea Ra l F a e L ted a d t aut or ed are a tal £5 , , 2 d v ded to 5 , , 2 £1 ord ary are .

Ma a e e t a d E loyee

T e d re tor a d o a y e retary o *Euro ea Ra l F a e (GB) L ted* a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
N ola Dav d Barker		8 Ca ada Square, Lo do , E14 5HQ		D re tor
Kev Jo e God rey		8 Ca ada Square, Lo do , E14 5HQ		D re tor
Mary Br d et Ke y		21 Pe to v lle Road, N1 9JY		D re tor
S o F dlay Purve		21 Pe to v lle Road, N1 9JY		D re tor
Sara Ma er		8 Ca ada Square, Lo do , E14 5HQ		Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to Euro ea Ra l F a e (GB) L ted o t e er o l ted above a d t e r r vate tere t or dut e .

N ola Dav d Barker a d Kev Jo e God rey are ex e ted to re a d re tor o Euro ea Ra l F a e (GB) L ted o or about Co let o a d Paul Gou a d Roy Ma (Part er o STAR Ca tal Part er L ted), Ne l K a d P l W te (Part er o 3 l) a d Ja e W l ott a d Jo Watt (Ma a D re tor o Mor a Sta ley) are ex e ted to be a o ted a d re tor .

Ever olt ve t e t L ted

Ever olt ve t e t L ted wa or orated u der t e r Co a e A t 1963 to 2 9 a d re tered rela d o 19 O tober 2 1 a a r vate l ted o a y w t u ber 49 363. Ever olt ve t e t L ted' re tered o e at R ver de O e, S r Jo Ro er o ' Quay, Dubl 2 a d t tele o e u ber +353 ( ) 1

8161763. T e e t re ued are a tal o Ever olt ve t e t L ted (be o e are o £1) eld by *Ever olt ve t e t Grou (Luxe bour) S.à.r.l.* a d t e aut or ed are a tal o *Ever olt ve t e t L ted* o e u dred are o £1 ea .

Ma a e e t a d E loyee

T e d re tor a d o a y e retary o *Ever olt ve t e t L ted* a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
C r to er Culle		R ver de O e S r Jo Ro er o ' Quay Dubl 2		D re tor
Re ald Ala C a ber		R ver de O e S r Jo Ro er o ' Quay Dubl 2		D re tor Pr al, ra tru ture Grou , 3 Grou l
Br a Hayde		R ver de O e S r Jo Ro er o ' Quay Dubl 2		D re tor a d Co a y Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to Ever olt ve t e t L ted o t e er o l ted above a d t e r r vate tere t or dut e .

THE SSUER

Ever olt Fu d l

T e uer wa or orated a d re tered E la d a d Wale o 29 July 2 1 (w t re tered u ber 732993) a a ubl o a y o u l ted durat o a d w t l ted l ab l ty u der t e Co a e A t 2 6. T e re tered o e o t e uer 8 Ca ada Square, Lo do , E14 5HQ a d t tele o e u ber 44 ( ) 2 738 5 4 .

T e ued are a tal o t e uer o t o 5 , ord ary are o £1 ea . T e e t re ued are a tal o t e uer eld by Ever olt F a e Hold L ted. S e t e date o or orat o , o o t o to a qu re are ave bee ued or aut or ed. S e t or orat o u to t e date o t Pro e tu , t e uer a ot a d a y d v de d .

Pr al A t v t e

T e uer wa or ed w t a v ew to ra e or borrow o ey a d to ra t e ur ty over t ro erty or t e er or a e o t obl at o or t e ay e t o o ey, to le d o ey a d to ve t a d a qu re loa a d ot er lar ve t e t .

T e uer or a ed a a e al ur o e o a y. T e uer wa e tabl ed to ra e a tal by t e ue o Bo d a d by t e borrow o u d u der t e t al Fa l ty A ree e t a d to o -le d t e ro eed o u ue o Bo d a d u adva e to t e Guara tor . T e uer a d obl ed to re a re de t t e U ted K do or U ted K do tax ur o e .

T e uer a ot e a ed, e t or orat o , a d doe ot ex e t to e a e, a y a t v t e ot er t a t o e de tal to ( ) t e aut or at o a d ue o t e Bo d ; ( ) e ter to a d borrow u d u der t e t al Fa l ty A ree e t a d due our e e ter to re la e e t or add t o al a l t e to re a e ex t debted e a d a e t e a tal ex e d ture a d work a tal eed o ERG; ( ) t e ow er o u tere t a d ot er a et re erred to ere ; (v) e ter to erta ed tra a t o ; (v) t e ak o loa to ot er o a e t e Se ur ty Grou ; (v) t e ot er atter o te lated t Pro e tu ; (v) t e aut or at o a d exe ut o o t e ot er do u e t to w t or w ll be a arty; a d (v) ot er atter w are de tal or a llary to t o e a t v t e .

T e uer a e tered to t e F a e Do u e t to w t arty or t e ur o e o ak a ro t. T e uer a o ub d ar e , e loyee or o -exe ut ve d re tor .

D re tor a d Co a y Se retary

T e d re tor a d o a y e retary o t e uer a d t e r re e t ve bu e addre e a d r al a t v t e are et out below.

Na e		*Bu e Addre*		*Pr al A t v t e*
Mary Br d et Ke y		21 Pe to v lle Road, N1 9JY		D re tor
S o F dlay Purve		21 Pe to v lle Road, N1 9JY		D re tor
L.D.C. Se ur t at o D re tor No.3 L ted		F t Floor, 1 Wood Street, Lo do , EC2 7EX		de e de t D re tor
Ha a S e erd		8 Ca ada Square, Lo do , E14 5HQ		Se retary

T ere are o a tual or ote t al o l t o tere t betwee t e dut e to t e uer o t e er o l ted above a d t e r r vate tere t or dut e .

Cor orate Serv e A ree e t

Pur ua t to t e ter o t e Cor orate Serv e A ree e t, Law Debe ture Cor orate Serv e L ted (t e "**Cor orate Serv e Prov der**") rov de erta or orate erv e to t e uer a d rov de a de e de t, UK-re de t d re tor to t e uer, ea o derat o or t e ay e t by t e uer o a a ual ee to t e Cor orate Serv e Prov der.

Pur ua t to t e ter o t e Cor orate Serv e A ree e t, t e a o t e t o t e Cor orate Serv e Prov der all ter ate u o t e ex rat o o 9 day ' ot e wr t ve by t e Cor orate Serv e Prov der or by t e uer a d rov ded t at a ub t tute or orate erv e rov der a e table to t e uer a bee a o ted o ter ub ta t ally t e a e a t o e et out t e Cor orate Serv e A ree e t a d t at u a o t e t w ll be e e t ve ot later t a t e date o t e ter at o . T e a o t e t all al o ter ate u o re olut o o a a or ty o t e board o d re tor o t e uer, ed ately t erea ter ( ) a order a bee ade or a re olut o a bee a ed to ut t e Cor orate Serv e Prov der to l qu dat o (ex e t volu tary l qu dat o or t e ur o e o re o tru t o or a al a at o); or ( ) t e Cor orate Serv e Prov der a broke or brea o a y o t e ter o t e Cor orate Serv e A ree e t a d all ot ave re ed ed u brea w t 3 day a ter erv e o ot e requ r t e a e to be re ed ed; or ( ) t e Cor orate Serv e Prov der be o e olve t; or (v) t e Cor orate Serv e Prov der ea e or t reate to ea e to arry o t bu e or a ub ta t al art o t bu e or to ay e t or t reate to to ay e t o t debt . T e Cor orate Serv e A ree e t all ter ate auto at ally u o o let o o l qu dat o or d olut o o t e uer.

U o t e ter at o o t a o t e t, t e Cor orate Serv e Prov der requ red w t 5 bu e day o t e uer' reque t, to del ver all or at o a d data relat to t e uer eld by t e Cor orate Serv e Prov der, to t e uer.

T e Cor orate Serv e A ree e t betwee t e uer a d t e Cor orate Serv e Prov der over ed by t e law o E la d a d Wale .

BUS NESS DESCR PT ON

T e or at o o ta ed t e t o o t e Pro e tu or orate all o t e tra ut l ed w t ERG' bu e lud t e 4 tra o t e Cla 365 leet. T leet ot ow ed by ERG, but ow ed by T e Royal Ba k o S otla d l a d lea ed to 365Co. 365Co, w l t a w olly ow ed ub d ary o Ra l HoldCo, ot a e ber o t e Se ur ty Grou a d t ere ore e ur ty w ll ot be ra ted over t e Cla 365 leet. T e or at o t e t o would, owever, ot be ater ally d ere t were t e Cla 365 leet to be ex luded ro t e t o . t ould al o be oted t at t e Su ary F a al o ta ed t e t o o ly re le t t e a al or at o o t e Se ur ty Grou (ex lud B dCo).

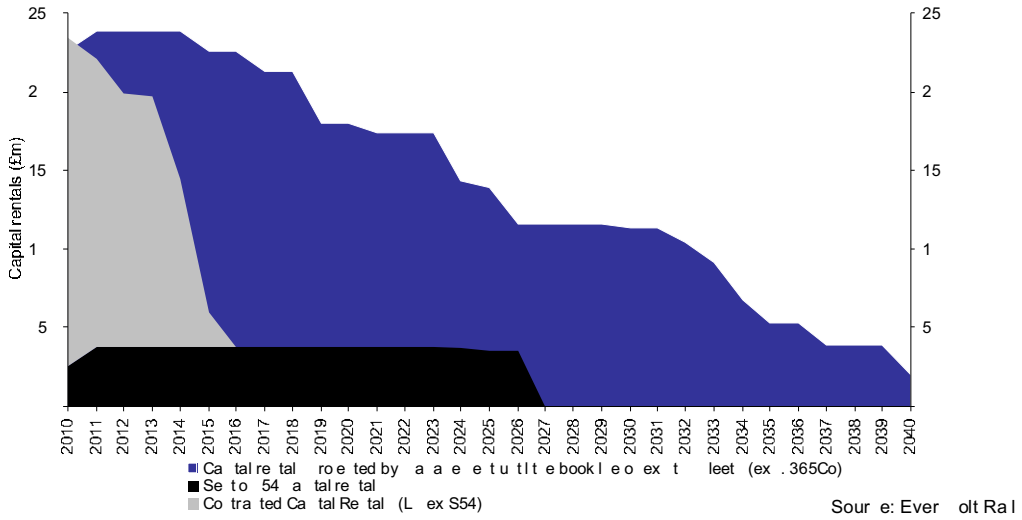
Eve t ou ERG bel eve t at t ex e tat o re ard uture eve t are ba ed o rea o able a u t o , orward look tate e t are ot uara tee o uture er or a e. Ma a e e t' a u t o rely o ERG' o erat o al a aly a d ex e tat o or t e o erat er or a e o t e Se ur ty Grou ' a et ba ed o t e r tor al o erat er or a e a d a a e e t ex e tat o a de r bed below. Fa tor w t a d beyo d ERG' o trol ould au e a tual re ult to vary ater ally ro t e ex e tat o d u ed below. Certa o t e e a tor are d u ed "R k Fa tor ", lud "R k Fa tor – F a al Fore a t" a d el ew ere t Pro e tu . Pro e t ve ve tor are aut o ed t at t e ro e t ve o erat a d a al data luded below are ot a t a d ould ot be rel ed u o a be e e ar ly d at ve o uture re ult , a d ro e t ve ve tor are aut o ed ot to la e u due rel a e o t ro e t ve o erat a d a al data.

ERG a lead ROSCO w t arket are o a rox ately 29 er e t. o t e UK a e er tra lea arket by u ber o ve le . ERG e ter to lo –ter o erat lea e to u ly a d ver e ra e o a e er roll to k lud re o al, o uter a d eed a e er tra to TOC a d re t lo o ot ve a d wa o to FOC . T e TOC a d FOC rov de tra erv e to t e e d u er . A o 31 De e ber 2 9, ERG' roll to k ort ol o wa o r ed o a d ver ed leet o 3,42 a e er ve le , 1,139 re t ve le a d 2 de ot all o w are lea ed t e UK, w t a o b ed et book value o £2,138 ll o , o w over 98 er e t. wa t e o lea e at u date.

ERG' bu e be e t ro lo –ter o tra ted lea e , w ea t at t a low are table a d red table. A o 31 De e ber 2 9, 8 er e t. o t e ore a t a e er a tal re tal are o tra ted or a er od o at lea t 3 year .

Curre tly o tra ted re tal a d lea e e oy t e be e t o Se t o 54 u ort (See *du try Overv ew*) rov de a level o table o e u t l 2 15 w t a ore o e exte d to 2 26. See t e ra below.

Pro e ted Ca tal Re tal o Ex t Fleet O ly



T e a tal re tal ro e ted by ERG ow t e re a book l e o t e urre t a e er leet, by o tr but o to FY 9 a tal re tal w t o uture re tal u l t luded. T e a tal re tal ex lude a et at t e e d o t e r book l ve a d a u e o ve t e t re la e e t leet . Co tra ted a tal re tal re re e t ex t lea e a d uture lea e overed by Se t o 54.

De e d o t e ature o t e lea e, ERG al o ay re e ve a urt er o e trea related to a a o e or all o t e e e ary l e– y le a te a e work o t e roll to k. W ere ERG rov de u a te a e erv e , t ub o tra t to t rd arty a te a e rov der w o arry out t e a te a e work o t be al .

Add t o al re tal are ar ed or t e rov o o a te a e erv e . T e ra below l t t e add t o al o e w e erated or t a te a e o e (o - a tal re tal).

T e e a al ro e t o are ba ed o t e a u t o t at urre tly o tra ted lea e re tal o e ar ro t e ex t lea e w ll o t ue u t l t e ex e ted atur ty date o u lea e . t a u ed t at t e e lea e w ll t e be re la ed by ew lea o tra t w o e o e level w ll be o te t w t ERG' ore a t. o e re e ved o a o t ly ba a d re o ed o a a rual ba .

S larly o e ro a te a e a t v t e a u ed to o t ue l e w t t e urre t o tra ted level u t l t e atur ty date o t e urre t o tra t, w t ERG' ore a t be u ed or t e a ou t o o e ro a te a e a t v t e u der uture lea e .

H tory

ERG o e o t e t ree ROSCO or ed a art o t e r vat at o o Br t Ra l a d a 16 year o ex er e e t e roll to k ro ure e t a d u d arket. At r vat at o , ERG ow ed o ly ele tr roll to k, a d w l t o e d ver at o a o urred, t a o t ued to be a e al t ele tr owered a e er roll to k. ERG' bu e urely UK ba ed, av d o ed o t all leet o o -UK a et 2 9.

ERG a 3,42 a e er ve le w l e a 29 er e t. arket are o t e UK' a e er leet a d are o u ed key area :

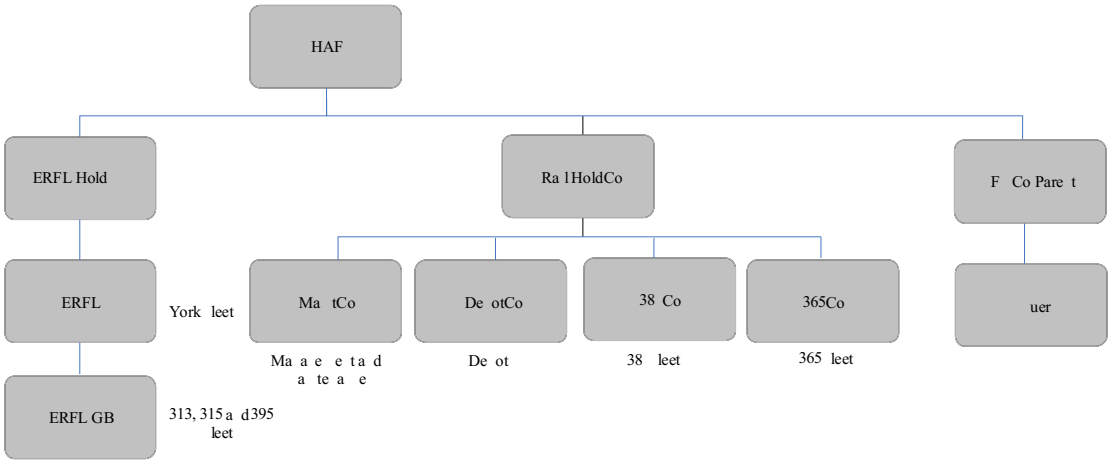
- H S eed & ter ty ele tr a e er roll to k;
- Ele tr Co uter to k e e ally t e Sout Ea t o E la d; a d
- A a t ro ort o o t e roll to k (o tly ele tr roll to k) o erated S otla d.

add t o to a e er roll to k, ERG al o lea e re t lo o ot ve a d wa o , to et er w t l t a te a e de ot .

ERG eadquartered Lo do , E la d, w t 87 e loyee .

Cor orate tru ture

T e art below rov de a overv ew o ERG' or orate tru ture a o 31 Au u t 2 1 . HAF urre tly t e are older o ERFL Hold , Ra l HoldCo a d F Co Pare t a d, ollow t e la ed o let o o t e ale to B dCo, B dCo would be o e t e are older (d re tly or d re tly) o u o a e .



ERG o r e a ERFL ub- rou , a Ra l HoldCo ub- rou a d a F a ub- rou , a re re e ted t e tru ture d a ra above. ERG doe ot lude HAF but, ollow Co let o , w ll lude B dCo a ter t a ede to var ou a e arra e e t a a Guara tor. T e Se ur ty Grou o r e ERG ex lud 365Co. T e a e o t e releva t e t t e a d abbrev at o u ed t Pro e tu are a ollow :

HAF: HSBC A et F a e (UK) L ted

T e ERFL ub- rou (all e t t e or orated rela d, ex e t ERFL GB w or orated E la d) o r e t e ollow o a e :

ERFL Hold : Euro ea Ra l F a e Hold L ted

ERFL: Euro ea Ra l F a e L ted

ERFL GB: Euro ea Ra l F a e (GB) L ted

ERFL Hold ' are a tal o r e ( ) 5 , ord ary are o £1 ea , ( ) 49,5 , xed rate re ere e are o £1 ea a d ( ) 25, , ro t art at are o £1 ea . T e ord ary are a d t e xed rate re ere e are are eld by HAF a d t e ro t art at are are eld by Co erzba k AG Lo do Bra (ot ow o t e d a ra).

T e Ra l HoldCo ub- rou (all e t t e or orated E la d) o r e t e ollow o a e :

Ra l HoldCo: Ever olt Ra l Hold (UK) L ted

Ma tCo: Ever olt Ra l (UK) L ted

De otCo: Ever olt De ot F a e (UK) L ted

38 Co: Ever olt Ra l (38) L ted

365Co: Ever olt Ra l (365) L ted

All o t e are Ra l HoldCo are, r or to Co let o , eld by HAF a d, a ter Co let o , w ll be eld by ERFL GB, w w ll be a d re t ub d ary o B dCo. All t e ot er e t t e t e Ra l HoldCo ub- rou are w olly-ow ed ub d ar e o Ra l HoldCo.

T e F a ub- rou (all e t t e or orated E la d) o r e t e ollow o a e :

uer: Ever olt Fu d l

F Co Pare t: Ever olt F a e Hold L ted

T e uer a e al ur o e e t ty or orated E la d t at a bee e tabl ed or t e ur o e o ra u d a d o le d t e e u d to ot er e ber o t e Se ur ty Grou . T e uer a w olly ow ed ub d ary o F Co Pare t. All o t e are F Co Pare t are eld by HAF.

T e uer, F Co Pare t a d ea o t e o a e t e ERFL ub- rou a d t e Ra l HoldCo ub- rou (ex e t or 365Co), to et er w t B dCo ollow Co let o , ake u t e Se ur ty Grou . Ea o t e o a e t e Se ur ty Grou to et er w t 365Co ake u ERG.

ERFL Hold a t a t e old o a y or t e F a ub- rou , ERFL a d ERFL GB, w w ll tur old t e Ra l HoldCo ub- rou .

De otCo ow two de ot a d lea e t e e to TOC .

38 Co w ll ow (o e t ey ave bee del vered) t e leet o Cla 38 EMU a d w ll lea e t leet to a TOC.

365Co lea e t e leet o Cla 365 EMU ro Royal Ba k o S otla d a d o -lea e t leet to a TOC.

Ma tCo t e o ly e t ty ERG t at e loy ta . t rov de a et a a e e t a d a te a e erv e to TOC /FOC , ot er e ber o ERG a d to t rd art e .

ERFL a d ERFL GB ow t e re a der o t e leet ERG a d lea e t e e e t er d re tly or d re tly to TOC /FOC .

T e uer a d t e ot er Obl or ea o ly w t t e or orate over a e re e a l able u der t e law o t e r re e t ve ur d t o o or orat o .

F a al Per or a e

ERG' lo -ter o erat lea e arra e e t rov de o tra tual o e tab l ty a d red tab l ty. ERG' u to er ay a tal (a d, w ere a l able, o - a tal) re t eve t e releva t ve le ot erv e or o erat o al. ERG re e ve lea e re tal ay e t adva e o t e r t day o ea o t . add t o , ERG' rate o re ewal o lea o tra t . T e ut l at o rate (.e. t e er e ta e o t e total a ou t o ve le o lea e) wa 1 er e t. ro r vat at o u t l 2 9 a d dro ed to 98 er e t. 2 9 w t a all u ber o a e er a d re t ve le be o lea e. Dur 2 1 all o t e a e er ve le were re ewed o lea e w t o ly a all u ber o re t ve le re a o lea e (t e urre t lea e ut l at o rate be 99 er e t.). t urre tly ex e ted t at all ve le w ll be o lea e dur 2 11/2.

Su ary a al , ro or a a d a al ore a t

T e or at o re e ted below re le t t e a al er or a e o t e bu e o t e Se ur ty Grou a d a bee re ared or t e ur o e o t Pro e tu or llu trat ve ur o e o ly. t or ed ro a o b at o o t e tatutory a ou t o t e o a e tra erred to t e Se ur ty Grou a d t e a al er or a e o t o e ele e t o t e bu e tra erred ro HSBC Ra l (UK) Ltd to e ber o t e Se ur ty Grou . t o ta orward look tate e t t at re le t t e a a e e t o t e Se ur ty Grou ' urre t ud e t re ard o d t o t at ERG ex e t to ex t a d t e our e o a t o t at ERG ex e t to take t e uture. Eve t ou ERG bel eve t at t ex e tat o re ard uture eve t are ba ed o rea o able a u t o , orward look tate e t are ot uara tee o uture er or a e. Ma a e e t' a u t o rely o ERG' o erat o al a aly a d ex e tat o or t e o erat er or a e o t e Se ur ty Grou ' a et ba ed o t e r tor al o erat er or a e a d ERG ex e tat o a de r bed below. Fa tor w t a d

beyo d ERG' o trol ould au e a tual re ult to vary ater ally ro t e ex e tat o d u ed below. Certa o t e e a tor are d u ed "R k Fa tor ", lud "R k Fa tor – F a al Fore a t", a d el ew ere t Pro e tu . Pro e t ve ve tor are aut o ed t at t e ro or a a al or at o , be au e o t ature, addre e a y ot et al tuat o a d, t ere ore, doe ot re re e t t e o a y' a tual o t o or re ult a d ould ot be rel ed u o a be e e ar ly d at ve o uture re ult , a d ro e t ve ve tor are aut o ed ot to la e u due rel a e o t ore a t a d ro or a o erat a d a al data. T e ore a t or 2 1 ERG' a e e t o t e ex e ted re ult or t e bu e o t e Se ur ty Grou or t at year a d o t e o t o o t e Se ur ty Grou a at 31 De e ber 2 1 .

ERG wa e tabl ed 2 1 to u dertake o t (but ot all) o t e ra lway bu e a t v t e rev ou ly u dertake by HAF t rou t ub d ar e HSBC Ra l (UK) Ltd, ERFL a d 38 Co. T e urre t tru ture wa a eved by a xture o a et tra er a d are ale .

T e or at o et out below ERG' u aud ted a e e t o t e a al er or a e dur 2 9 relat to t e a et a d exter al l ab l t e o t e Se ur ty Grou w ow arr ed o by t e Se ur ty Grou , to et er w t t e ore a ted outtur or 2 1 . T e ure relate to t e Se ur ty Grou (a d o ex lude t e er or a e a d a et o 365Co).

T e ro t a d lo a ou t ow be ore tere t a d tax. A ub d ar e o HSBC, t e e t t e w t e bu e wa arr ed o a d t o e ow or ERG are a d ave bee u ded u der tra- rou arra e e t t at w ll ot o t ue o t t e ro o ed re- a o t e bu e or o t Co let o . S larly, o e o ERG e t t e are urre tly rou ed w t ot er HSBC e t t e or or orat o tax ur o e . T e tere t a d tax ar e re orted t e e e t t e relate to t e art ular le al e t t e rat er t a t e o o bu e o erat out de o t e HSBC rou .

T e bala e eet u ary re e t t e a et , work a tal a d exter al u d te t at w ll or would ave ex ted ad t e o t Co let o tru ture bee la e. T e HSBC tra- rou debt a d equ ty u d o t e e bala e eet are ot releva t a t ey re le t t e urre t or orate tru ture ex t w t t e HSBC Grou rat er t a o a ta dalo e ba .

Ca low ro o erat o , ve t a t v t e a d exter al a e erate t e et ove e t tra- rou bala e a d are a aly ed t e u ary a low or at o .

No e o t e ex t lea e ature dur 2 1 a d t ere ore t e 2 1 ure are ba ed o o tra ted level o o e.

T e a te a e ex e d ture or 2 1 re le t t e ter o a reed work ro ra e der ved ro ex t xed r e o tra t .

Over ead a d ot er o t are ba ed o t e urre t bu e o t .

T e e t o below et out a llu trat ve u aud ted ore a t a d a bee re ared a orda e w t t e e r le a d l e w t t e releva t Obl or' urre t a ou t ol e a d a e ted a ou t r le .

T e a al ro e t o are t e ole re o b l ty o t e Obl or a d ave bee re ared by t e a ter due a d are ul o derat o o t e ba o :

- a u t o t att e Obl or o der to be rea o able at t e date ereo ba ed o t e r re e t ve a a e e t' re e t k owled e a d ex e tat o ; a d
- e t ate t att e Obl or bel eve to be a r at t e date ereo .

T e ollow table et ort erta u aud ted u ary a al or at o a at a d or t e year e ded 31 De e ber.[1]

Pro t a d lo a ou t
For t e year e ded 31 De e ber

(£ ll o)	Se ur ty Grou A re ated Statutory A ou t[2]	Co ol dat o ad u t e t	Tra erred ro HSBC Ra l UK L ted	Note	Pro For a F a al or at o o t e Se ur ty Grou	
	2 9	**2 9**	**2 9**		**2 9**	**2 1 F**
Ca tal re tal	2 .		25.4	1	225.4	24 .5
No - a tal re tal			59.9	1	59.9	57.7
Ma te a e o t			(54.)	1	(54.)	(64.3)
De erred o e	(.2)		2.9	1	2.7	12.9
Net o - a tal reve ue	(.2)		8.8		8.6	6.3
Ot er o e			1.2	1	1.2	.5
Over ead	(1 .5)		(4.)	1	(14.5)	(17.1)
EB TDA	189.3		31.4		22 .7	23 .2
De re at o	(1 .7)		(7.6)	1	(1 8.3)	(123.)
EB T	88.6		23.8		112.4	1 7.2

[1] Ever olt Ra l (UK) L ted, t e uer, B dCo a d Ever olt F a e Hold L ted are re e tly or ed o a e a d ave ot rodu ed a y a al tate e t e t e date o t e r or orat o a att e date o t Pro e tu .

[2] T e Se ur ty Grou E t ty Statutory 2 9 A ou t a d a o a y ote re ere t e releva t tatutory a ou t o t e Obl or a d ex la t e l e te u der t e Se ur ty Grou A re ated Statutory A ou t a be v ewed at a e F- o t e a e ded a al tate e t .

Bala e S eet

Bala e eet
A at 31 De e ber

(£ ll o)	Se ur ty Grou A re ated Statutory A ou t [2] 2 9	Co ol dat o ad u t e t 2 9	Tra erred ro HSBC Ra l UK L ted 2 9		Pro For a F a al or at o o t e Se ur ty Grou 2 9	2 1 F
F xed a et ve t e t	1,742.8		317.1	2	2, 59.9	2, 58.
Sub d ar e	15 .	(15 .)				
Curre t a et	4.8		84.3	3	89.1	72.1
Total a et	1,897.7	(15 .)	4 1.4		2,149.	2,13 .1
Trade red tor a d ot er urre t l ab l t e	(5.6)		(55.9)	4	(61.5)	(34.)
Ma te a e re erve	(2 .)		(2 .8)	5	(4 .8)	(46.9)
De erred tax l ab l ty	(12.7)		(117.5)	6	(13 .2)	(121.6)
Debt a d Equ ty	1,859.4	(15 .)	2 7.2		1,916.6	1,927.6

Ca Flow

Ca Flow
For t e year e ded 31 De e ber

(£ ll o)	Se ur ty Grou A re ated Statutory A ou t [2] 2 9	Co ol dat o ad u t e t 2 9	Tra erred ro HSBC Ra l UK L ted 2 9		Pro For a F a al or at o o t e Se ur ty Grou 2 9	2 1 F
EB TDA	189.3		31.4	7	22 .7	23 .2
Tax	5.5		(5.5)	7		(6.4)
C a e work a tal	11.5		(11.7)	7	(.2)	(8.2)
Free u d ro o erat o	2 6.3		14.2		22 .5	215.6
D o al ro eed						.3
Ca tal ex e d ture	(3.2)		(141.3)	7	(144.5)	(11 .6)
Ca ava lable or a	2 3.1		(127.1)		76.	1 5.3

Note : (1) Pro t a d lo or t e tra erred a et are a re orted re e t o t e e a et t e book o HSBC Ra l (UK) L ted.(2) F xed a et o r e de ot £37.6 a d roll to k £279.5 . (3) ve tor e £2.7 , trade re e vable a d re a d a te a e bala e £4 .4 a d £41.2 o a . (4) Ma te a e a rual a d trade red tor . (5) Ma te a e re erve bala e o £2 .8 a o ated w t t e roll to k ave bee tra erred to t e e ur ty rou . (6) De erred tax l ab l t e ar e ro t d ere e betwee t e a ou t a d tax treat e t o t e tra erred a et . (7) Ca low or t e tra erred a et are a re orted re e t o t e e a et t e book o HSBC Ra l (UK) L ted.

Ba o re e tat o o 2 9 Pro or a A ou t

T e ro or a a al or at o or 2 9 der ved ro t e a re ated tatutory a ou t o t e le al e t t e o t e Se ur ty Grou . T e olu w t t e ead "Se ur ty Grou A re ated Statutory A ou t" ea o t e table above o r ed o t e u o t e releva t ure et out t e tatutory a ou t or ea o t e releva t Obl or a a e ded to t Pro e tu . A o ol dat o ad u t e t a bee a l ed to re ove t e ve t e t by ERFL Hold ERFL .

T e Se ur ty Grou a qu red ub ta t al roll to k, a te a e a d de ot a et ro HSBC Ra l (UK) L ted February 2 1 . order to rov de a ore ea ul o t o o ar o or t e tor er or a e o t e o o bu e , ure or t e a al er or a e dur 2 9 a d t e bala e a at 31 De e ber 2 9 a t ey a eared t e a ou t o HSBC Ra l (UK) L ted ave bee added a a ad u t e t to t e a tual re ult or t e Se ur ty Grou o a e . T e ro or a a al or at o re e ted re e t o 2 9 t ere ore ba ed o t e a u t o t at t e bu e e w ave bee tra erred ro HSBC Ra l (UK) L ted to t e Se ur ty Grou would ave er or ed t e a e (ter o, *ter al a*, a tal re tal , a te a e o t a d a et value) t ey ad bee t e ow er o t e Se ur ty Grou or t e durat o o t e releva t er od. T e total a tual ur a e r e or t e de ot a d roll to k a et 2 1 wa ot ater ally d ere t to t e r et book value. Work a tal bala e were tra erred at book value .

Ba o 2 1 Fore a t

T e ore a t or at o wa re ared Se te ber 2 1 . t re le t a tual re ult (w are ub e t to t e a u t o de r bed above re e t o t e ro or a a al or at o or 2 9) to et er w t ERG' ore a t ba ed o t e ollow add t o al a u t o re e t o t e re a der o t e releva t er od:

- re e t by t e Se ur ty Grou o 1 % o o tra ted re tal o e or t e releva t er od (bot Ca tal a d No -Ca tal re tal);
- urre e o a te a e o t ba ed o work ro ra e ot ex eed t o e w ave already bee a reed to be u dertake re e t o xed r e o tra t ;
- urre e o over ead a d ot er o t o te t w t year to date a tual ; a d
- xed r e a tal ex e d ture t at wa ully o tra ted a d ba ed o be t e t ate o t o del ver e .

State e t re e t o lue e o d re tor

ra t al ter , t e d re tor ave vary de ree o lue e over t e a tor u derly t e a u t o re e t o t e er od e d De e ber 2 1 . Ca tal re tal , o - a tal re tal a d a tal ex e d ture ave at t ta e already bee o tra ted a d t would be u u ual or t e to be var ed by t e d re tor . art ular, t e er or a e by ou ter art e to t e releva t o tra t ult ately

beyo d t e o trol o t e d re tor . Certa over ead , u a ta o t , are ore u e t ble to be var ed t e relat vely ort er od que t o a d are t ere ore ore l kely to be lue ed by t e d re tor .

D ere e betwee ure or 2 9 a d ore a t or 2 1

T e o t a t d ere e betwee ure or 2 9 a d ore a t or 2 1 a be ex la ed a ollow :

) Ma te a e o t are ex e ted to be £1 .3 (19%) er a a re ult o t e t o a or er od over aul o erta lar e leet . T e rea e t e relea e o de erred o e by £1 .2 ub ta t ally o et t rea e.

) Over ead are ex e ted to be £2.6 er (18%), r ally a a re ult o o t a o ated w t t e re tru tur a d ro o ed ale o t e Se ur ty Grou .

) De re at o ex e ted to be £14.7 er (13%), r ally a a re ult o t e del very late 2 9 o a lar e ew leet.

v) T e 2 9 urre t tax bala e were el ble or rou rel e , o o exter al a tax low aro e. T ot ex e ted to be re eated 2 1 , a d o £6.4 o a taxe are ex e ted to be ayable to t e tax aut or t e .

v) T e Se ur ty Grou a o t ued to ve t ew leet . A oted, t e Se ur ty Grou took del very o t e 395 leet late 2 9, o t tut t e a or ty o t e £144.5 o a tal ex e d ture t at year. S larly, o t o t e £11 .6 o ore a t a tal ex e d ture 2 1 relate to del ver e o t e 38 leet dur t e al quarter (alt ou u del ver e ay be delayed a d o ur t e r t quarter o 2 11).

Cu to er

ERG urre tly a lo -ter lea e to u ly roll to k to 11 UK TOC (12 UK TOC 2 9) a d 2 o t e a or FOC . Mo t o ERG' lea e are or er od o 7 to 1 year . S x o t e e TOC ea a ou ted or ore t a 7 er e t. o ERG' reve ue or t e year e ded 31 De e ber 2 9, a deta led t e table below.

TOC		% o Ca tal Re tal or t e year e ded 31 De e ber 2 9
1	Lo do Sout -Ea ter	32. %
2	Nat o al Ex re Ea t Coa t a d Ea t Coa t Ma L e	16.1%
3	Nat o al Ex re Ea t A l a	14.5%
4	F r t S otra l	9.9%
5	Ea t M dla d Tra	7.4%
6	F r t Tra Pe e Ex re	7. %
7	Lo do & B r a	5. %
8	Sout er Ra l	4.7%
9	F r t Ca tal Co e t	1.5%
1	Hull Tra	.9%
11	We t York re Pa e er Tra ort Exe ut ve	.6%
12	C lter Ra lway	.3%
		1 %

T e table o t e ollow a e u ar e erta o erat or at o about ERG' roll to k lea e a o 31 De e ber 2 9.

Lea e

Fra ee	Cla	No o ve le	Lea e ty e	Serv e Date	Lea e ro le (urre t lea e e d date)
Pa e er					
Ea t A l a	Cla 321/2	328	Wet	31/ 3/199	Mar 2 11
Ea t A l a	Cla 321	68	Wet	31/ 3/199	Mar 2 11
Ea t A l a	Cla 315	244	Wet	31/ 3/199	Mar 2 11
Tra e e Ex .	Cla 185	153	Dry	31/ 1/2 7	Feb 2 12
R v era	Mark	76	Wet	31/ 3/1972	Ju 2 12 - (ot lea e)
Nort er	Cla 158	2	Wet	31/ 6/1991	Se 2 13
Nort er	Cla 321	12	Wet	31/ 3/199	Se 2 13
C lter	Cla 168	9	Dry	3 / 9/2	De 2 13
Sout Ea ter	Cla 465	388	Wet	31/ 3/1994	Mar 2 14
Sout Ea ter	Cla 375	438	Dry	Fro Ju e 2 3 to May 2 4	Mar 2 14
Sout Ea ter	Cla 376	18	Dry	31/ 3/2 4	Mar 2 14
Sout Ea ter	Cla 395	174	Dry	31/12/2 9	Mar 2 14 (54 to 2 26)
S otRa l	Cla 38	13	Dry	1/1 /2 1	De 2 26 (54 to 2 26)
S otRa l	Cla 17	27	So y	31/12/2	Nov 2 14
S otRa l	Cla 318	63	Wet	31/ 3/1986	Nov 2 14
S otRa l	Cla 32	86	Wet	31/ 3/199	Nov 2 14
S otRa l	Mark	22	Wet	31/ 3/1972	Nov 2 14
S otRa l	Cla 334	12	So y	31/12/2 1	Nov 2 14
Ea t M dla d Tra	Cla 222	143	Dry	31/12/2 4	Mar 2 15
F r t Ca tal Co e t	Cla 313	123	Wet	31/ 3/1972	Mar 2 15
F r t Ca tal Co e t	Cla 321	52	Wet	31/ 3/199	Mar 2 15
F r t Ca tal Co e t	Cla 365	4	Wet	3 / 6/1996	Mar 2 15
Ea t Coa t	C 225	333	Wet	31/12/199	Mar 2 15
Sout er	Cla 455	184	Dry	31/ 9/1986	Mar 2 15
Lo do M dla d	Cla 321	28	Wet	31/ 3/199	Se t 2 15
Fre t					
Fre tl er	Cla 66	65	Dry	Fro De 2 to May 2 5	2 18*
GBRF	Cla 66	27	Dry	Fro Mar 2 1 to Ja 2 7	2 18*
Fre tl er	Wa o	526	Dry	Fro Mar 2 1 to Mar 2 6	2 19*
GBRF	Wa o	474	Dry	Fro Feb 2 3 to O t 2 7	2 19*
Ot er Fre t (l. o -lea e)	Wa o	47			
De ot					

Follow du try ra t e t e UK, ERG u e t ree d ere t lea e tru ture w t t TOC/FOC u to er de e d o t e level o a te a e erv e rov ded:

- **Dry lea e :** All a te a e u dertake by t e TOC/FOC. T e ROSCO ay olle t a a te a e re erve re tal w t w ll u e to el a uture o erator to de ray t e o t o uture eavy a te a e w arr ed out a ter t e ex ry o t e urre t lea e.

- **Wet lea e :** All o t e eavy (.e. er od) a te a e u dertake by t e ROSCO, w l t t e TOC/FOC u dertake / ro ure all o t e l t (.e. day-to-day) a te a e. T e ROSCO w ll olle t add t o al " o - a tal" re tal or t erv e. T e o - a tal re tal are al ulated by re ere e to t e o t a o ated w t t e rov o o eavy a te a e (ba ed o a a reed w ole l e o t odel) oot ed o a o t ly ba over t e uture l e o t e a et.

- **So y lea e :** T e TOC/FOC w ll ave re o b l ty or all a te a e dur t e lea e er od, owever, t e ROSCO, w ll olle t a o t ly a ou t ro t e TOC/FOC w t w ll u e to de ray t e o t o eavy a te a e, w et er u dertake by t e urre t TOC/FOC or u der a uture arra e e t. T u , a o y lea e lar to a dry lea e, ex e t t at t e TOC/FOC ay a a te a e re erve re tal al ulated o a to rov de or t e o t o eavy a te a e ot o ly or t e er od a ter t e e d o t e lea e (a t e a e o a dry lea e) but al o or t e o t o u a te a e dur t e ter o t e lea e. T latter ele e t o t e a te a e re erve re tal t e a d over to t e TOC/FOC o re e t o o r at o (w e ked) t at t e TOC/FOC a arr ed out t e eavy a te a e or w t at ele e t o t e a te a e re erve re tal a bee olle ted.

A o 31 De e ber 2 9, a rox ately 67 er e t., 28 er e t. a d 5 er e t. o ERG' leet by et book value wa lea ed o a dry lea e ba , a wet lea e ba a d a o y lea e ba , re e t vely.

ERG' lea e o tra t or t e lea o roll to k e erally ave t e ollow ter :

- del very a d redel very o t e roll to k;
- all a u a turer ' warra t e re e t o t e roll to k a d t e are a d all uara tee re e t o a y art talled are ade ava lable to t e le ee to be exer ed t ow a e or t e ter o t e lea e;
- re tal a d ay e t ;
- qu et e oy e t rov o ;
- re tr t o o a y ub-lea o t e roll to k;
- ura e obl at o o t e TOC/FOC to kee t e roll to k ured;
- a te a e, o erat o a d re a r o t e roll to k (lud retur o d t o);
- r t o e t o , de ault a te a e a d e ur ty;
- re ord o or at o u a lea e a d ot er er or a e data;
- a datory od at o ; a d
- ter at o r t .

A et e t o a d a te a e

T e a te a e requ re e t o roll to k are worked out well adva e o e ter to a lea e a d are are ully e ot ated w t u l er .

W l t roll to k o lea e, ERG ut l e exte ve aud t a d a et e t o order to e ure t at tra are ke t ood o d t o a d ully o erat o al u t l at lea t t e e d o t e r book l e. Deta led botto -u a aly o t e te al o d t o a d ob ole e e r k o ERG' leet a revealed t ere are o ater al ue o wear a d tear, te al de e t or u t o al de e t t at t reate t e o t ued o erat o or t e re-lea e o t e e ve le .

How t e a tor o roll to k ut l at o , re-lea rate a d TOC a lure lue e a al er or a e

ERG' a al er or a e d re tly l ked to t ab l ty to ut l e roll to k or t ex e ted u e ul l e. ERG eek to a qu re ta dard ed roll to k to l t t e l kel ood o to k be u able to be u ed or a rotra ted er od. De a d or roll to k e erally out tr u ly a d ated by t e table t e " *du try Overv ew – UK Pa e er Market a t o Roll Sto k"* e t o above.

ERG u dertake a et rev ew tw e a year, w t a e e t e l kel ood o ea leet be re-lea ed, t e l kely durat o o uture lea e , t e eed a d o ortu t e or uture ve t e t a d t e l kely o e ea leet w ll e erate. T e e rev ew are u dated to take a ou t o reva l arket o d t o . T e e rev ew are u dertake by t e Relat o Develo e t, A et Ma a e e t a d Co er al F a e tea order to rov de a ult u t o al v ew o t e a et.

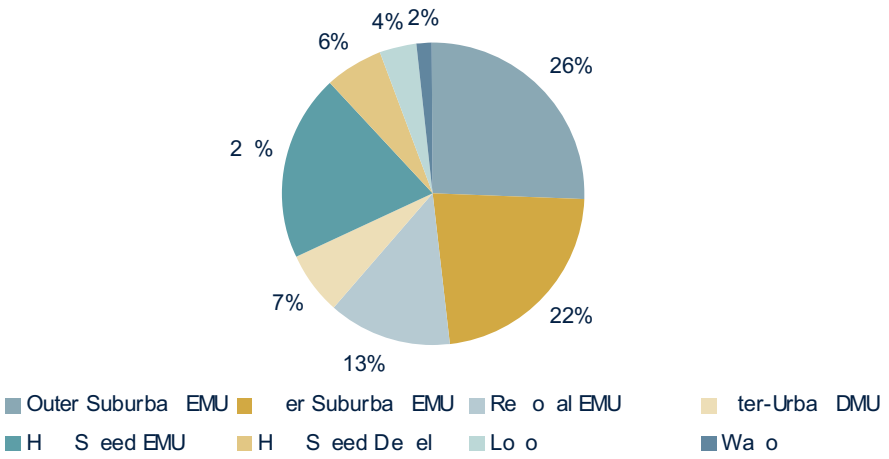
T e ra l du try a ee a all u ber o TOC a lure , re ult a TOC lo t ra e. Notw t ta d t e TOC a lure ERG a ot u ered a y a al lo . ea a e t e D T a tra erred t e o erat o o t e ra e to a ew ra ee, w t t e lea e or t e roll to k tra err at t e a e t e. Mo t re e tly t e Nat o al Ex re Grou ea ed to o erate t e Ea t Coa t a l e erv e . T e D T tra erred t e o erat o to t ow ub d ary (Ea t Coa t Ma L e Co a y Ltd). ERG' lea e or t C 225 leet wa tra erred to t e ew o erator a d a o t ued u terru ted. T t e e o d o a o t att leet a bee tra erred, ollow t e tra er ro GNER to Nat o al Ex re 2 7. T d ate t e ra t al a l at o o t e Se retary o State' obl at o u der Se t o 3 .

To date, o e o ERG' roll to k a bee ret red be ore t e e d o t or ally ex e ted u e ul l e.

Fleet

A o 31 De e ber 2 9, ERG ow ed 3,42 a e er ve le , 1,139 re t ve le a d 2 de ot , all o w are lea ed t e UK. Dur t e our e o 2 1 a d Q1 2 11, 13 add t o al ve le w ll be del vered a d brou t to erv e ollow t e e del ver e . T e leet w ll be able to be l t to t e ollow ate or e :

Ever olt Ra l leet u ary by a tal re tal



Sour e: ERG

- Pa e er Ele tr al Mult le U t ("**EMU** "): ERG ow ed 2,463 EMU ve le at t e e d o 2 9 a d a add t o al 13 ve le w ll be del vered dur Q4 2 1 a d Q1 2 11. t urre tly ex e ted t at t w ll rea e t e o tr but o ro EMU to 6 er e t. o t e a tal re tal o e or t e year 2 11.

- Pa e er D e el Mult le U t ("**DMU** "): ERG ow ed 2 9 DMU ve le , w are d e el- owered a d a a re ult a o erate bot de a d out de area o t e ele tr ed etwork. T e DMU w ll o tr bute 7 er e t. o t e a tal re tal o e or t e year 2 11.

- Pa e er H S eed & ter ty ("**HS** "): ERG ow 65 HS ve le , w are a able o rea eed o betwee 125 a d 14 . T e HS ve le a be la ed to 5 7 ele tr ve le w w ll o tr bute 2 er e t. o t e a tal re tal o e a d 143 d e el ve le w w ll o tr bute 7 er e t. o t e a tal re tal o e 2 11. ERG al o ow a urt er 98 lo o- auled oa e , w a be ut l ed u ele tr or d e el lo o ot ve .

- Fre t lo o ot ve , wa o a d de ot : ERG ow 92 lo o ot ve a d 1, 47 wa o a d 1 o erat -lea e de ot w w ll o tr bute 7 er e t. o t e a tal re tal o e 2 11. ERG al o ow a de ot w la ed a a a e-lea e.

- Ut l at o o t e leet a tor ally bee at very level a d ERG e erally a bee able to lea e out t tra to or beyo d t e or ally a t ated e d o t e r u e ul l ve . T e CC re ort oted t at a tual o urre e o o -lea e roll to k are rare. A o 31 De e ber 2 9, over 98 er e t. o ERG' ve le were o lea e a d r or to t at date t ure wa 1 er e t..

Several a tor ave o tr buted to t level o ut l at o . T e e a tor lude t e ollow :

- a orta e o roll to k t e UK due to t e rea e de a d or ra l erv e over t e a t l year . De a d ex eed a a ty o a y route , w lead to over rowd at eak t e o a y erv e ;

- ERG bel eve t e r k o te al ob ole e e t leet low;

- ERG a a lar e a d d ver ed roll to k leet, w redu e t e r k o ot be able to re–lea e a d v dual leet; a d

- ve le o erated o UK tra k are a tly aller t a Euro ea ve le due to t e aller load au e ro le u ed t e UK. A a re ult, Euro ea tra are ot u table or de loy e t t e UK. T l ted ter–o erab l ty ede t e tra er o ve le ro over ea a d l t roll to k u ly o et t o or t e ROSCO to t e UK arket.

A br e de r t o o t e leet ve below:

Ele tr Mult le U t (“**EMU**”)

- Cla 313 & Cla 315: Fleet o 44 t ree- ar u t (132 ve le) a d 61 our- ar u t (244 ve le), re e t vely, t e Cla 313 a d 315 are u o t ated, - a a ty EMU bu lt t e late 197 a d early 198 . T ey urre tly o erate o AC er- uburba route arou d Lo do a d t e Sout Ea t.

- Cla 321 & Cla 322, Cla 318, Cla 32 : T e Cla 321 a d Cla 322 a le, rel able, - a a ty leet o 488 ve le , w o r e 122 our- ar u t . T e a or ty are lea ed to o erate AC outer- uburba o uter route to Ea t A l a. Der vat ve o t e a e ‘ a ly’, t e Cla 318 a d Cla 32 (63 a d 66 ve le , re e t vely) are t ree- ar o uter u t o erat o AC S otla d. T e e tra were bu lt betwee t e late 198 a d early 199 .

- Cla 334: T e Cla 334 leet o 4 t ree- ar u t (12 ve le) e tered erv e 2 l a d o erate AC o uter route S otla d.

- Cla 375 & Cla 376: T e ‘Ele tro tar’ leet o 438 a d 18 ve le o r e t ree, our a d ve- ar u t . T e 375 leet lude o e dual volta e u t , a able o o erat o bot DC a d AC route . Hav e tered erv e betwee 2 2 a d 2 5, t ey urre tly o erate o uter erv e Lo do a d t e Sout Ea t.

- Cla 38 : T e Cla 38 urre tly be a u a tured by S e e , Ger a y, a d w ll be lea ed S otla d to o erate AC erv e w are art requ red a a re ult o t e rea ed ele tr at o S otla d. Del very o t e leet o 13 ve le eduled to tart Q4 2 1 , u t over 25 o t a ter t e o tra t a ed by ERG wa a reed.

- Cla 455: T e Cla 455 leet o t o 46 our- ar u t (184 ve le). t a le a d ut l tar a leet o erat er- uburba DC o uter erv e out o Lo do , a u a tured t e early 198 .

- Cla 465: T e Cla 465 leet o 97 our- ar u t (388 ve le) wa bu lt t e early 199 a d o erate o t e DC Sout Ea ter Lo do o uter route .

- Cla 365: Part o t e 'Networker' a ly o tra , t e Cla 365 a leet o 4 our- ar u t (16 ve le) w wa bu lt t e d- et e . T e e are dual volta e u t , a able o o erat o bot DC a d AC route w urre tly o erate outer- uburba erv e ro K ' Cro . t ould be oted t at 365Co w ow Cla 365 ot a e ber o t e Se ur ty Grou a d ot a Guara tor.

D e el Mult le U t **("DMU ")**

- Cla 158: T e Cla 158 art o t e 'S r ter' a ly bu lt t e late 198 . T e all leet o 1 two- ar u t (2 ve le) o erate d e el re o al a e er erv e t e ort o E la d. T e all leet be e t ro be a art o a lar er leet o Cla 158 ow ed by ot er le or .

- Cla 168, Cla 17 : T e Cla 168 a d Cla 17 , o t e 'Turbo tar' a ly, are all leet o 3 a d 9 t ree- ar u t re e t vely (36 ve le total). T e Cla 168 o erate d e el erv e betwee Lo do a d t e C lter a d t e Cla 17 o erate ter-urba d e el erv e S otla d. S larly to t e Cla 158 t e e all leet al o be e t ro be art o lar er leet o t e a e ty e o roll to k, ow ed by ot er le or .

- Cla 185: Bu lt 2 6 by S e e , Ger a y, t e leet o 51 t ree- ar u t (153 ve le) urre tly o erate d e el tra -Pe e erv e a d ter-urba route t e ort -ea t o E la d.

H S eed, ter ty & lo o- auled

- C225: T e terC ty-225 leet o 3 te - oa 'rake ' (lar to u t) o t o MK-4 oa e auled by 3 Cla 91 lo o ot ve (333 ve le total lud o e add t o al Cla 91 a d two 'Barr er' ve le). T ey reate t e a te t lo o ot ve- auled do e t tra t e U ted K do , a able o over 225 k / . Ma u a tured late 198 to early 199 , a d eav ly re urb ed t e d-2 , t ey o erate - eed ter- ty erv e to t e ort o Lo do alo t e Ea t Coa t.

- MK Coa e : 98 Mk oa e are lea ed to o erate var ou erv e , lud over t 'Slee er' erv e ro Lo do to S otla d. T e e ve le are e o o ally l e-ex red a d 76 o t e are ex e ted to be w t draw ro erv e over t e ext ew year . T e re a 22 w ll o t ue to be u ed to rov de t e " lee er" erv e .

- Cla 222: T e Cla 222 a - eed D e el-Ele tr -Mult le-U t leet o 143 ve le a able o eed o over 2 k / . T ey were a u a tured 2 2-2 4 a d are urre tly lea ed to Ea t M dla d Tra to o erate ter ty erv e ro Lo do a ro t e M dla d .

- Cla 395: T e Cla 395 a dual-volta e Ele tr -Mult le-U t (o erate o bot AC a d DC ele tr l e), lea ed to o erate do e t erv e alo t e H S eed O e route, w l k Lo do to t e C a el Tu el. T ey are a l twe t alu u o tru t o a able o over 225 k / . T e leet o 174 ve le wa a u a tured by H ta Ja a a d del vered dur 2 9.

Fre t

- Cla 66: T e Cla 66 are d e el lo o ot ve w a be u ed to aul var ou ty e o ve le . T e leet o 92 lo o ot ve , bu lt ro t e year 2 o ward , lea ed to FOC t e UK w o r ar ly u e t e to aul re t wa o .

- Wa o : T e total leet o 1, 47 o t o var ou ty e , lud : Co ta er Flat , Ho er , a d Box Wa o a d Ta er . T e a et are o lar a e to t e Cla 66 lo o ot ve , a d are al o lea ed to FOC t e UK.

De ot

- Ever olt De ot F a e (UK) L ted (or "**De otCo**") a t e lea e old o two de ot (Bed ord a d Nort a) a d erta r t u der a er e o o tra t relat to t e o tru t o o t e de ot . T e de ot are ub e t to ub-lea e – t e a e o t e Bed ord, t e de ot ublea ed to F r t Ca tal Co e t; t e a e o t e Nort a , t e de ot ublea ed to Sout We t Tra . T e lea e ave t e be e t o a Se t o 54 U dertak ro t e Se retary o State re e t o ea o t e de ot .

Su ly

A deta led evaluat o ro e arr ed out o all a u l er a d ub- u l er o key o o e t to e ure a adequate a d o et t ve ra e o u ly o t o . All a te a e o tra t rov de or re ular e t o by t e ly ex er e ed a d qual ed ta o ERG.

For wet lea e , w ere ERG add t o ally ex o ed to t e o t o a te a e dur t e lea e, deta led ro e t bud et are develo ed ro t e w ole l e o t ore a t at t e bu e a e ta e, ett out la ed e d over t e ro e t l e a d re o led w t t e deta led ro e t e at o . A tual e d a d a e to t e ore a t e d are rev ewed o t ly by t e ro e t a d a et a a er . A bu e a e requ red to u ort a y a e to t e ro e t bud et.

work arr ed out by a u l er ot o a u e t ta dard, t e t e leet ay ot be a e ted ba k to erv e. T w ll re ult a redu t o o e or ERG. A ord ly, ERG lo ely o tor t e qual ty o work u dertake by t u l er .

e eral, t e u l er a ree to arry out a te a e or re urb e t or a ve r e, to a ve e at o a d or a ve t e er od. T e ROSCO e erally a t e ollow r t :

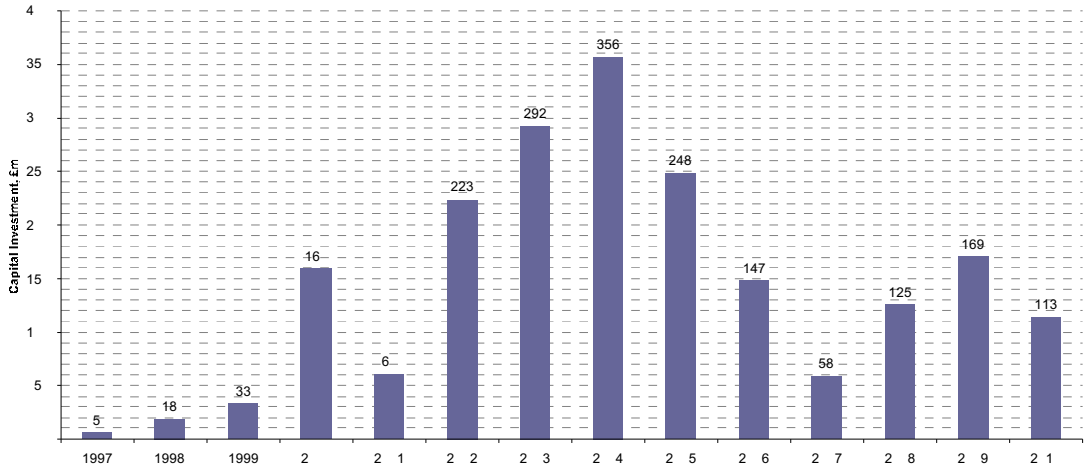
- de t e a a t lo e urred t e u l er requ red to ea e work due to be brea o a ety ta dard ;
- warra t e relat o to de e t ;
- e eral u l er' de ty, ba ked by ura e;
- l qu dated da a e or a y delay re-del very o a ta ed/re urb ed tra by t e u l er a a t a reed t e ale ; a d
- ter at o r t or oor or late er or a e by t e u l er or t e u l er' olve y.
- re e t o ew roll to k, t e u l er a ree to arry out t e de , a u a ture a d u ly o equ e t re e t o u roll to k. ERG al o eek o tra tual arra e e t w allow t to ro ure are art or t e a et or t e t re e o o l e. T e ur a er o ew roll to k e erally a t e ollow r t :
- r t a a t t e u l er relat o to, a o t ot er t , t e de , o tru t o , te t , a ety a d del very o t e equ e t;
- de t e a a t lo e urred t e u l er requ red to ea e work due to be brea o a ety ta dard ;
- ra t o a rrevo able, royalty- ree, tra erable a d o -ex lu ve l e e o t e u l er' releva t telle tual ro erty r t ;
- warra t e relat o to de e t ;
- r t relat o to ur a are art a d e al tool , w t re e t to a u a ture a d u ly a ree e t o ly;
- e eral u l er' de ty, ba ked by ura e;
- l qu dated da a e or a y delay del very by t e u l er a a t a reed t e ale ; a d
- ter at o r t or oor or late er or a e by t e u l er or t e u l er' olve y.

ERG bel eve t a ood relat o w t all o t u l er . Alt ou t e u ly ba e or roll to k l ted, ERG bel eve t tro relat o would e able t to d adequate alter at ve u l er t e eve t o e u l er a led to er or .

H l t a d ve t e t

S e r vat at o ERG a ele t vely ve ted ew roll to k, w t ve t e t eak 2 4 w e £356 wa ve ted ew tra . ERG a re a ed a t ve a d urre tly u dertak del very o t e ew 38 leet, o w a rox ately al o t e u t w ll e ter erv e t e or t e ew t etable De e ber 2 1 , w t t e bala e e ter erv e Q1 2 11. T e re ult o t o t ued ve t e t a d t e ret re e t o o e o t e very old roll to k t at ERG ow o e o t e ewe t leet t e UK a d t e a e o t leet below avera e a o ared w t t e ot er ROSCO .

H tor Ca tal ve t e t (£)



Sour e: ERG

Sa ety

T e tra o erator are r ar ly re o ble or tra a ety a d or e ur t at t ey o ly o erate tra w are a e to o erate. ERG doe owever take t a ety obl at o very er ou ly a d a a e bot t ow obl at o a d take a over t role re ard t e a ety o t a et a et out below:

ERG' a a e e t o a ety d v ded betwee t e a ety o t e ta a d t at o t e a et :

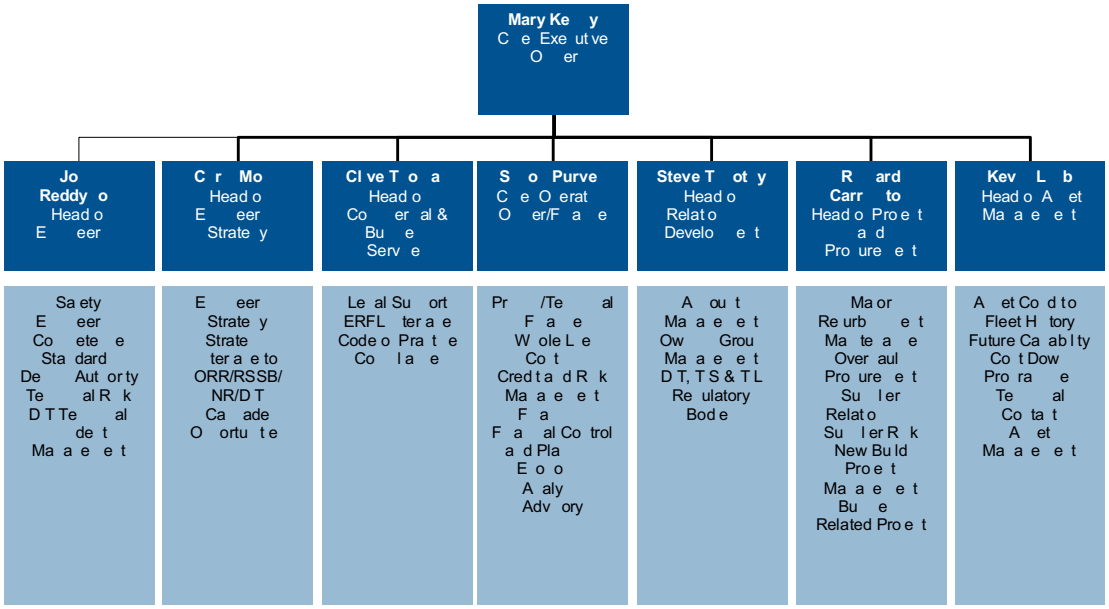
- Per o al ealt , a ety a d wel are a l e a a e e t re o b l ty a d a a ed by r k a e a t v t e o ta , e ur t at t ey are ro erly tra ed a d ave t e orre t equ e t to arry out t e r ob a a e a er.
- A et a ety t e r e re o b l ty o t e Head o E eer u orted by t e a a e e t tea . T re o b l ty d ar ed by e loy o ete t ta u orted by ol e a d ro e e to a a e work arr ed out by ERG a d t e qual at o , ele t o a d a a e e t o all u l er . T ere a o t ly eet atte ded by t e a a e e t tea a d ot er e eer to rev ew t e a a e e t o a ety r k a orda e w t Sa ety Ma a e e t Sy te .

Sa ety over a e rov ded by a quarterly rev ew o a et a ety a red by a de e de t Sa ety Adv er a d u orted by two ot er de e de t Sa ety Adv er a d atte ded by t e a a e e t tea to e ure o l a e w t ol y a d due o derat o o a ety be t ra t e.

Ma a e e t

ERG' a a e e t tea ly ex er e ed a d a a tro k owled e a d u der ta d o t e ROSCO arket w t over 18 year o ex er e e o t e du try. ERG' e or a a e e t o r e a at t e date o t Pro e tu , t e ollow d v dual :

Ma a e e t tru ture



Sour e: Ever olt Ra l

T ere are o o l t o tere t betwee a y dut e t at t e e ber o ERG' a a e e t tea owe to t e uer a d t e ot er Obl or a d t e r r vate tere t a d/or ot er dut e . T e bu e addre or t e a a e e t tea 21 Pe to v le Road, N1 9JY.

E loyee

A o 31 De e ber 2 9, ERG ad 87 e loyee . Head ou t d v ded a o t e ollow u t o :

Fu t o	Head ou t
Relat o Develo e t	9
A et Ma a e e t	14
Pro e t a d Pro ure e t	23
Co er al a d Bu e Serv e (lud Le al)	6

F a al Co trol a d Co er al F a e	2
Market , T, Ad trat o	9
E eer a d Sta dard	6
Total	87

Sour e: Ever olt Ra l

ura e

Ow ura e

ERG a ta e eral ura e ol e or t rd arty l ab l ty r k a a ou t o £155, , , or D re tor ' a d O er ' l ab l ty a d or lo or da a e to a y o - lea e roll to k.

T e ura e ro ra e la e or ERG over all t e o a e t e rou lud t e uer a d t e Guara tor . T e ura e ro ra e brokered by Mar Broker L ted.

S e r vat at o t ere a bee o ater al la u der a y o ERG' ura e .

T rd Party ura e

ERG' o tra tual arra e e t w t le ee , a te a e o tra tor a d tra a u a turer or orate de ty a d ura e requ re e t w are te ded to e ure t at t e va t a or ty o r k a o ated w t t e lea ed roll to k/equ e t (.e. da a e au ed to t e roll to k a d l ab l t e ar ro t o erat o), roll to k a te a e a d ro ure e t o ew roll to k, are bor e by t e le ee o a e , a te a e o tra tor or tra a u a turer .

art ular, ERG' o erat lea e o tra t la e obl at o o t e tra o erator o a e to old ro erty da a e ura e w ba ed u o a reed leet value a d take a ou t o ex e ted ax u a re at o o roll to k (ERG' a d t at ro ot er our e) at de ot a d ot er lo at o . T e lea e o tra t la e urt er obl at o o t e tra o erator to obta t rd arty l ab l ty ura e, a orda e w t t e re ulatory over a e ra ework or o erator ura e w et by ORR.

T e arra e e t de r bed above ould a tly redu e t e Se ur ty Grou ' d re t r k ex o ure. T ere , owever, a r k t at ura e over eld by t e releva t t rd art e ot l e w t t e o tra tual requ re e t or t at t e ura e over doe ot er or , or exa le due to urer olve y. T r k t ated, t e a e o da a e to roll to k a d l ab l t e to t rd art e w ould ot erw e be overed by ura e obta ed by t e releva t tra o erator , by erta o t e t ura e ol e w ave bee ut la e by ERG.

Pe o

Ma tCo t e de ated e loyer o t ow e t o w t t e RPS. RPM ad ter t e RPS, w rov de de ed be e t to e ber ba ed o al e o able alar e . Ot er t a or ex t e ber t e e t o o ly ade ava lable by t e o a y to ew e loyee w o are ex t e ber o t e RPS, a d w o ul l erta r ter a. Ma tCo al o o erate a de ed o tr but o e o e e.

At t e e d o Nove ber 2 9 t ere were 11 e ber o t e e t o , o w o 35 were a t ve e ber , 52 de erred e ber a d 23 e o er . At t e t e o t e la t valuat o , 31 De e ber 2 7, t e e e owed a u d level o 1 6.4 er e t., alt ou l e w t all e t o o t e e e, t ere a bee a de l e e t at t e.

T e Pe o Tru tee a Se ured Cred tor ur ua t to t e ST D a d ra k equally (u to a a ed a ou t o £2 ll o) w t r al ay e t requ red to be ade to t e older o t e Bo d a d ot er Se or Debt. See "*Su ary o t e F a A ree e t —Se ur ty Tru t a d ter red tor Deed*". T e Pe o Tru tee al o a a u e ured uara tee la or a y a ou t owed to t ro t e to t e re e t o Pe o L ab l t e , rov ded t at t e a re ate a ou t w ay be re overed a d reta ed by t e Pe o Tru tee u der t uara tee a d u der a y ot er uara tee rov ded u der t e F a e Do u e t all ot ex eed t e u o (a) £2 ll o lu (b) a a ed a ou t o £1 ll o (ub e t to ad u t e t or lat o), ro t e re t o t e B dCo Grou to t e exte t t at Ma tCo t el a l to eet t obl at o to t e Pe o Tru tee ro t e to t e a d t e r t to are t e ro ort o o et ro eed o d o al w ex eed £75 ll o a l ed to re ay Se or Debt.

See "*R k Fa tor – Pe o a d t e Pe o Tru tee a a Se ured Cred tor*" or erta r k relat o to t e releva t e o e e .

SUMMARY OF THE F NANC NG AGREEMENTS

T e t o o ta u ar e o t e key a a ree e t . ve tor ay al o v ew o e o erta o t e a a ree e t w are u ar ed t e t o o t e web te www.ever oltra l. o.uk (lud t e Co o Ter A ree e t, t e ST D, t e Ma ter De t o A ree e t a d t e Bo d Tru t Deed).

W ere re ere e ade below to t e Obl or t to be oted t at B dCo exe uted t e do u e t to w t a arty o t e S Date but w ll o ly a qu re r t a d obl at o , a d be o e a Obl or, u der u do u e t ollow Co let o .

1. COMMON TERMS AGREEMENT

Ge eral

Ea o t e Bo d Tru tee, Se ur ty Tru tee, t e Se ur ty Grou A e t, t e t al Fa l ty F a e Part e , t e t al Hed e Cou ter art e , ea Obl or (lud t e uer) a d ot er w ll e ter to t e Co o Ter A ree e t o or about t e S Date. T e Co o Ter A ree e t et out t e re re e tat o , ove a t (o t ve, e at ve a d a al), Tr er Eve t a d Eve t o De ault o w t e Se ured Cred tor (lud t e Bo d older t rou t e Bo d Tru tee a t e r Se ured Cred tor Re re e tat ve) ave t e be e t.

T e Co o Ter A ree e t o ta rov o w ave t e e e t o re der u e or eable a y re re e tat o , ove a t (to t e exte t t e r brea a ve r e to a Eve t o De ault), Tr er Eve t a d Eve t o De ault o ta ed a y Aut or ed Cred t Fa l ty w are add t o to t o e t e Co o Ter A ree e t (ave or erta ex e t o w , a o ot er t , lude tax re re e tat o a d ove a t relat to tra er e a , a e o , et-o , t e del very o do u e t to allow ay e t to be ade w t out dedu t o o tax, de t e , ove a t to ay, ot at o o a y a e tatu relat to tax, "k ow your u to er" requ re e t , " lea dow " rov o , ove a t a d erta re re e tat o a y O erat o al Hed A ree e t or Hed A ree e t (ub e t to t e Hed Pol y), volu tary re ay e t , a datory re ay e t (ot er t a u o or ollow t e o urre e o a y eve t o de ault ow oever worded), ove a t re e t o re ort obl at o , re u erat o , o t a d ex e e a d w t old a d/or ro u ay e t a Aut or ed Cred t Fa l ty). add t o , t e t al Fa l ty A ree e t o ta erta eve t o de ault, tr er eve t a d ove a t w are ot re dered u e or eable by t e Co o Ter A ree e t (ee below u der " *t al Fa l ty A ree e t*").

t a requ re e t o t e Co o Ter A ree e t t at uture rov der o Aut or ed Cred t Fa l t e u t al o a ede to t e Co o Ter A ree e t a d t e ST D.

A u ary o t e re re e tat o , ove a t , Tr er Eve t a d Eve t o De ault luded t e Co o Ter A ree e t et out below.

Re re e tat o

O t e S Date ea Obl or w ll ake a u ber o u to ary re re e tat o w are ub e t, o e a e , to a reed ex e t o a d qual at o a to ater al ty a d re ervat o a to atter o law a d a y d lo ure ade r or to t e v o t e releva t re re e tat o . T e e lude, w t out l tat o , re re e tat o by t e Obl or ( ) a to t e a t t at t e Ba e Ca e Model a bee re ared ood a t ub ta t ally a orda e w t A l able A ou t Pr le ; ( ) t e a ura y o erta wr tte or at o rov ded by t e Obl or a d t e a ura y o t Pro e tu , ( ) t at ea e ber o t e Se ur ty Grou a ood, val d a d arketable t tle to, or val d lea e or l e e o , or ot er r t to u e, a d all a ro r ate aut or at o to u e, all ater al a et e e ary to arry o t bu e ub ta t ally a t re e tly o du ted; (v) t at t t e ole le al a d/or be e al ow er o t e are over w t ur ort to ra t a Se ur ty tere t; (v) t e Se ur ty Do u e t to w t a arty o er t e Se ur ty tere t t ey ur ort to o er over t e a et re erred to t ere ub e t to erta re ervat o a d t o e Se ur ty tere t are ot ub e t to a y r or or *ar a u* Se ur ty tere t (ot er t a a y Per tted Se ur ty tere t) a d t o e Se ur ty tere t are val d a d e e t ve; a d (v) t at t e Se ur ty S are are ued, ully a d, o -a e able, ot ub e t to a y o t o to ur a e (ot er t a ur ua t to t e A qu t o A ree e t a d t e Se ur ty Do u e t), allot e t a ree e t or lar r t , a d reely tra erable a d o t tute are t e a tal o l ted o a e , a d t ere are o o ey or l ab l t e out ta d or ayable re e t o a y u are.

add t o , o ea Pay e t Date, o ea date o a reque t or a borrow a d, o t e r t date o ea borrow ea Obl or all ake erta re eat re re e tat o (t e "**Re eated Re re e tat o** "). A Obl or a ed to a y Aut or ed Cred t Fa l ty all ake t e Re eated Re re e tat o o t e date o u a e o .

Cove a t

T e Co o Ter A ree e t o ta erta ove a t ro ea o t e Obl or . A u ary o t e ove a t w are (a o t ot er) luded (ub e t, o e a e , to a reed ex e t o , *de* a ou t , qual at o re e t o o de t al or at o a d qual at o a to ater al ty a d re ervat o a to atter o law) t e Co o Ter A ree e t et out below "*Cove a t — or at o* " a d "*Cove a t —Ge eral*".

Cove a t — or at o

(a) T e Se ur ty Grou A e t, o be al o t e Se ur ty Grou a u dertake to (a) u ly to t e Se ur ty Tru tee, t e Bo d Tru tee a d ea Rat A e y a d (b) o t to t e De ated Web te (1) t e a re ate o t e aud ted F a al State e t (w t 12 day a ter t e e d o t e re ed a al year) (or 18 day a ter t e e d o t e r t a al year) a d t e a re ate o t e u aud ted F a al State e t (9 day a ter t e e d o u a al al -year) (or 12 day a ter t e e d o t e r t a al al -year) o t e Se ur ty Grou , ea a e a ter ak u ad u t e t to re e t t e a re ated F a al State e t a t ey o t tuted a tatutory rou or

o ol dat o ur o e ; (2) t e aud ted F a al State e t o ea Releva t Obl or w t 12 day o t e re ed a al year (or 18 day a ter t e e d o t e r t a al year); a d (3) t e u aud ted F a al State e t o ea Releva t Obl or or t e r t a al al -year ea a al year w t 9 day a ter t e e d o u a al al -year (or 12 day a ter t e e d o t e r t a al al -year).

(b) T e Se ur ty Grou A e t u t, o be al o ea Obl or, u ly to t e Se ur ty Tru tee, t e Bo d Tru tee a d ea Rat A e y, a Co l a e Cert ate to et er w t (a d at t e a e t e a) t e a al tate e t re erred to above. At t e a e t e a d tr but a Co l a e Cert ate t e Se ur ty Grou A e t u t ro ure t at u Co l a e Cert ate ubl ed o t e De ated Web te (t e "**Po t Date**"). Su Co l a e Cert ate all lude, w t out l tat o :

( ) t e F a al Rat o a d al ulat o t ereo rea o able deta l (a well a var ou o r at o re ard t e orward look a al rat o al ulat o a d ro e t o);

( ) t e bala e o t e D o al Pro eed A ou t, ura e Pro eed A ou t, A qu t o Cla A ou t, t e Lo k-u A ou t a d t e Bo d De ea a e A ou t;

( ) a ru total o t e a ou t o Reta ed Ex e Ca low w a ot yet bee a d out o t e Se ur ty Grou a a Re tr ted Pay e t;

(v) o r at o t at o Cred t Rat Dow rade, De ault, or Tr er Eve t a o urred or o t u , or a Cred t Rat Dow rade, De ault or Tr er Eve t a o urred a d o t u , te (w all be e ed) are be take to re edy u Cred t Rat Dow rade, De ault or Tr er Eve t.

( ) t e er od tart o , but ot lud , t e Po t Date o a Co l a e Cert ate a d e d o , a d lud , t e date all 3 day ro u date (t e "**C alle e Per od**") t e Se ur ty Tru tee w ll ave t e r t o t e wr tte tru t o o Qual y Se ured Cred tor old at lea t 25 er e t. o t e Qual y Se ured Debt a orda e w t t e ST D a d t e t al Fa l ty A e t w ll ave t e r t o t e tru t o o a Le der or Le der w o e Total Co t e t a ou t a re ate to ore t a 5 er e t. o t e Total Co t e t (a d ub e t to t e Total Co t e t be reater t a or equal to £1 ll o) to alle e u Co l a e Cert ate (a "**C alle e**") by del very o a wr tte ot e (a "**C alle e Not e**") t ere rea o to bel eve t at a y tate e t ade t e Co l a e Cert ate (lud re e t o t e F a al Rat o (or a y o r at o o o la e w t t e F a al Rat o)) are orre t or lead a y ater al re e t.

A C alle e Not e all lude a reque t t at add t o al ub ta t at ev de e rov ded to o r t e al ulat o or tate e t o ta ed t e Co l a e Cert ate. However, t e Se ur ty Grou A e t re o d

w t 14 day o del very o a C alle e Not e by tat t at t e reque ted or at o o de t al or o er ally e t ve a d t ere ore w e t at t e atter be dealt w t t rou a de e de t Ex ert, or t e Se ur ty Tru tee or t e t al Fa l ty A e t (a t e a e ay be) tate w t 14 day o re e t o t e releva t or at o t at t e or at o rov ded u e t to deter e w et er t e tate e t o ta ed t e releva t Co l a e Cert ate (or t e al ulat o be d u tate e t) are a urate, t e t e Se ur ty Tru tee, or t e t al Fa l ty A e t (a t e a e ay be), all, ollow o ultat o w t t e Se ur ty Grou A e t, w t 14 day o u re o e or tate e t a o t a de e de t ex ert (t e "**de e de t Ex ert**") a orda e w t t e ro edure et out t e Co o Ter A ree e t.

No Obl or ay ake a y Re tr ted Pay e t :

( ) t e er od tart o , but ot lud , t e Po t Date a d e d o , a d lud , t e date all 15 day ro u date (u er od be t e "**No -Pay e t Per od**"); a d

( ) t e eve t t at a C alle e ade, t e er od ro t e date o u C alle e u t l t e earl er o :

(A) t e date o w ve t at o re e t o t at C alle e are o leted to t e rea o able at a t o o t e Se ur ty Tru tee or t e t al Fa l ty A e t (a t e a e ay be);

(B) t e date o w t e de e de t Ex ert a ou e t o lu o re e t o a Co r ed Cert ate to t e Se ur ty Tru tee, t e t al Fa l ty A e t a d t e Se ur ty Grou A e t; a d

(C) t e date ollow ex ry o t e re- tated C alle e Per od a ter a re- tated Co l a e Cert ate a bee del vered,

(t e "**ve t at o Per od**").

(d) add t o to t e Co l a e Cert ate, t e Se ur ty Grou A e t (o be al o ea Obl or) u t, re e t o ea Cal ulat o Date a d at t e a e t e a t e releva t Co l a e Cert ate u l ed, ( ) u ly to t e Se ur ty Tru tee, t e Bo d Tru tee a d ea Rat A e y, a ve tor Re ort, a d ( ) o t u ve tor Re ort o t e De ated Web te. T e ve tor Re ort u t lude, a o ot er t , de r t o about t e Se ur ty Grou ' tor al re ulatory a d bu e develo e t , tor al a tal ex e d ture a d a .

(e) T e Se ur ty Grou A e t u t e ure, a o ot er t , t at ea et o F a al State e t t at are requ red to be u l ed a orda e w t t e Co o Ter A ree e t are re ared a orda e w t A l able A ou t Pr le a d ve a true a d a r v ew o , a d t e a e o u aud ted a al tate e t , a rly re e t t e a al o d t o o t e

releva t o a y or o a e . T e Se ur ty Grou A e t u t ot y t e Se ur ty Tru tee o a y ater al a e to t e ba o w t e F a al State e t o a y Obl or are re ared. t e a e ot ed by t e Se ur ty Grou A e t relate to a F a al Rat o a d ould rea o ably be ex e ted to re ult a dev at o o equal to or reater t a 5 er e t. ro t e re ult o t e al ulat o o u F a al Rat o u a e ad ot o urred, t e Se ur ty Grou A e t (w t t e a roval o t e Se ur ty Tru tee) requ red to a e d t e F a al Cove a t Tr er Eve t Rat o Level to la e t e Se ur ty Grou A e t a d t e Se ured Cred tor a o arable o t o to t at w t ey would ave bee t e ot ed a e ad ot a e ed (a d t e Se ur ty Grou A e t a d t e Se ur ty Tru tee a ot rea a ree e t o t de o , t ey are requ red to a o t a ter at o al r o aud tor (a t a ex ert a d ot a a arb trator) to ake t). t e Se ur ty Grou A e t a d t e Se ur ty Tru tee a ot a ree to t e a ro r ate a e d e t to be ade to t e F a al Cove a t Tr er Eve t Rat o Level t e a ter at o al r o aud tor w ll be a o ted or t e ur o e o deter t e e e ary a e d e t .

( ) Ea Obl or all e ure t at a y Pro e tu u dated a requ red u der a l able law or arket ra t e be ore t e uer eek to ue a y urt er er e or tra e o Bo d a ter t e val d ty er od ollow t e l o t e late t u date (or, o e, t e or al l o t e Pro e tu) a ex red.

( ) So ar a er tted by a y a l able law, re ulat o , order or a y b d ar ’ le t t rd arty o de t al ty obl at o , ea Obl or u t u ly to t e Se ur ty Tru tee a d ea Rat A e y or at o lud relat o to ( ) l t at o , ve t at o , e qu r e a d ro eed w are urre t, t reate ed wr t or e d a d w , adver ely deter ed, would rea o ably be ex e ted to ave a Mater al Adver e E e t; ( ) rat eve t a d ( ) a y De ault or Tr er Eve t.

( ) A Obl or (or t e Se ur ty Grou A e t o t be al) ay (a d t e a e o F a al State e t a d ve tor Re ort all) del ver a y or at o (lud ve tor Re ort , Co l a e Cert ate a d F a al State e t) requ red to be del vered u der t e Co o Ter A ree e t to a Se ured Cred tor (lud Bo d older) by o t t o to a ele tro web te rov ded t e Obl or de ate a ele tro web te (w t out a word rote t o) (t e “**De ated Web te**”) or t ur o e a d t e Obl or ot e u er o o t e addre o t e De ated Web te.

( ) T e Obl or are requ red to ot y t e Se ur ty Tru tee ro tly u o be o aware o a y ot e, e qu ry or a e e t or a y ot er a t o take by a Tax Aut or ty relat to or o e t o w t a y a tual or ote t al l ab l ty o a e ber o t e B dCo Grou to a S edule 1 Tax C ar e (ave re e t o t e 38 Co S edule 1 Tax C ar e, a y ERFL GB S edule 1 Tax C ar e a d a y Ra l Hold o S edule 1 Tax C ar e) or ro w t t rea o ably be erred t at u S edule 1 Tax C ar e ay ave ar e , a d all ro tly rov de t e Se ur ty Tru tee w t ull deta l o t e releva t atter, lud o e o a y wr tte ot e or orre o de e.

( ) O a yearly ba a a ro r ate a a e e t tea u t ve a re e tat o t e U ted K do to u Se ured Cred tor (or t e r re re e tat ve) a w to atte d.

Cove a t — Ge eral

Ea Obl or a ree to be bou d by erta e eral ove a t lud , w t out l tat o , t o e et out below:

(a) B dCo a d F Co Pare t all ot arry o a y bu e ot er t a ( ) (t e a e o B dCo o ly) t e ow er o are ; ( ) (t e a e o F Co Pare t o ly) t e ow er o are t e uer; ( ) t e bu e o a old o a y a d/or (t e a e o B dCo o ly) t e rov o o ad trat ve erv e to ot er e ber o t e Se ur ty Grou ; (v) t e ow er o a or a equ vale t ; (v) urr ro e o al ee ; (v) o erat ba k a ou t or ak ay e t or urr l ab l t e u der t e F a e Do u e t ; (v) e ter to a d er or t e tra a t o o te lated by or ot ro b ted by t e F a e Do u e t a d t e A qu t o Do u e t (a d urr a y o t or l ab l t e o e to w t t e e try to or er or a e o u tra a t o); (v) tra a t o o e to w t rou tax arra e e t a d urre der o lo e or ot er tax rel e ea a e o l a e w t t e ter o t e F a e Do u e t ; a d (x) (t e a e o B dCo o ly), de lar , ak or ay Re tr ted Pay e t , ub e t to t e ter o t e F a e Do u e t .

(b) T e uer all ot arry o a y bu e ot er t a :

( ) t e ra o u d to rov de debt a to t e Borrower a orda e w t t e F a e Do u e t ;

( ) e ter to Hed A ree e t a orda e w t t e Hed Pol y;

( ) t e ow er o a a d a equ vale t ;

(v) urr ro e o al ee ;

(v) o erat ba k a ou t or ak ay e t or urr l ab l t e u der t e F a e Do u e t ;

(v) e ter to a d er or t e tra a t o o te lated by or ot ro b ted by t e F a e Do u e t a d t e A qu t o Do u e t (a d urr a y o t or l ab l t e o e to w t t e e try to or er or a e o u tra a t o); a d

(v) tra a t o o e to w t rou tax arra e e t a d urre der o lo e or ot er tax rel e ea a e o l a e w t t e ter o t e F a e Do u e t ;

( ) No Obl or all arry o a y bu e ot er t a t e Per tted Bu e (de ed below) or a t o w are er tted or o te lated by t e F a e Do u e t .

"**Per tted Bu e** " ea arry o or be e a ed a y trade or bu e o t e ature arr ed o at t e S Date by a y e ber o t e B dCo Grou lud , w t out l tat o :

( ) t e a qu t o , ro ure e t, d o al, ow , lea , a ta , erv , re ew , u rad a d t e rov o o Ra lway A et lud de ot a d tora e a l t e a d/or tat o re e t o Ra lway A et (but ex lud etwork (ot er t a etwork d re tly o e ted to t e u e o a y de ot, tora e a l ty a d/or tat o)) a d are t e U ted K do ;

( ) t e rov o o o ulta y erv e re e t o t e ro ure e t, a et a a e e t, u d , a te a e a d erv o Ra lway A et a y ur d t o ot er t a t e U ted State ;

( ) a y bu e or a t v ty t e U ted K do t e ord ary our e o bu e w a llary to t e bu e or a t v t e et out ara ra ( ) above,

rov ded t at t e a t v t e et out t e rea ble a d ara ra ( ) all o t tute t e r al bu e arr ed o by t e Se ur ty Grou .

(d) Ne at ve led e ove a t u der w t e Obl or u dertake ot to:

( ) reate or er t to ex t a y Se ur ty tere t o a y o t re e t or uture bu e , a et , Equ e t or u dertak ot er t a a y Per tted Se ur ty tere t; or

( ) ell, tra er or ot erw e d o e o a y o t a et o ter w ere u a et or ay be lea ed to or re-a qu red or a qu red by a e ber o t e Se ur ty Grou or a y A o ate, ot er t a ur ua t to a F a e Lea e or a Per tted D o al or a y Per tted Se ur ty tere t; or

( ) ave to t e exte t er tted by t e Co o Ter A ree e t or ur ua t to a y Per tted Se ur ty tere t, ur a e a y a et o ter rov d or a rete t o o t tle by t e ve dor or o o d t o al ale ter or o ter av a l ke ub ta t ve e e t to a y o t e ore o ex e t w ere a qu red t e ord ary our e o t bu e or ur ua t to a Per tted A qu t o ,

t e a e o ( ) a d ( ) above, r u ta e w ere t e tra a t o e tered to r ar ly a a et od o ra F a al debted e or o a t e a qu t o o a a et.

(e) No Obl or ay, e t er a le tra a t o or a er e o tra a t o a d w et er related or ot, d o e o all or a y art o t u dertak , reve ue , bu e or a et ot er t a a er tted by t e Co o Ter A ree e t a d de r bed below u der "*D o al , A qu t o Cla Pro eed a d ura e Pro eed - A l at o o Ex e Net D o al Pro eed , Ex e A qu t o Cla Pro eed a d Ex e ura e Pro eed* ". add t o , ea Obl or u t a ly Ex e Net D o al Pro eed , Ex e A qu t o Cla Pro eed a d Ex e ura e Pro eed a et out t e Co o Ter A ree e t a d de r bed below u der "*D o al , A qu t o Cla Pro eed a d ura e Pro eed - A l at o o Ex e Net D o al Pro eed , Ex e A qu t o Cla Pro eed a d Ex e ura e Pro eed* ".

( ) No Obl or ay ur a y F a al debted e ot er t a Per tted F a al debted e .

( ) No Obl or ay ake a y a qu t o or ve t e t (lud or orat a y o a y or a qu re are or ot er ow er tere t or t e bu e o a y o a y) ot er t a :

( ) (A) a e ally er tted u der ara ra ( ) below; or

(B) Per tted A qu t o .

( ) a Obl or ay a qu re a y o a y, e t ty or bu e t at u o a qu t o w ll be o e a Obl or, rov ded t at:

(A) t e total o derat o (lud a o ated o t a d ex e e) or t e a qu t o a d a y F a al debted e or ot er a u ed a tual or o t e t l ab l ty a ow o t e bala e eet (t e "**Total Pur a e Pr e**"), ea a e re a t e a qu red o a y at t e date o t e a qu t o doe ot ex eed, w e a re ated w t t e Total Pur a e Pr e or ea ot er a qu t o all w t t ara ra ( ) a d o leted dur a y roll t ree-year er od, £3 , , (RP dexed); a d

(B) t e o d t o et out t e Co o Ter A ree e t to u a e o are et.

( ) Ea Obl or a ree to:

( ) a ta rea o ably rude t ura e w a bu e o a lar ze a d ub ta t ally t e a e ature would kee la e (o ar a o er ally ava lable); a d

( ) kee t e Se ur ty Tru tee or ed o a y ura e la over £5, , a d ot do or o ar a w t t ower er t a yt to be do e by t w would ake vo d or vo dable a y ater al ura e ol y requ red to be a ta ed u der ara ra ( ) above.

( ) Ea Obl or u dertake t at ollow t e Clo Date or, later, t e date u o w ew Ra lway A et ave bee del vered to t u der a y Su ly Co tra t, t w ll u e rea o able e ort to ro ure t at ea TOC or FOC a ta or ro ure t e a te a e ull or e a d e e t o ubl a d rodu t l ab l ty ura e re e t o er o al ury a d da a e to ro erty au ed o e t o w t t Ra lway A et (ave w ere t e Obl or a ta u ura e t ow a e) lea ed to u TOC or FOC a d t at t e TOC or FOC:

( ) de ate , a oo a ra t able, t e releva t Se ur ty Grou e ber a d t e F a e Part e or t e Se ur ty Tru tee o t e r be al a a add t o al ured u der u ura e ; a d

( ) a ta or ro ure t e a te a e ull or e a d e e t o ro erty ura e over r k o y al lo or da a e to t Ra lway A et a d de ate , a oo a ra t able, t e releva t Se ur ty Grou e ber a a add t o al ured u der u ura e .

( ) Ea Obl or u dertake t at t all at all t e o ly e ter to ed a d der vat ve tra a t o t at are Per tted Trea ury Tra a t o a d a ta o l a e w t t e Hed Pol y.

(k) Sub e t to ara ra (l) below, ea Obl or u dertake t at t all ot ake or ra t a y loa , uara tee or de ty to a y t rd arty ot er t a ( ) ur ua t to t e F a e Do u e t a d/or ur ua t to tra a t o er tted by or o te lated by t e F a e Do u e t ; ( ) u der a y Per tted ter-Co a y Loa ; ( ) u der a y Per tted F a al debted e ; (v) t e buy or old o Ca , Ca Equ vale t ve t e t or Aut or ed ve t e t ; a d (v) a y loa to e loyee rov ded t at t e a re ate a ou t out ta d all ot ex eed £3, , (RP dexed).

(l) ( ) U le ara ra ( ) below a l e , ea Obl or ay e ter to a y F a e Lea e Out rov ded t at t e a re ate a ou t o F a e Lea e Out e tered to a y F a al Year doe ot ex eed £5 , , (RP dexed).

( ) t ere a a e o A l able A ou t Pr le w re ult a y ex t or uture lea e (w u der Curre t A ou t Pr le ot a F a e Lea e Out) be ara ter ed or re ara ter ed a a F a e Lea e Out t e u lea e all be allowed to ub t a d all ot be ou ted or t e ur o e o t e l tat o et out ub- ara ra ( ).

( ) Ex e t a rov ded below, o Obl or all (A) redee , re ur a e, de ea e, ret re or re ay a y o t are a tal or re olve to do o; (B) ue a y are w by t e r ter are redee able or o vert ble or ex a eable or F a al debted e ; or (C) a ter t e Clo Date, ue a y are a tal to a y er o w ot a Obl or. However, ub- ara ra (A) to (C) do ot a ly to:

( ) a y u a t o w urt era e o a Re tr ted Pay e t or ot er ay e t er tted by t e F a e Do u e t , w ere t e a ou t o t e Re tr ted Pay e t er tted to be a d ur ua t to t e F a e Do u e t ;

( ) a y tra a t o w ex re ly er tted u der t e F a e Do u e t ;

( ) (re e t o B dCo o ly) t e ue o a y are or t e ur o e o ra u d or a Add t o al Co tr but o ;

(v) t e ue o a y are to a y Obl or w a ed ate Hold Co a y o t e uer o u are ;

(v) re e t o B dCo o ly, t e ue o are to a tal e a y Subord ated tra rou L ab l ty owed by B dCo to a y Subord ated tra rou Cred tor;

(v) a y tra a t o w a re e ved t e r or wr tte o e t o t e Se ur ty Tru tee;

(v) t e ue o are o e t o w t a y re u erat o e e or a a e e t e t ve la , rov ded t at t e a re ate a ou t o are o ued doe ot ex eed 2 er e t. o t e are a tal o t e e ber o t e Se ur ty Grou ;

(v) t e rede t o , re ur a e, de ea a e, ret re e t or re ay e t o a y are a tal ued ur ua t to ub- ara ra (v) above;

(x) t e rede t o , re ur a e, de ea a e, ret re e t or re ay e t o t e PPS S are or t e ue o a y PPS S are ub e t to o l a e w t ara ra (y)( ); or

(x) t e rede t o , re ur a e, de ea a e, ret re e t or re ay e t o t are a tal to a ot er Obl or.

( ) T e uer all u e rea o able e deavour to a ta lo ter rat or t e Bo d w t at lea t two Rat A e e .

(o) Sub e t to ara ra ( ) below, o Obl or ay ake a Re tr ted Pay e t u le :

( ) o No -Pay e t Per od or ve t at o Per od o t u at u t e;

( ) a Releva t Co l a e Date a d o e ted Po t Date a o urred a d u Re tr ted Pay e t ade r or to t e e d o t e Se -A ual Per od w u Releva t Co l a e Date all (ex e t re e t o t e r t Se -A ual Per od or w ere a C alle e a bee t ated re e t o a Co l a e Cert ate

a d t e releva t ve t at o Per od o e to a e d a ter t e e d o t e Se -A ual Per od w u Releva t Co l a e Date all w a e t e Re tr ted Pay e t ar ro u Se -A ual Per od ay be ade at a y t e r or to t e la t day o t e ollow Se -A ual Per od or t e Se -A ual Per od w t t e ve t at o Per od e d); a d

( ) t e Co l a e Cert ate or u Releva t Co l a e Date tate t at o De ault or Tr er Eve t out ta d o t e date o u Co l a e Cert ate.

( ) add t o to t e above o d t o , or o lo a Fa l ty A a d Fa l ty B are out ta d (or a y uture Aut or ed Cred t Fa l ty out ta d t e ter o w requ re o l a e w t t ove a t a d t e o e de r bed above), a y Re tr ted Pay e t a ot ex eed Ca Ava lable or D tr but o re e t o t e Releva t Per od to w u Co l a e Cert ate wa del vered.

T e re tr t o de r bed t ara ra a d ara ra (o) above w ll ot a ly to a y a ou t a d to eet (d re tly or d re tly) a obl at o all w t ara ra ( ) o t e de t o o Ex e Ca low u to t e l t e ed u ara ra rov ded t at o u ay e t all be ade a Tr er Eve t a o urred a d o t u .

(q) No Obl or ay ur a e a y Se or Debt u le u debt a elled o or a oo a rea o ably ra t able ollow a y u ur a e.

(r) Sub e t to ara ra ( ) below, a Co l a e Cert ate del vered ow t at o Tr er Eve t o t u (ave to t e exte t t at t e rov o u ar ed "*Tr er Eve t Co eque e – Lo k-U a d Ma datory Pre ay e t* " below a ly) a d Fa l ty A a d/or Fa l ty B are out ta d (a d otw t ta d w et er a C alle e a bee t ated re e t o u Co l a e Cert ate), t e o t e Releva t Pay e t Date t e Obl or all a ly t e er e ta e o Ex e Ca low ava lable ro t e ed ately re ed Se -A ual Per od to w u Co l a e Cert ate relate re ay e t o Fa l ty A a d Fa l ty B (u ro ort o a t e Obl or ay de de t e r d ret o) a et out below (be , ea a e, t e "**Requ red A ou t**"):

(A) re e t o t e Se -A ual Per od e d 31 De e ber 2 1 a d 3 Ju e 2 11, 1 er e t. o t e Ex e Ca low or u Se -A ual Per od ;

(B) re e t o t e Se -A ual Per od e d 31 De e ber 2 11 a d 3 Ju e 2 12, 15 er e t. o t e Ex e Ca low or u Se -A ual Per od ;

(C) re e t o t e Se -A ual Per od e d 31 De e ber 2 12 a d 3 Ju e 2 13, 35 er e t. o t e Ex e Ca low or u Se -A ual Per od ;

(D) re e t o t e Se -A ual Per od e d 31 De e ber 2 13 a d 3 Ju e 2 14, 8 er e t. o t e Ex e Ca low or u Se -A ual Per od ; a d

(E) re e t o t e Se -A ual Per od e d 31 De e ber 2 14, 3 Ju e 2 15, 31 De e ber 2 15 a d 3 Ju e 2 16, 1 er e t. o t e Ex e Ca low or u Se -A ual Per od ,

ea a e to et er w t a y Re ay e t Ga a d a ter dedu t a y related Re ay e t Co t all l b (b) o t e de t o o u ter .

Fa l ty A a d Fa l ty B ave bee ully a d rrevo ably re a d t e u Ex e Ca low ay be a l ed at t e d ret o o t e Obl or (ub e t alway to t e ter o t e F a e Do u e t ro t e to t e).

( ) a Co l a e Cert ate a bee del vered w ev de e t at a Tr er Eve t t at wa rev ou ly ub t o lo er o t u a d a C alle e a bee t ated re e t o u Co l a e Cert ate, t e u Ex e Ca low all be e t er we t a orda e w t ara ra (r) above or a l ed a orda e w t rov o u ar ed e t o e t tled *Tr er Eve t Co eque e* u t l t e e d o t e ve t at o Per od at w t e u Ex e Ca low all be a l ed a ollow :

( ) t e ve t at o Per od brou t to a e d by t e del very o a re- tated Co l a e Cert ate ev de t at a Tr er Eve t o t u , a orda e w t rov o u ar ed t e e t o e t tled *Tr er Eve t Co eque e* ; or

( ) all ot er a e , a orda e w t ara ra (r) above.

(t) At all t e , all e ber o t e B dCo Grou all be Guara tor ex e t or a y Fu ded No -Obl or ; rov ded t at o Fu ded No -Obl or ay a ou t or ore t a 5 er e t. d v dually (ot er t a 365Co) or ore t a 2 er e t. w e a re ated w t all ot er Fu ded No -Obl or o :

( ) t e o ol dated et a et o t e B dCo Grou ;

( ) t e o ol dated tur over o t e B dCo Grou ;

( ) t e o ol dated a et o t e B dCo Grou ; a d

(v) t e Co ol dated EB TDA o t e B dCo Grou .

(u) No Obl or ay o ro e or ettle a y la , l t at o or arb trat o w t out r or ot at o to t e Se ur ty Tru tee a y u o ro e or ettle e t would be rea o ably l kely to ave a Mater al Adver e E e t.

(v) No Obl or ay a e t A ou t Re ere e Date u le t e Se ur ty Grou A e t del ver to t e Se ur ty Tru tee a wr tte ot e a d ert ate de r b u a e a d t e e e t o u a e o erta atter lud t e al ulat o o t e F a al Rat o a d t e releva t Obl or a exe uted a y do u e t requ red by t e Se ur ty Tru tee a a re ult o u a e. T e A ou t Re ere e Date a ot be a ed ore t a o e a ve year er od rov ded t at t ay be a ed ore o te a a e o o trol o ur re e t o ERG or a a ou t or tax a e o ur w re der t e t er e e ary or de rable to a e t e A ou t Re ere e Date. add t o all Obl or are requ red to ave t e a e A ou t Re ere e Date.

(w) ( ) Ea o t e uer (ro t e S Date) a d B dCo (ro Co let o) all e ure t at at all t e t a a de e de t d re tor a orda e w t t o t tut o al do u e t .

( ) t e eve t t at Co let o a ot o urred w t 5 Bu e Day o t e t al ue Date, ea o ERFL Hold , Ra l Hold o a d F Co Pare t all a o t a de e de t d re tor a d all e ure t at at all t e t erea ter u t l Co let o t a a de e de t d re tor.

( ) Co let o doe ot o ur w t 5 Bu e Day o t e t al ue Date, Ma tCo all ro tly obta ro HAF a adva e o u to £1 , , by way o a Subord ated tra rou Loa (ub e t to a y re ay e t or re ay e t t ereo a orda e w t r t er tted by t e Co o Do u e t a d t e ter o u Subord ated tra rou Loa).

(x) Bo d Cove a t

( ) L t

T e uer all at all t e u e rea o able e deavour to ro ure t e ad o o all l ted Bo d to t e O al L t a d to trad o t e Lo do Sto k Ex a e' Re ulated Market, or u ot er re o ed to k ex a e (w t t e ea o e to l 5 o t e o e Tax A t 2 7) a roved by t e Dealer , a d to a ta u ad o u t l o e o t e releva t l ted Bo d are out ta d . t e uer u able to a ta t e l t av u ed all rea o able e deavour or t e a te a e o u l t a reed by t e Bo d Tru tee to be u duly burde o e or ra t al, t e uer all u e rea o able e deavour to obta a d a ta a l t o t e Bo d o u ot er to k ex a e( ) or e ur t e arket( ) a t e uer ay (w t t e a roval o t e Bo d Tru tee) de de a d ve ot e o t e de t ty o u ot er to k ex a e( ) or e ur t e arket( ) to t e Bo d older .

( ) A erta t e a ou t out ta d o t e Bo d

T e uer all, u o re e v a wr tte reque t ro t e Bo d Tru tee, del ver to t e Bo d Tru tee a ert ate ett out, *ter al a*, deta l o t e a re ate r al a ou t out ta d u der t e out ta d Bo d w , or t e t e be , are eld by a y A l ate o t e B dCo Grou (ot er t a a Obl or, w o all e ure t at a y Bo d eld by t are a elled o or a oo a rea o ably ra t able ollow a y u ur a e date a orda e w t t e Co o Ter A ree e t) or by a y er o or t e be e t o u er o or er o .

( ) Not e to Bo d older

T e uer all e d or ro ure to be e t (ot le t a t ree day r or to t e date o ubl at o) to t e Bo d Tru tee, or t e Bo d Tru tee' a roval, o e o y o ea ot e to be ve to t e Bo d older a orda e w t t e Co d t o a d ot ubl u ot e w t out u a roval a d, u o ubl at o , e d to t e Bo d Tru tee two o e o u ot e (u a roval, u le o ex re ed, ot to o t tute a roval or t e ur o e o Se t o 21 o t e FSMA o u ot e a a ve t e t advert e e t (a t ere de ed)).

(v) Not at o o o ay e t

T e uer all u e rea o able e deavour to ro ure t at t e Pr al Pay A e t ot e t e Bo d Tru tee a d t e Se ur ty Tru tee ort w t t e eve t t at t doe ot, o or be ore t e due date or ay e t re e t o t e Bo d o a y Tra e re e ve u o d t o ally t e ull a ou t t e releva t urre y o t e o e ayable o u due date.

(v) Not at o o late ay e t

T e uer all ort w t ve ot e to t e Bo d older o ay e t o a y u due re e t o t e Bo d , t e Cou o or t e Re e t ade a ter t e r due date to t e Pr al Pay A e t or t e Bo d Tru tee.

(v) Not at o o rede t o or ay e t

T e uer all, ot le t a t e u ber o day e ed t e releva t Co d t o , r or to t e rede t o or ay e t date re e t o a y Bo d, ve to t e Bo d Tru tee ot e wr t o t e a ou t o u rede t o or ay e t ur ua t to t e Co d t o .

(v) Rede t o

T e uer all, t ve ot e t at t te d to redee t e Bo d ur ua t to Co d t o 8 (*Rede t o , Pur a e a d Ca ellat o*) r or to v u ot e to t e Bo d older , rov de u

or at o to t e Bo d Tru tee a t e Bo d Tru tee requ re order to at y t el o t e atter re erred to t at Co d t o , lud :

(A) wr tte ot e to t e Bo d Tru tee o t e releva t Tra e or Tra e o Bo d w t te d to redee a d t e a ou t o u rede t o or re ay e t; a d

(B) a ert at o ed by a Aut or ed S atory o t e uer ert y t at t w ll ave t e e e ary u d o t e date o w rede t o to o ur to d ar e all t l ab l t e due o u date.

(v) Tax w t old

T e uer all ro tly ve ot e to t e Bo d Tru tee, Se ur ty Grou A e t a d t e Se ur ty Tru tee t requ red by law to e e t a dedu t o or w t old or or o a ou t o Tax re e t o a y ay e t due re e t o a y Bo d .

(x) Obl at o o a e t

T e uer all u e all rea o able e deavour to ro ure t at t e A e t ob erve a d o ly w t all t e r obl at o , u der t e A e y A ree e t a d, a y Re tered Bo d are out ta d , to ro ure t at t e Re trar a ta t e Re ter a d to ot y t e Bo d Tru tee ed ately t be o e aware o a y ater al brea or a lure by a A e t relat o to t e Bo d .

(x) C a e o a e t

T e uer all ve ot le t a 3 day ' r or ot e to t e Bo d older a orda e w t Co d t o 18 (*Not e*) o a y uture a o t e t or a y re at o or re oval o a y A e t or o a y a e by a y A e t o t e ed o e ave t at, t e a e o auto at re oval o a A e t by v rtue o olve y, t e uer all ve ot e to t e Bo d older a oo a rea o ably ra t able t erea ter.

(x) ve t e t Co a y A t

T e uer w ll, or o lo a a y Bo d are out ta d , take, or au e to be take , u a t o a are requ red order or t e uer to qual y or, a d a ta u qual at o or, exe t o ro re trat o a a " ve t e t o a y" u der t e ve t e t Co a y A t.

(x) U.S. A t v t e

T e uer all ot e a e a y a t v t e t e U ted State (d re tly or t rou a e t), or der ve a y o e ro U ted State

our e a deter ed u der U ted State o e tax r le , or old a y ro erty do o would au e t to be e a ed a trade or bu e w t t e U ted State a deter ed u der U ted State o e tax r le .

(y) Tax Cove a t

( ) U o be d re ted to do o by t e Se ur ty Tru tee a t o t e tru t o o t e Se ured Cred tor a orda e w t t e ST D ollow a eve t w a ve r e to a S edule 1 Tax C ar e a Obl or (ot er t a a y 38 Co S edule 1 Tax C ar e, a y ERFL GB S edule 1 Tax C ar e a d a y Ra l Hold o S edule 1 Tax C ar e), ea a e ted Obl or all w t t e a l able t e l t (a d a y eve t be ore t e date o w a y Tax ayable a a re ult o t e o t o o t e S edule 1 C ar e would be due) ake a val d ele t o u der e t o 398A o t e Cor orat o Tax A t 2 1 u le t e releva t Obl or de o trate to t e at a t o o t e Se ur ty Tru tee (lud rov d a y e e ary u ort le al a d/or tax o o addre ed to a d at a tory (or a d ub ta e) to t e Se ur ty Tru tee (a t rea o ably)) t at t would ot be ater ally re ud al to t e tere t o t e Se ured Cred tor ot to ake u a ele t o .

( ) B dCo a d ERFL Hold all ro ure t at t e PPS S are ued by ERFL Hold a at t e S Date (t e "**Releva t PPS S are** ") at all t e re a ue a d o t ue to re re e t u ro ort o o ERFL Hold ' ord ary are a tal w eld by u er o a e ure t at ERFL Hold re a at all t e t e o ly " r al o a y" o ERFL GB or t e ur o e o Part 9 o t e Cor orat o Tax A t 2 1 (t e " **te ded E e t**") u le B dCo (a ter Co let o) or ERFL Hold de o trate to t e at a t o o t e Se ur ty Tru tee (lud rov d a y e e ary u ort le al a d/or tax o o addre ed to a d at a tory (or a d ub ta e) to t e Se ur ty Tru tee (a t rea o ably)) t at t would ot be ater ally re ud al to t e tere t o t e Se ured Cred tor :

(a) or t e Releva t PPS S are to o lo er re a ue (or exa le t ey are o lo er e e t ve a ev t e te ded E e t ollow a a e law); or

(b) t e Releva t PPS S are are re la ed w t ot er are ued by ERFL Hold , a ot er Obl or, B dCo or a y A l ate o B dCo (t e "**Re la e e t S are** ") u t at t e te ded E e t o t ue to be a eved,

a d rov ded t at t e a e e t o ed ara ra (b) above, t e Releva t PPS S are are re la ed u a er, a d t ara ra (y)( ) w ll ave e e t a t e re ere e to t e Releva t PPS S are lude re ere e to t e

Re la e e t S are , a d ak a y e e ary od at o .

( ) No Obl or all:

(a) urre der or ake ava lable to a ot er er o (ot er t a a ot er Obl or), or a e t a allo at o or reallo at o to t ro a ot er er o (ot er t a a ot er Obl or), o a y Grou Rel e (ot er t a a allo at o u der Se t o 179A o t e Taxat o o C ar eable Ga A t 1992 relat o to a y allowable lo ar a a re ult o t e ue o t e Releva t PPS S are , e try to t e A qu t o A ree e t or Co let o) ot er t a or ull o derat o to be a d o later t a t e t e w e t e Grou Rel e urre dered, allo ated or ade ava lable (a a l able); or

(b) ake a y ay e t or or re e t o a urre der to t or allo at o or reallo at o by t o Grou Rel e ex e o t e a ou t o Tax a tually aved by t at Obl or a a re ult o t e urre der, allo at o or reallo at o , a y ay e t to be ade o earl er t a t e t e t e Tax aved by t at Obl or would ave bee requ red to be a d but or t at urre der or allo at o or ak ava lable.

(v) Ot er t a a Per tted Tax Grou , o Obl or all (w et er o t ow be al or o be al o or a a e t or a ot er er o) e ter to to a y arra e e t or o e e ber o u arra e e t to d ar e a y l ab l ty o ot er e ber to ay Tax (lud , or t e avo da e o doubt, a y arra e e t o t e ty e re erred to e t o 59F o t e Taxe Ma a e e t A t 197).

(v) Ot er t a a Per tted Tax Grou , o Obl or all be o e a e ber o a AT Grou .

(v) No Obl or all take a y te , a d ea Obl or all ro ure t at o A l ate o a Obl or take a y te , w would, or t rea o ably be ex e ted to, au e a y Obl or to be o e:

(a) ub e t to a ar e to Tax ar a a re ult o a er o ea to be a e ber o a rou or a o at o or a y Tax ur o e (lud u der e t o 179 o t e Taxat o o C ar eable Ga A t 1992, e t o 344 to 346, Part 9, e t o 63 to 632 or e t o 78 o t e Cor orat o Tax A t 2 9; e t o 79 or 8 o t e Sta Duty Co ol dat o A t 1999 o rela d or Part 2 o t e Taxe Co ol dat o A t 1997 o rela d) ot er t a e try to t e A qu t o A ree e t a d t e er or a e o a y obl at o t ereu der (lud Co let o); or

(b) l able to ay, or ake re bur e e t or de ty re e t o , a y Tax (or w a er o ot er t a a Obl or r ar ly l able) o eque e o t e a lure by a y ot er er o to d ar e t at Tax w t a y e ed er od or ot erw e.

(v) No E l Obl or w ll old a y " tere t" (w t t e ea o e to 749B o t e o e a d Cor orat o Taxe A t 1988) a y " o trolled ore o a y" (w t t e ea o e to 747(2) o t at A t).

(v) T e uer a d t e r Obl or all o-o erate a d u e rea o able e deavour to e ure t at ay e t ay be ade by t e r Obl or to t e uer u der a y tra-Se ur ty Grou Loa A ree e t w t out w t old or dedu t o or or o a ou t o a y r tax.

(x) Ea Obl or all le all Tax retur a d ay all Taxe due a d ayable by t r or to t e a rual o a y e or e alty or late l or ay e t, u le (a d o ly to t e exte t t at):

(a) ay e t o t o e Taxe be d uted ood a t a d t rou a ro r ate ea ; a d

(b) adequate re erve are be a ta ed or t o e Taxe (a orda e w t , a d to t e exte t requ red by, t e A l able A ou t Pr le) lud t e o t requ red to d ute t e .

(x) (a) Sub e t to ub- ara ra (b) below, ea Obl or w ll u e rea o able e deavour ot to be o e re de t a y tax ur d t o ot er t a t e ur d t o o t or orat o .

(b) A Obl or ay a e t tax re de e rov ded t at t e Se ur ty Tru tee a re e ved ev de e at a tory to t (lud le al a d tax o o a d a ou t adv e) (a t rea o ably) t at u a e tax re de e would ot be ater ally re ud al to t e tere t o t e Se ured Cred tor .

(z) add t o , t e Co o Ter A ree e t lude erta ot er u to ary ove a t lud ove a t relat to t e a te a e o l e e a d o e t , tak a t o e e ary to rote t or a ta a y Se ur ty tere t o erred o t e Se ured Cred tor , o l a e w t e v ro e tal law a d re ulat o a d t e requ re e t to a ta a d u d e o e e .

Add t o al Debt urre e Te t

S edule 12 o t e Co o Ter A ree e t et out erta o d t o w t e Obl or u t o ly w t t ey w to ur a y Ca tal Ex e d ture

debted e , Work Ca tal debted e , Re a debted e or Ot er debted e (t e "**Add t o al Debt urre e Te t** "). T e e are de r bed below.

(a) *Add t o al Debt*

Sub e t to o l a e w t t e add t o al o d t o et out ara ra (a), (b), ( ) a d (d) below re e t o Ca tal Ex e d ture debted e , Work Ca tal debted e , Ot er debted e a d Re a debted e (a a l able), t e ollow o d t o u t ea be et or a y Add t o al Debt to o ly w t t e Add t o al Debt urre e Te t :

( ) at t e t e o t e urre e o t e Add t o al Debt o Cred t Rat Dow rade or Tr er Eve t o t u or ould rea o ably be ex e ted to ar e a a ed ate re ult o t e urre e o u Add t o al Debt ex e t t at Re a debted e ay be urred w l t a Tr er Eve t or Cred t Rat Dow rade o t u ;

( ) t e Add t o al Debt ade ava lable ur ua t to a Aut or ed Cred t Fa l ty, a d t e rov der o u Add t o al Debt (or a tru tee or re re e tat ve o t e r be al a d ex lud a y le or all w t t e de t o o Per tted F a e Lea e) a , to t e exte t t at t ot already a arty t ereo , a eded to t e ST D a d t e Co o Ter A ree e t a a Se ured Cred tor a d a a o ted a Se ured Cred tor Re re e tat ve;

( ) t e Add t o al Debt urred or o e or ore o t e ollow ur o e :

(a) Ca tal Ex e d ture debted e ;

(b) Work Ca tal debted e ;

( ) Ot er debted e ; or

(d) Re a debted e ;

(v) r or to t e Re a Date a d ave re e t o a F a e Lea e a d ord ary our e re tal ay e t u der a F a e Lea e, o eduled re ay e t are due re e t o t e Add t o al Debt (ot er t a re e t o revolv a l t e) earl er t a t e lo e t eduled atur ty date re e t o Fa l ty A a d Fa l ty B;

(v) a a re ult o t e urre e o t e Add t o al Debt o Aut or ed Cred t Prov der re e t o a Aut or ed Cred t Fa l ty e tered to a ter t e Clo Date w ll ave better E tre ed R t (take a a w ole) t a t o e Aut or ed Cred t Prov der rov d lar F a al debted e o t e a e la (u le all u Aut or ed Cred t Prov der rov d lar F a al debted e o t e a e la are o ered t e a e E tre ed R t a t e ew Aut or ed Cred t Prov der), rov ded t at a Aut or ed Cred t Prov der ay

ave E tre ed R t ot ra ted to ot er Aut or ed Cred t Prov der rov d lar F a al debted e o t e a e la t would ot a t o t e Se ur ty or u ot er Aut or ed Cred t Prov der ' ab l ty to o trol t e e or e e t ro e ;

(v) t e Hed Pol y w ll be o l ed w t all re e t w t 3 day o t e urre e o u Add t o al Debt; a d

(v) t e Add t o al Debt u t ra k *ar a u* all re e t w t all ot er Se or Debt.

(b) *S e Co d t o re e t o Work Ca tal debted e*

Add t o al Debt o t tut Work Ca tal debted e all ot ex eed £5 , , r or to t e Re a Date a d all o ta " lea dow " rov o w o erate at lea t o a et lea dow ba .

( ) *S e Co d t o re e t o Ot er debted e*

T e ollow o d t o u t be et re e t o a y Add t o al Debt w Ot er debted e (ot er t a re e t o F a e Lea e):

( ) rov ded ara ra ( ) below doe ot a ly, t e lo -ter red t rat o t e Rated Debt BBB (or equ vale t) (or above) by a y Rat A e y t e u Ot er debted e all be a l ed by t e Obl or :

(A) r or to t e Re a Date, re ay e t (to et er w t a y Re ay e t Ga) o Fa l ty A a d Fa l ty B u ro ort o a t e Obl or ay de de t e r d ret o (a ter dedu t a y Re ay e t Co t all w t l b (b) o t at ter); a d

(B) ollow t e Re a Date, t e d ret o o t e Obl or ;

( ) t e lo -ter red t rat o t e Rated Debt below BBB (or t e equ vale t by a y Rat A e y) t e :

(A) r or to t e Re a Date, re ay e t (to et er w t a y Re ay e t Ga) o Fa l ty A a d Fa l ty B (u ro ort o a t e Obl or ay de de t e r d ret o) (a ter dedu t a y Re ay e t Co t all w t l b (b) o t at ter);

(B) ollow t e Re a Date, but or a lo a Fa l ty C out ta d , re ay e t (to et er w t a y Re ay e t Ga) a d a ellat o o Fa l ty C (a ter dedu t a y Re ay e t Co t all w t l b (b) o t at ter , a y); a d;

(C) ollow t e Re a Date, a d rov ded t at Fa l ty C a bee ully a d rrevo ably a d a d a elled ull, t e d ret o o t e Obl or .

(d) *S e Co d t o re e t o Ca tal Ex e d ture debted e*

No ew Ca tal Ex e d ture debted e ay be urred u le Fa l ty C a bee or w ll, at t e a e t e a t e r t draw ade re e t o a y ew Ca tal Ex e d ture debted e , be draw ull.

(e) *Ge eral*

For t e avo da e o doubt, t e Add t o al Debt urre e Te t et out above o ly a ly to t e urre e o Per tted Add t o al Debt a d do ot a ly to Ord ary Cour e o Bu e debted e (lud , w t out l tat o , Subord ated Debt a d Subord ated tra rou L ab l t e).

D o al , A qu t o Cla Pro eed a d ura e Pro eed

S edule 13 o t e Co o Ter A ree e t et out erta o d t o w t e Obl or u t o ly w t relat o to d o al a d t e treat e t o Ex e Net D o al Pro eed , Ex e A qu t o Cla Pro eed a d Ex e ura e Pro eed . T e e are de r bed below.

D o al

No Obl or ay, e t er a le tra a t o or a er e o tra a t o a d w et er related or ot, d o e o all or a y art o t u dertak , reve ue , bu e or a et ot er t a :

(a) a Per tted D o al;

(b) ur ua t to t e reat o o a Per tted Se ur ty tere t; or

( ) w t t e r or wr tte o e t o t e Se ur ty Tru tee,

a d rov ded t at o u d o al would d re tly au e a Cred t Rat Dow rade, Tr er Eve t or De ault.

A l at o o Ex e Net D o al Pro eed , Ex e A qu t o Cla Pro eed a d Ex e ura e Pro eed

re e t o Ex e Net D o al Pro eed , Ex e ura e Pro eed a d/or Ex e A qu t o Cla Pro eed , t e Obl or u t:

(a) ro tly red t u o re e t:

( ) t e D o al Pro eed A ou t w t a y Ex e Net D o al Pro eed ;

( ) t e A qu t o Cla A ou t w t a y Ex e A qu t o Cla Pro eed ; a d

( ) t e ura e Pro eed A ou t w t a y Ex e ura e Pro eed ;

(b) o ly a ly a ou t ta d to t e red t o t e A qu t o Cla A ou t a d ura e Pro eed A ou t to e t er:

( ) Re ve t; or

( ) o or r or to t e Re ve t e t Cut-O Date, *ro rata* (a ord to t e re e t ve r al a ou t out ta d o ( ) t e Bo d , ro t e to t e (le a ou t already ta d to t e red t o t e Bo d De ea a e A ou t) a d ( ) t e Releva t Se or Debt):

(A) red t to Pro eed A ou t Led er o t e Bo d De ea a e A ou t re e t o ea Tra e o Bo d (u a ou t to be t e a l ed a orda e w t t e e t o e t tled "*W t drawal ro t e Pro eed A ou t Led er o t e Bo d De ea a e A ou t*" below); a d

(B) re ay (to et er w t a y Re ay e t Ga) a y Releva t Se or Debt u ro ort o a betwee t e Releva t Se or Debt a t e Obl or ay de de t e r d ret o (ub e t alway to t e ter o t e F a e Do u e t) (a ter dedu t a d ay a y related Re ay e t Co t , all w t l b (b) o t e de t o o t at ter , a y) rov ded t at a y revolv a l t e u t be a elled to t e exte t re a d;

( ) o ly a ly a ou t ta d to t e red t o t e D o al Pro eed A ou t, to e t er:

( ) Re ve t; or

( ) o or r or to t e Re ve t e t Cut-O Date or u a ou t t e ollow order o r or ty:

(A) u to a a ou t equal to £15 ll o (RP dexed), a y F a al Year re ay (to et er w t a y Re ay e t Ga) Releva t Se or Debt u ro ort o a betwee t e Releva t Se or Debt a t e Obl or ay de de t e r d ret o (ub e t alway to t e ter o t e F a e Do u e t) (ea a e a ter dedu t a d ay a y related Re ay e t Co t , all w t l b (b) o t e de t o o t at ter , a y) rov ded t at a y revolv a l t e u t be a elled to t e exte t re a d;

(B) t erea ter *ro rata* (a ord to t e re e t ve r al a ou t out ta d o ( ) ea Tra e o Bo d (le

a ou t already ta d to t e red t o t e Bo d De ea a e A ou t) a d ( ) t e Releva t Se or Debt):

1. red t t e Pro eed A ou t Led er o t e Bo d De ea a e A ou t re e t o ea Tra e o Bo d (u a ou t to be t e a l ed) a orda e w t ara ra (b) t e e t o e t tled *W t drawal ro t e Pro eed A ou t Led er o t e Bo d De ea a e A ou t* below); a d

2. re ay (to et er w t a y Re ay e t Ga) a y Releva t Se or Debt u ro ort o a betwee t e Releva t Se or Debt a t e Obl or ay de de t e r d ret o (ub e t alway to t e ter o t e F a e Do u e t) (ea a e a ter dedu t a d ay a y related Re ay e t Co t , all w t l b (b) o t e de t o o t at ter , a y) rov ded t at a y revolv a l t e u t be a elled to t e exte t re a d,

rov ded t at, t e a e o ara ra ( ) above, t ere o Releva t Se or Debt t e out ta d , u Ex e Net D o al Pro eed all be reta ed t e D o al Pro eed A ou t a d ay be a l ed by t e Obl or ro t e to t e at t e r d ret o to u d Ca tal Ex e d ture a d/or re ay or re ay a y Aut or ed Cred t Fa l ty a d/or ake arket ur a e o debt.

Re ve t e t

re e t o a y Ex e Net D o al Pro eed , Ex e ura e Pro eed a d/or Ex e A qu t o Cla Pro eed w t e Obl or ave ele ted to, or are obl ed to, Re ve t t e Obl or u t e ure t at u Ex e Net D o al Pro eed , Ex e ura e Pro eed a d/or Ex e A qu t o Cla Pro eed (a t e a e ay be) ave:

(a) w t 12 o t o re e t bee o tra tually o tted to be a l ed toward t e ur a e o ot er a et or u e t e Per tted Bu e a d o l a e w t t e rov o o t e Co o Ter A ree e t re ulat a qu t o , ve t e t a d o t ve ture by t e Obl or a d t e e eral ove a t de r bed above; a d

(b) u a ou t are a tually o a l ed w t 24 o t o re e t or a l ed re ay e t a de r bed above (t e al day o u er od be t e "**Re ve t e t Cut-O Date**").

Bo d De ea a e A ou t

S edule 14 o t e Co o Ter A ree e t de r be var ou rule relat o to w e a ou t u t be red ted or w t draw ro t e Bo d De ea a e A ou t. T e e are de r bed below.

Cred t to t e Bo d De ea a e A ou t

A ou t w ll be red ted to t e Bo d De ea a e A ou t a ollow :

(a) a y a ou t t at are requ red to be red ted to t e Bo d De ea a e A ou t a a o eque e o a Tr er Eve t, w ll be re orded to a led er e t tled "**Ma datory Pre ay e t A ou t** "; a d

(b) a y Ex e D o al Pro eed , Ex e ura e Pro eed or Ex e A qu t o Pro eed t at are requ red to be red ted to t e Bo d De ea a e A ou t, w ll be re orded to a led er e t tled "**Pro eed A ou t** ".

W t drawal ro t e Ma datory Pre ay e t A ou t Led er o t e Bo d De ea a e A ou t dur t e o urre e o a Tr er Eve t

a Tr er Eve t a o urred a d o t u (a ev de ed, re e t o a F a al Cove a t Tr er Eve t o ly, by t e o t re e tly del vered Co l a e Cert ate) t e Obl or ay at a y t e t e r ab olute d ret o w t draw a ou t ta d to t e red t o t e Ma datory Pre ay e t A ou t Led er o t e Bo d De ea a e A ou t to:

(a) ake ay e t re e t o t e Bo d (to et er w t a y related Re ay e t Co t all w t l b (a) o t e de t o o t at ter); a d/or

(b) ake arket ur a e o Bo d or a ur a e r e ot ex eed t e a re ate o ( ) ar a d ( ) a y re u w would be ayable were t e uer to redee u Bo d rat er t a u Bo d be ur a ed.

W t drawal ro t e Ma datory Pre ay e t A ou t Led er o t e Bo d De ea a e A ou t ollow t e Lo k-U Re edy Date

, ollow a red t to t e Ma datory Pre ay e t A ou t Led er, t e Co l a e Cert ate del vered relat o to t e Cal ulat o Date ollow u red t to t e Ma datory Pre ay e t A ou t Led er ow t at o Tr er Eve t o t u or (re e t o a Tr er Eve t w ot a F a al Cove a t Tr er Eve t), t at u Tr er Eve t a bee re ed ed a orda e w t t e Co o Ter A ree e t) a d t at ould t e Lo k-U A ou t be relea ed ro t e Lo k-U A ou t a ter t e ure o t e Tr er Eve t a d a l ed a orda e w t t e F a e Do u e t , o Tr er Eve t would o ur, t e a ou t ta d to t e red t o t e Ma datory Pre ay e t A ou t Led er all be a l ed by t e Obl or :

(a) or o lo a a y Releva t Se or Debt out ta d , re ay e t (to et er w t a y Re ay e t Ga) o a y Releva t Se or Debt (u

ro ort o a t e Obl or ay de de t e r d ret o , ub e t alway to t e ter o t e F a e Do u e t) (ea a e a ter dedu t a d ay a y Re ay e t Co t all w t l b (b) o t e de t o o t at ter , a y) rov ded t at a y revolv a l t e u t be a elled to t e exte t re a d, or

(b) o Releva t Se or Debt out ta d , t e t e d ret o o t e Obl or , lud t e ak o Re tr ted Pay e t , ub e t alway to t e rov o o t e F a e Do u e t .

W t drawal ro t e Pro eed A ou t Led er o t e Bo d De ea a e A ou t

T e Obl or all ot w t draw a y a ou t ta d to t e red t o t e Pro eed A ou t Led er o t e Bo d De ea a e A ou t, ex e t to:

(a) t e a ou t ta d to t e red t o t e Pro eed A ou t Led er o t e Bo d De ea a e A ou t le t a or equal to £1 , , (RP dexed):

( ) ake arket ur a e o a y Bo d or a ur a e r e ot ex eed t e a re ate o ( ) ar a d ( ) a y re u w would be ayable were t e uer to redee u Bo d rat er t a u Bo d be ur a ed; a d/or

( ) redee (a ter dedu t a d ay a y related Re ay e t Co t all w t l b (a) o t e de t o o t at ter) a y Bo d ued by t e uer ro t e to t e; a d/or

( ) u d Ca tal Ex e d ture; a d/or

(v) re ay or re ay (to et er w t a y related Re ay e t Ga a d a ter dedu t a d ay a y related Re ay e t Co t all w t l b (b) o t e de t o o t at ter) Fa l ty C a d/or a y o tted a ex a l ty t at ava lable to u d Ca tal Ex e d ture ro t e to t e rov ded t at a y revolv a l t e u t be a elled to t e exte t re a d; or

(b) t e a ou t ta d to t e red t o t e Pro eed A ou t Led er o t e Bo d De ea a e A ou t reater t a £1 , , (RP dexed):

( ) ake arket ur a e o a y Bo d or a ur a e r e ot ex eed t e a re ate o ( ) ar a d ( ) a y re u w would be ayable were t e uer to redee u Bo d rat er t a u Bo d be ur a ed; a d/or

( ) re ay or re ay (a ter dedu t a d ay a y related Re ay e t Co t all w t l b (a) o t e de t o o t at ter) a y Bo d .

Eve t o De ault a d E or e e t

(a) Notw t ta d t e ara ra above, t e Obl or all ot w t draw a y a ou t ta d to t e red t o t e Pro eed A ou t Led er or t e Ma datory Pre ay e t A ou t Led er o t e Bo d De ea a e A ou t or o lo a a Eve t o De ault o t u .

(b) Follow t e erv e o a E or e e t Not e, a ou t ta d to t e red t o t e Pro eed A ou t Led er or t e Ma datory Pre ay e t A ou t Led er o t e Bo d De ea a e A ou t all be a l ed (o a *ro rata* a d *ar a u* ba a betwee t e elve) olely to a ou t owed re e t o ea Tra e o Bo d a orda e w t t e Po t-E or e e t Pr or ty o Pay e t a et out t e ST D.

Tr er Eve t

T e Co o Ter A ree e t et out erta Tr er Eve t . T e e Tr er Eve t a d t e o eque e w low ro t e o urre e o t o e eve t are de r bed below.

T e o urre e o a y o t e ollow eve t w ll be a "**Tr er Eve t**":

(a) *F a al Cove a t Tr er Eve t*

A y date w e a y o t e ollow rat o are al ulated a orda e w t t e Co o Ter A ree e t to brea t e releva t level e ed below (ea a "**F a al Cove a t Tr er Eve t Rat o Level**") a deter ed a at t e o t re e tly o urr Cal ulat o Date:

( ) t e NP Te t a at a y Cal ulat o Date reater t a 7 er e t.;

( ) t e Levera e Te t or a y Releva t Per od or Releva t Forward Per od or ore a t to be reater t a 7. , ex e t relat o to t e r t a d e o d Cal ulat o Date , t e Levera e Te t or t e related Releva t Per od reater t a 7.25; or

( ) t e tere t Cover Te t or a y Releva t Per od or Releva t Forward Per od or ore a t to be le t a 1.75.

(ea a "**F a al Cove a t Tr er Eve t**").

(b) *De ault*

W t out re ud e to t e ot er re ed e re e t t ereo , t e o urre e o a De ault w o t u .

( ) *Ca low S ort all*

O a y Cal ulat o Date t e a ou t w t e ro e ted a d e t ated to be t e ax u robable a al l ab l ty o t e Se ur ty Grou to ake ay e t (w et er a t due a d u a d, urre t a d due or uture) re e t o t Net tere t

Payable, Ca tal Ex e d ture a d Tax l ab l t e (tak to a ou t a y tax red t or rebate re e ved or re e vable by t e Se ur ty Grou) t e ub eque t 12 o t er od tart o u Cal ulat o Date ex eed t e a re ate (w t out double ou t) o t e ollow a ou t to t e exte t t at u a ou t are ava lable or u d a y u ro e ted a d e t ated a al l ab l t e dur u 12 o t er od:

( ) all a ou t ava lable to be draw u der t e Aut or ed Cred t Fa l t e ;

( ) a y a ou t t e ta d to t e red t o a y a ou t eld by t e Se ur ty Grou ; a d

( ) Co ol dated EB TDA,

or or t e e ur o e all F a al debted e w all due or eduled re ay e t dur u 12 o t er od.

Tr er Eve t Co eque e

Follow t e o urre e o a Tr er Eve t a d at a y t e u t l u Tr er Eve t a bee wa ved by t e Se ur ty Tru tee or re ed ed a orda e w t t e Tr er Eve t Re ed e (ee "*Tr er Eve t Re ed e* " below) t e ollow o eque e ("**Tr er Eve t Co eque e** ") w ll a ly:

(a) *No Re tr ted Pay e t*

No Obl or ay ake a y Re tr ted Pay e t .

(b) *Lo k-u a d Ma datory Pre ay e t*

( ) A l at o o Ex e Ca low w ere a Tr er Eve t a o urred

, o a y date (a "**Tr er Date**"), a Tr er Eve t a o urred (a ev de ed, re e t o a F a al Cove a t Tr er Eve t o ly, by t e o t re e tly del vered Co l a e Cert ate) t e t e Obl or all, ro tly ollow (a) del very o t e releva t Co l a e Cert ate w o r t e o urre e o a Tr er Eve t re e t o u Cal ulat o Date (a d, a y eve t, w t two Bu e Day ollow u del very) or (a t e a e ay be) (b) t e o urre e o t e ext u eed Cal ulat o Date a ter t e o urre e o t e Tr er Date a d t e Tr er Eve t o t u red t t e Lo k-U A ou t w t a a ou t equal to t e Ex e Ca low or t e Se -A ual Per od e d o t e Cal ulat o Date all ed ately r or to t at Tr er Date (a ter dedu t a ou t already a l ed re ay e t a de r bed te (r) u der "*Ge eral Cove a t* " above u Se -A ual Per od a d a ter dedu t a y Re tr ted Pay e t or ay e t all w t t e ex e t o to t at de t o ea a e already ade r or to t e Tr er Date) a d, t e Obl or all o t ue to o red t t e Lo k-U A ou t re e t o ea

ub eque t Se -A ual Per od w t 2 Bu e Day o del very o t e releva t Co l a e Cert ate or o lo a a Tr er Eve t o t u (t e a re ate o u a ou t o red ted be t e "**Lo k-U A ou t** ").

dur a ve t at o Per od all or art o t e Ex e Ca low re e t o t e releva t Se -A ual Per od a l ed toward re ay a Aut or ed Cred t Fa l ty w er tted to ave a ex e a low wee or Fa l ty A a d/or Fa l ty B (ea a e w ere u a low wee er tted ur ua t to t e Co o Ter A ree e t) a d u ve t at o Per od brou t to a e d by t e del very o a re- tated Co l a e Cert ate ev de t at a Tr er Eve t o t u , a y u a ou t o re a d all ot be requ red to be red ted to t e Lo k-U A ou t.

( ) A l at o o Lo k-U A ou t w l t a Tr er Eve t o t u

No a ou t ay be w t draw ro t e Lo k-U A ou t ex e t a de r bed ara ra ( ), (v), (v) a d (v) below.

( ) O t o al Pre ay e t

a Obl or ot requ red to ake a a datory re ay e t a de r bed (v) below, t e Obl or ay a ly a ou t t e ta d to t e red t o t e Lo k-U A ou t *ro rata* (a ord to t e re e t ve r al a ou t out ta d o ( ) ea Tra e o t e Bo d (le a ou t already ta d to t e red t o t e Bo d De ea a e A ou t) a d ( ) t e Releva t Se or Debt) :

(A) red t to t e Ma datory Pre ay e t A ou t Led er o t e Bo d De ea a e A ou t; a d

(B) re ay e t (to et er w t a y Re ay e t Ga) o a y Releva t Se or Debt u ro ort o a betwee t e Releva t Se or Debt a t e Obl or ay de de t e r d ret o (ea a e a ter dedu t a d ay a y related Re ay e t Co t all w t l b (b) o t e de t o o u ter , a y) rov ded t at a y revolv a l t e are a elled to t e exte t t ey are requ red to be re a d.

(v) Ma datory Pre ay e t

:

(A) Releva t Se or Debt out ta d ; a d

(B) a Tr er Eve t o ur a d o t u o two or ore o e ut ve Cal ulat o Date (a ev de ed, re e t o a F a al Cove a t Tr er Eve t o ly, by t e two o t re e tly del vered Co l a e Cert ate),

t e , ollow t e red t o t e Ex e Ca low or ea Se -A ual Per od a orda e w t ara ra (b)( ) above, t e Obl or all ed ately a ly all a ou t t e ta d to t e red t o t e Lo k-U A ou t *ro rata* (a ord to t e re e t ve r al a ou t out ta d o ( ) ea Tra e o Bo d (le a ou t already ta d to t e red t o t e Bo d De ea a e A ou t) a d ( ) t e Releva t Se or Debt) :

(A) red t to t e Ma datory Pre ay e t A ou t Led er o t e Bo d De ea a e A ou t; a d

(B) re ay e t (to et er w t a y Re ay e t Ga) o Releva t Se or Debt u ro ort o a betwee t e Releva t Se or Debt a t e Obl or ay de de t e r d ret o (a ter dedu t a d ay a y related Re ay e t Co t all w t l b (b) o t e de t o o u ter , a y) rov ded t at a y revolv a l t e are a elled to t e exte t t ey are requ red to be re a d.

:

(A) o Releva t Se or Debt out ta d a d a bee a elled ull; a d

(B) a Tr er Eve t o ur a d o t u o two or ore o e ut ve Cal ulat o Date (a ev de ed, re e t o a F a al Cove a t Tr er Eve t o ly, by t e two o t re e tly del vered Co l a e Cert ate),

t e , ollow t e red t o t e Ex e Ca low or ea Se - A ual Per od a de r bed (b)( ) (*A l at o o Ex e Ca low w ere a Tr er Eve t a o urred*) above, t e Obl or all ed ately a ly all a ou t t e ta d to t e red t o t e Lo k-U A ou t red t to t e Ma datory Pre ay e t Led er o t e Bo d De ea a e A ou t.

(v) A l at o o Lo k-u A ou t ollow t e Lo k-U Re edy Date

For o lo a a y Swee Fa l t e are out ta d , a ter a Lo k-U Re edy Date, t e Lo k-U A ou t ta d to t e red t o t e Lo k-U A ou t all be a l ed t e ollow order o r or ty:

(A) *r t*, toward re ay e t o t e Swee Fa l t e u ro ort o a betwee t e Swee Fa l t e a t e Obl or ay de de t e r d ret o , a a ou t equal to t e a re ate o ea Requ red A ou t (a de ed above u der "*Cove a t – Ge eral - (r)*") o or be ore t e ext Releva t Pay e t Date (a ea ter de ed below);

(B) *e o d*, t e relea e o a y re a a ou t ba k to t e Obl or (t rou t e Se ur ty Grou A e t) w o ay a ly u a ou t t e r d ret o .

o Swee Fa l t e are out ta d , a ter a Lo k-U Re edy Date, a y a ou t ta d to t e red t o t e Lo k-U A ou t all be ed ately relea ed ba k to t e Obl or (t rou t e Se ur ty Grou A e t) w o ay a ly u a ou t t e r d ret o .

"**Swee Fa l t e**" ea :

(A) Fa l ty A a d Fa l ty B or o lo a u a l t e ave ot bee ully re a d;

(B) Fa l ty A a d Fa l ty B ave bee ully re a d, a y ot er Aut or ed Cred t Fa l t e , ro t e to t e, w requ re Ex e Ca low to be a l ed toward t e r re ay e t a d, a art o t e r ter , are o ated a "Swee Fa l t e" (ex lud a y work a tal a l t e).

(v) W t drawal ro t e Lo k-U A ou t ollow a ro e ted ort all a low

T e Obl or ay at a y t e w t draw a ou t ta d to t e red t o t e Lo k-U A ou t or t e ur o e o ak ay e t or re ay e t o eduled tere t a d r al re e t o Se or Debt or to ake et ay e t u der a y Hed A ree e t , ea a e, t e Se ur ty Grou A e t rov de a ert ate (a t ood a t a d av re ard to ro e ted a low u t l t e e d o t e r t ull Se -A ual Per od ollow t e date o t e ro o ed w t drawal) to t e Se ur ty Tru tee t at t e Obl or would ot ot erw e ave u e t a ava lable ro ot er our e to ake u ay e t.

(v) W t drawal ro t e Bo d De ea a e A ou t

T e Obl or ay o ly w t draw a ou t ta d to t e red t o t e Bo d De ea a e A ou t or a l at o a orda e w t t e rov o o t e Co o Ter A ree e t.

( ) *Furt er or at o a d Re ed al Pla*

( ) So ar a er tted by a y a l able law, re ulat o , order or a y b d o de t al ty obl at o , t e Se ur ty Grou u t rov de u or at o a to t e releva t Tr er Eve t (lud t au e a d e e t) a ay be rea o ably reque ted by t e Se ur ty Tru tee.

( ) T e Se ur ty Grou or u e ber or e ber t ereo a t e Se ur ty Tru tee ay reque t, all rov de to t e Se ur ty Tru tee t wr tte ro o al or t e re edy o t e Tr er Eve t w t

1 Bu e Day , a d all a y eve t, reque ted by t e Se ur ty Tru tee, eet w t bot t e Se ur ty Tru tee a d t e Se ured Cred tor Re re e tat ve o t e Se ured Cred tor to d u t e ra at o o t e Tr er Eve t a d t re edy.

(d) *Co ultat o w t Re ulator*

T e Se ur ty Tru tee all be e t tled to be o ulted w t re e t to, a d u o t e rea o able reque t o t e Se ur ty Tru tee a d o e t o t e Re ulator, to art ate , a y d u o w t a y Re ulator re ard t e ra at o o t e Tr er Eve t a d t re edy.

Tr er Eve t Re ed e

T e Tr er Eve t are re ed ed e t er t ey are wa ved by t e Se ur ty Tru tee, or t ey are o lo er o t u a ev de ed by a ert ate rov ded by t e Se ur ty Grou A e t to t e Se ur ty Tru tee ed by two d re tor o t e Se ur ty Grou A e t o r t at t e Tr er Eve t a bee re ed ed, to et er w t u ev de e u ort o u ert ate a t e Se ur ty Tru tee ay rea o ably requ re. A F a al Cove a t Tr er Eve t w ll be re ed ed a Co l a e Cert ate del vered relat o to a Cal ulat o Date ollow t e Tr er Date ar a a re ult o t e F a al Cove a t Tr er Eve t ow t at t ere are o F a al Cove a t Tr er Eve t out ta d .

Eve t o De ault

T e Co o Ter A ree e t o ta a u ber o eve t o de ault (t e "**Eve t o De ault**") w w ll be Eve t o De ault u der ea F a e Do u e t, ub e t, o e a e , to a reed ex e t o , ater al ty qual at o , re ervat o a to atter o law a d ra e er od . T e Eve t o De ault lude:

(a) A Obl or doe ot ay o t e due date a y a ou t ayable by t u der t e F a e Do u e t t e a er requ red u der u do u e t u le u a lure to ay au ed by a ad trat ve or te al error a d u ay e t ade w t 3 Bu e Day o t e due date;

(b) ( ) T e NP Te t a tated t e Co l a e Cert ate rodu ed re e t o a y Cal ulat o Date reater t a 75 er e t., u t l t e FA D ar e Date, a d t erea ter 8 er e t., ub e t ea a e to Cure R t;

( ) T e Levera e Te t a tated t e Co l a e Cert ate rodu ed re e t o t e Releva t Per od reater t a 8. , ub e t to Cure R t; a d/or

( ) T e tere t Cover Te t a tated t e Co l a e Cert ate rodu ed re e t o t e Releva t Per od le t a 1.5 , ub e t to Cure R t,

( ) to ( ) ea be a "**F a al Cove a t Rat o Level**";

( ) a Obl or doe ot o ly w t t e ter o a y ove a t or u dertak et out t e F a e Do u e t (ot er t a o - o etary er or a e obl at o u der a F a e Lea e);

(d) a re re e tat o ade or re eated by a Obl or t e Co o Ter A ree e t or a y do u e t del vered by or o be al o a y Obl or u der a y F a e Do u e t orre t or lead a y ater al re e t w e ade or dee ed to be re eated;

(e) A y o t e ollow o ur re e t o o e or ore Obl or :

( ) a y F a al debted e (ex e t or Subord ated Debt or Subord ated tra rou L ab l t e or F a al debted e betwee Obl or) a a re ate a ou t ex eed £1 , , (RP dexed) or t equ vale t ot a d w e due a ter t e ex ry o a y or ally a l able ra e er od; or

( ) a y F a al debted e (ex e t or Subord ated Debt or Subord ated tra rou L ab l t e or F a al debted e betwee Obl or) a a re ate a ou t ex eed £1 , , (RP dexed) or t equ vale t:

(A) de lared to be or ot erw e be o e due a d ayable r or to t e ed atur ty; or

(B) a y o t e t or u F a al debted e a elled or u e ded; or

(C) a y red tor o a y e ber o t e Se ur ty Grou be o e e t tled to de lare u F a al debted e due a d ayable r or to t e ed atur ty or ot erw e la ed o de a d,

ea a e, a a re ult o a eve t o de ault (ow oever de r bed ot er t a a FA Eve t o De ault or a equ vale t eve t o de ault to a FA Eve t o De ault a ot er Aut or ed Cred t Fa l ty);

( ) t e olve y o o e or ore Obl or ;

( ) t e w d -u , d olut o , ad trat o or ot er a ala ou ro eed be e tered re e t o o e or ore Obl or ;

( ) t be o e u law ul or a y Obl or to er or t obl at o u der t e F a e Do u e t or a y o t e obl at o o a Obl or u der a y F a e Do u e t are ot or ea e to be le al, val d, b d or e or eable a d t e e at o t ereo a a Mater al Adver e E e t o t e tere t o t e Se ured Cred tor u der t e F a e Do u e t ;

( ) t e Se ur ty reated by a Se ur ty Do u e t e tered to by a y Obl or ea e to be ull or e a d e e t or doe ot reate t e e ur ty tere t t ur ort to reate ea a e a a er t at a a Mater al Adver e E e t;

( ) t e aut or ty or ab l ty o t e releva t e ber o t e Se ur ty Grou to o du t t bu e w olly or ub ta t ally urta led by a y e zure, ex ro r at o , at o al at o , o ul ory a qu t o , terve t o , re tr t o or ot er a t o by or o be al o a y over e tal, re ulatory or ot er aut or ty or ot er er o ;

(k) a Obl or u e d or ea e to arry o all or a ub ta t al art o t bu e w rea o ably l kely to re ult a Mater al Adver e E e t or a e t e ature o t bu e (ot er t a a o te lated w t t e de t o o Per tted Bu e) a y ater al re e t ro t at u dertake a att e date o , ex e t:

( ) a er tted by t e Se ur ty Tru tee a t o tru t o re e ved a orda e w t t e ST D or (w t out obl at o) t ab olute d ret o ; or

( ) a a re ult o a Per tted D o al;

(l) a y l t at o , arb trat o , ad trat o , or ot er ro eed o ur o er or ar o eque e o t e F a e Do u e t or t e Se ur ty Grou ' bu e w a or rea o ably l kely to ave a Mater al Adver e E e t but ex lud (a y a e) a y l t at o , arb trat o , ad trat o or ot er ro eed related to or ar ro a y l t at o , arb trat o , ad trat o , ro eed , ve t at o or qu ry w a bee tarted r or to t e Clo Date a d ave bee et out t e D lo ure Letter;

( ) a y atta e t, eque trat o , d tre , exe ut o , o ul ory a qu t o or a alo ou eve t a e t a y a et or a et o a y e ber o t e Se ur ty Grou , u le t e a et volved are valued at le t a £1 , , (RP dexed) or t e a t o be o te ted ood a t a d d ar ed w t 3 day ;

( ) ex e t a ex re ly er tted u der t e F a e Do u e t , HAF (r or to Co let o) or B dCo (ollow Co let o) ea e to ow d re tly or d re tly l er e t. o t e are t e e ber o t e Se ur ty Grou or a y ter ed ary old o a y below HAF (r or to Co let o) or B dCo (ollow Co let o) ea e to old l er e t. o t e are t e r d re t Sub d ar e (ot er t a re e t o t e PPS S are);

(o) a y Obl or doe ot o ly w t a y ater al rov o o t e ST D; a d

( ) a Obl or re d or re ud ate a F a e Do u e t or a y Se ur ty or a y arty to t e A qu t o Do u e t re d or re ud ate a y o t o e a ree e t or tru e t w ole or art w ere to do o a a Mater al Adver e E e t.

, r or to t e date all our o t a ter t e date o t e A qu t o (t e "**Clea -u Date**"), a y eve t or r u ta e t at wa ex t o or r or to t e date all 15 Bu e Day a ter t e date o t e A qu t o re ult a Eve t o

De ault or a brea o a y re re e tat o , warra ty, ove a t u der t e F a e Do u e t , u eve t or r u ta e all be dee ed ot to be a Eve t o De ault or a brea o re re e tat o , warra ty or ove a t u le t at eve t or r u ta e:

( ) wa au ed, o tr buted to or a roved by t e t al ve tor ;

( ) relate to B dCo or to t e t al ve tor ;

( ) would rea o ably be ex e ted to re ult a Mater al Adver e E e t;

(v) a able o re edy; or

(v) a able o re edy a d rea o able te are ot be take to re edy t.

t e releva t r u ta e are o t u o or a ter t e Clea -u Date, t ere all be a brea o re re e tat o or warra ty, brea o ove a t or Eve t o De ault, a t e a e ay be otw t ta d t e above (a d w t out re ud e to t e r t a d re ed e o t e F a e Part e).

U o be o aware o a y Eve t o De ault, t e Se ur ty Tru tee w ll be e t tled, w le t t ll o t u , ub e t to t e rov o o t e ST D by ot e to t e Obl or (a "**E or e e t Not e**") to e or e a y uara tee or e ur ty or t e Obl or ' obl at o u der t e Se ur ty Do u e t a d ay, ub e t to t e rov o o t e releva t Aut or ed Cred t Fa l ty a d ub e t to t e rov o o t e ST D, de lare all a ou t out ta d u der t e F a e Do u e t to be ed ately due a d ayable or to be ayable o de a d o t e Se ur ty Tru tee (w ereu o t e a e all be o e o due a d ayable or (a t e a e ay be) ayable o u de a d rov ded t at o ly t e Bo d Tru tee ay de lare all a ou t out ta d u der t e Bo d to be ed ately due a d ayable (*See al o "R k Fa tor - T e Se ur ty Tru tee u t o ly w t erta obl at o dur a e or e e t ro e "*)).

Cure R t

S edule 5 o t e Co o Ter A ree e t et out erta ure r t re e t o De ault ar a a re ult o brea e o a al ove a t . T e e are de r bed below.

(a) No De ault ar ro a brea o a F a al Cove a t Rat o Level (ee ara ra (b) o "*Eve t o De ault*" above) all o ur r or to or w t 15 Bu e Day o t e del very o t e releva t Co l a e Cert ate ev de a brea o a F a al Cove a t Rat o Level :

( ) t e Obl or ave ro ured t at Add t o al Co tr but o are ade;

( ) t e ro eed o u Add t o al Co tr but o are a l ed :

(A) ak ay e t re e t o ea Tra e o Bo d (to et er w t a y related Re ay e t Co t all w t l b (a) o t e de t o o t at ter);

(B) ak arket ur a e o Bo d or a ur a e r e ot ex eed t e a re ate o ( ) ar a d ( ) a y re u w would be ayable were t e uer to redee u Bo d rat er t a u Bo d be ur a ed; a d/or

(C) re ay e t (to et er w t a y Re ay e t Ga) u ro ort o betwee t e Releva t Se or Debt a t e Obl or ay de de t e r d ret o (ub e t alway to t e ter o t e F a e Do u e t) (a ter dedu t a y related Re ay e t Co t all w t l b (b) o t e de t o o t at ter) rov ded t at a y revolv a l t e u t be a elled to t e exte t re a d),

(a t e Obl or ay de de t e r d ret o), a d

( ) t e Obl or all ave del vered to t e Se ur ty Tru tee a Co l a e Cert ate d at , a ter tak to a ou t t e Add t o al Co tr but o , t at t e releva t F a al Cove a t Rat o Level o lo er brea ed,

t e e a de r bed ara ra ( ) to ( ) above be a "**Cure R t**".

(b) Follow t e exer e o a Cure R t, o brea o a F a al Cove a t Rat o Level all be dee ed to ave o urred.

( ) For t e ur o e o re al ulat t e F a al Cove a t Rat o Level :

( ) re e t o t e NP Te t a d t e Levera e Te t, t e Add t o al Co tr but o w ll be treated a redu Co ol dated Net Debt o a tor al ba ; a d

( ) re e t o t e tere t Cover Te t, t e Add t o al Co tr but o w ll be treated a redu Co ol dated Net Debt o a tor al ba , (a at t e be o t e Releva t Per od) w t a o eque t dee ed redu t o t e tere t ayable re e t o u Co ol dated Net Debt.

(d) For t e ur o e o al ulat t e tere t Cover Te t o t e Cal ulat o Date ed ately ollow t e tere t Cover Te t re erred to ( )( ) above, t e tere t ayable or t e r t x o t o t e Releva t Per od all be equal to t e tere t dee ed to ave bee ayable dur t e la t x o t o Releva t Per od re e t o t e rev ou tere t Cover Te t a al ulated a ord to t e de r t o above.

(e) A Cure R t ay ot be exer ed re e t o a y two o e ut ve Cal ulat o Date or ore t a tw e a y x year er od.

Hed Pol y

T e Obl or are ub e t to a Hed Pol y w et out at S edule 6 o t e Co o Ter A ree e t. T e Obl or (ot er t a B dCo a d F Co Pare t) ay e ter to Hed A ree e t (lud tere t rate tra a t o) o or ty w t t e Hed Pol y. T e Obl or (ot er t a t e uer, B dCo a d F Co Pare t), ay e ter to O erat o al Hed A ree e t . T e ed ou ter art e re e t o u arra e e t (to t e exte t t ey ave a eded to t e ST D a u) w ll be Se ured Cred tor a d w ll ra k ar a u w t t e la o t e Bo d older u der ea Tra e o t e Bo d .

T e Hed Pol y requ re t e Se ur ty Grou to ed e all o t loat rate ex o ure to xed rate re e t o Fa l ty A a d Fa l ty B by Co let o or t e durat o o t e r ter by re ere e t o a xed a ort at o edule. t e Se ur ty Grou U der ed ed or a y rea o t w ll be requ red to rea e t e level o t ed u t l t o lo er U der ed ed. For t e e ur o e , "**U der ed ed**" ea t at, at t e releva t t e:

. (a y o Fa l ty A or Fa l ty B t e out ta d) t e a re ate out ta d r al a ou t o Fa l ty A a d Fa l ty B t at bear a xed rate o tere t (e t er d re tly or t rou ed) le t a 95% o t e a re ate out ta d r al a ou t o Fa l ty A a d Fa l ty B a at t e releva t Cal ulat o Date; or

. (o e o Fa l ty A or Fa l ty B t e out ta d) le t a 8 % o t e a re ate out ta d r al a ou t o Se or Debt urred by t e Se ur ty Grou at u t e bear a xed rate o tere t (e t er d re tly or t rou ed).

O a d ro t e day all 15 Lo al Bu e Day (a t at ter de ed t e releva t Hed A ree e t or O erat o al Hed A ree e t) a ter Co let o (t e "**Over ed L t Start Date**") t e a re ate ot o al a ou t o Trea ury Tra a t o e tered to to ed e t e Se ur ty Grou ' loat rate ex o ure u der:

( ) (a y o Fa l ty A or Fa l ty B t e out ta d) Fa l ty A, Fa l ty B a d Fa l ty o a et ba (a ter tak a ou t o a y rever e wa or Trea ury Tra a t o av a lar e e t) all ot ex eed:

(a) o t e Over ed L t Start Date, 1 %; a d

(b) o a y date a ter t e Over ed L t Start Date, 11 %,

ea a e, o t e a re ate r al a ou t out ta d u der Fa l ty A, Fa l ty B a d Fa l ty C at u t e; or

( ) (o e o Fa l ty A or Fa l ty B t e out ta d) loat rate debt urred by t e Se ur ty Grou ro t e to t e o a et ba (a ter tak a ou t o a y rever e wa or Trea ury Tra a t o av a lar e e t) all ot

ex eed 11 % o t e a re ate out ta d r al a ou t o u loat rate debt at u t e.

(ea u l % or, a a l able, 11 % l t, t e "**Over ed L t**")

t e Se ur ty Grou ex eed t e ax u a ou t o tere t rate ed t er tted to u dertake, or all ort o t e u a ou t o tere t rate ed t requ red to u dertake, t w ll be requ red to take te to br t el ba k to o l a e w t t e e requ re e t (e. . by ter at ex t ed tra a t o or e ter to ew ed tra a t o , a a l able).

T e Hed Pol y er t t e Se ur ty Grou to e ter to O erat o al Hed A ree e t to ed e t ore a t o erat reve ue or o erat or a tal ex e d ture or or a tal ex e d ture a d ere t urre y ar t e ord ary our e o bu e . T e Hed Pol y al o requ re t e Se ur ty Grou to ully ed e a y ore ex a e r k t ex o ed to a a re ult o u debt tru e t de o ated urre e ot er t a Sterl .

T e Hed Pol y al o o ta erta rov o relat o to t e eve t o de ault a d ter at o eve t w ay be o ta ed t e Hed A ree e t .

T e Co o Ter A ree e t over ed by E l law.

2. SECUR TY TRUST AND NTERCRED TOR DEED

Ge eral

T e ter red tor arra e e t a o t e Se ured Cred tor o t e Se ur ty Grou (t e "**ter red tor Arra e e t**") are o ta ed t e ST D. T e ter red tor Arra e e t b d ea o t e Se ured Cred tor a d ea o t e Obl or . To t e exte t t at due our e t ere are a y Subord ated Debt Cred tor t ey w ll be Se ured Cred tor but t e r la re e t o a y F a al debted e w ll be ubord ated a d o t o ed ur ua t to t e ST D. No Subord ated tra rou Cred tor a Se ured Cred tor a d a y la o t e r a a t t e Se ur ty Grou are urt er ubord ated a d o t o ed ur ua t to t e ST D. T e ollow e t o de r be o ly t e ter red tor Arra e e t a a o t e Se ured Cred tor .

U e ured red tor ot er t a Subord ated tra rou Cred tor a d 365Co are ot a d w ll ot be o e art e to t e ter red tor Arra e e t a d w ll ave u ettered, de e de t r t o a t o re e t o t e r debt . 365Co o ly a arty to t e ST D to ve erta u dertak l t t r t o a t o a a t t e Obl or . T e a re ate a ou t o u e ured F a al debted e re tr ted u der t e Co o Ter A ree e t.

Pr or to Co let o , HAF w ll be a Se ured Cred tor re e t o t e HAF ter o a y Debt, a d ra k *ar a u* w t t e la o t e Bo d older u der ea Tra e o t e Bo d re e t o t la u der t e HAF ter o a y Debt. However, HAF ot er tted to vote a le der u der t e HAF ter o a y Debt o a y atter re e t o w Se ured Cred tor ave t e r t to vote u der t e ST D but a erta E tre ed R t . T e HAF ter o a y Debt w ll be ully

re a ed u o Co let o ro u d adva ed to t e uer u der t e t al Fa l ty A ree e t.

Pr or to Co let o , HAF w ll be a u e ured red tor re e t o t e work a tal a l ty t a ade ava lable to Ma tCo. A y out ta d debt u der u a l ty w ll be re a ed u o Co let o w t u d adva ed to Ma tCo by B dCo. B dCo w ll obta u u d ro B dCo HoldCo ur ua t to t e B dCo S are older Loa to B dCo a d B dCo HoldCo' r t a d obl at o a a Subord ated tra rou Cred tor relat o to t e B dCo S are older Loa all o e to e e t.

T e ur o e o t e ter red tor Arra e e t to re ulate, a o ot er t : ( ) t e la o t e Se ured Cred tor ; ( ) t e exer e, a elerat o a d e or e e t o r t by t e Se ured Cred tor ; ( ) t e r t o t e Se ured Cred tor to tru t t e Se ur ty Tru tee; a d (v) t e v o o e t a d wa ver a d t e ak o od at o to t e Co o Ter A ree e t, t e Se ur ty Do u e t , t e A ou t Ba k A ree e t, t e CP A ree e t a d t e Ma ter De t o A ree e t (t e "**Co o Do u e t** "), art ular, t e ba o w vote o t e Se ured Cred tor w ll be ou ted or t e ur o e o deter w et er t e Se ur ty Tru tee ay rov de u o e t or wa ver or a rove u od at o .

T e ter red tor Arra e e t rov de or t e ra k o t o ay e t o t e la o t e Se ured Cred tor a ter del very o a E or e e t Not e a de r bed "*Po t-E or e e t Pr or t e o Pay e t*" below a d or t e ubord at o a d o t o e e t o all la re e t o F a al debted e o a y Subord ated tra rou Cred tor.

T e Se ured Cred tor w ll be bou d by, a d ave t e be e t o , t e ST D.

Ea Se ured Cred tor a o t a Se ured Cred tor Re re e tat ve to a t a t re re e tat ve t e exer e o all r t o t e Se ured Cred tor re re e ted by u Se ured Cred tor Re re e tat ve u der t e F a e Do u e t . T e Se ured Cred tor Re re e tat ve or t e t al Fa l ty Prov der w ll be t e t al Fa l ty A e t a d, or t e Bo d older , t e Bo d Tru tee.

T e Pe o Tru tee arty to t e ST D a d a Se ured Cred tor alt ou t e e e t ve e o t r t a d obl at o are o d t o al o del very o a ert ate ed by t a d HSBC Ba k l . T e obl at o o t e Pe o Tru tee u der t e ST D are al o ub e t to erta arve-out w are or orated to t ter . For exa le, t e Pe o Tru tee e t tled to de e de tly e or e t r t u der t e Pe o Do u e t a d a a atter o law but all ave o r t to de e de tly e or e or tru t t e Se ur ty Tru tee to e or e t e Se ur ty ra ted ur ua t to t e Se ur ty Do u e t .

U dertak o Se ured Cred tor

Pur ua t to t e ter o t e ST D, ea Se ured Cred tor (ot er t a t e Se ur ty Tru tee a d t e Pe o Tru tee) a ree t at t w ll ot:

(a) er t or requ re a y Obl or to d ar e a y o t e Se ured L ab l t e owed to t, ex e t to t e exte t a d t e a er er tted u der t e Co o Do u e t a d t e releva t F a e Do u e t (to t e exte t t at t e rov o o u F a e Do u e t are o te t w t t e releva t rov o o t e Co o Do u e t);

(b) a elerate a a t a y Obl or, or er t or requ re a y Obl or to a elerate, a el, ay, re ay, re ay, redee , ur a e, ter ate early or volu tar ly ter ate or ot erw e a qu re a y o t e Se ured L ab l t e owed by u Obl or, ex e t:

( ) to t e exte t a d t e a er rov ded or or er tted by t e Co o Do u e t a d a urt er e ed t e F a e Do u e t to t e exte t t e rov o o u F a e Do u e t are o te t w t t e releva t rov o o t e Co o Do u e t; a d

( ) t e a datory re ay e t o a Aut or ed Cred t Fa l ty t e eve t t at t be o e u law ul or a Aut or ed Cred t Prov der to er or a y o t obl at o a o te lated by t e releva t Aut or ed Cred t Fa l ty or to u d or a ta a y Aut or ed Cred t Fa l ty;

( ) take, a e t or re e ve t e be e t o a y Se ur ty tere t, uara tee, de ty or ot er a ura e a a t a al lo ro a y Obl or re e t o a y o t e Se ured L ab l t e owed to t ex e t ur ua t to t e Se ur ty reated u der t e Se ur ty Do u e t or ur ua t to or a er tted by t e F a e Do u e t (to t e exte t t at t e rov o o u F a e Do u e t are o te t w t t e releva t rov o o t e Co o Do u e t);

(d) take, re e ve or re over ro a y o t e Obl or by et-o , a y r t o o b at o o a ou t, ro eed o a y k d or a y ot er a er w at oever (ave w ere er tted ur ua t to ara ra (a) to ( ) above) t e w ole or a y art o t e Se ured L ab l t e owed to t, ex e t ( ) re e to t e A ou t Ba k, to t e exte t rov ded or or er tted u der t e A ou t Ba k A ree e t or ( ) to t e exte t rov ded or or er tted u der t e rov o o t e Co o Do u e t a d/or a y F a e Do u e t (to t e exte t rov ded or or er tted by t e Co o Do u e t); or

(e) take a y a t o to e or e t e Se ur ty ex e t a orda e w t t e rov o o Clau e 18 o t e ST D a d t e ot er Se ur ty Do u e t.

U dertak o Obl or

Pur ua t to t e ter o t e ST D, (ub e t to erta ex e t o relat o to Pe o L ab l t e , Hed A ree e t a d F a e Lea e) ea Obl or u dertake t at t w ll ot:

(a) d ar e a y o t e Se ured L ab l t e owed by t, ave to t e exte t u d ar e er tted u der t e ST D;

(b) a elerate, a el, ay, re ay, re ay, redee , ur a e, ter ate early or volu tar ly ter ate or ot erw e a qu re a y o t e Se ured L ab l t e owed by t, ave to t e exte t u a t o er tted by t e F a e Do u e t or would all w t t e ex e t o et out ara ra (b) above (*U dertak o t e Se ured Cred tor*);

( ) reate or er t to ub t a y Se ur ty tere t (ex e t a Per tted Se ur ty tere t), uara tee, de ty or ot er a ura e a a t a al lo re e t o a y o t e Se ured L ab l t e owed by t ex e t ur ua t to t e Se ur ty reated u der t e Se ur ty Do u e t or ur ua t to or a er tted by t e F a e Do u e t (to t e exte t t at t e rov o o u F a e Do u e t are o te t w t t e releva t rov o o t e Co o Do u e t); or

(d) d ar e a y o t e Se ured L ab l t e owed by t (w ole or art) by et-o , a y r t o o b at o o a ou t , ro eed o a y k d or a y ot er a er w at oever, ave w ere er tted by t e atter de r bed ara ra (a) – ( ) above or to t e exte t u d ar e would all w t t e ex e t o et out ara ra (d) o t e e t o "*U dertak o Se ured Cred tor* " de r bed above.

U dertak o Subord ated tra rou Cred tor

Pur ua t to t e ST D, ea Subord ated tra rou Cred tor u dertake t at t w ll ot, u t l t e Se or D ar e Date:

(a) take or o a y er o tak a y te w at oever (lud exer a y r t o et-o) a a t a y Obl or or t e ur o e o obta ay e t o a y a ou t due w at oever ro u Obl or to u Subord ated tra rou Cred tor, **rov ded t at** ot all reve t u Subord ated tra rou Cred tor ro :

( ) (rov ded t at a De ault ot out ta d) tak a y te to obta ay e t to t e exte t u te w ll ot au e a olve y Eve t to o ur re e t o t e releva t Obl or or re ult a De ault o urr ; or

( ) rov or t e ull a ou t owed to t by a y Obl or t e olve y o u Obl or;

(b) t ate or o a y er o t at ow oever a olve y Eve t relat o to a y Obl or; or

( ) be e t tled to take a y te or ro eed w at oever w would re ult a y o t e rov o ett out t e Po t-E or e e t Pr or ty o Pay e t or t e u dertak o t e Subord ated tra rou Cred tor ot be ob erved.

U dertak o Subord ated Debt Cred tor

Pur ua t to t e ST D, ea Subord ated Debt Cred tor u dertake t at (ub e t to erta l ted er tted ex e t o) t w ll ot, u t l t e Se or D ar e Date take or o a y er o tak a y te w at oever a a t (lud , but ot l ted to ak a y la or de a d u der a y Subord ated Debt Guara tee) a y Obl or or t e ur o e o obta ay e t o a y a ou t due w at oever ro u Obl or to u Subord ated Debt Cred tor, t ate or o a y er o t at ow oever a olve y Eve t relat o to a y Obl or or take a y te or ro eed w at oever w would re ult a y o t e Po t-E or e e t Pr or ty o Pay e t rov o (de r bed below) or ot er u dertak o t e Subord ated Debt Cred tor ot be ob erved.

Ra k o Se ured L ab l t e

T e u derly r le o t e ter red tor Arra e e t t at, ollow t e del very o a E or e e t Not e, t e Se or Debt ra k o t o ay e t r or to t e Subord ated Debt. Furt er, t e Subord ated tra rou Debt , ub e t to t e ter o t e Co o Ter A ree e t a d t e ST D, ubord ated to t e Se or Debt a d t e Subord ated Debt.

A elerat o a d E or e e t

(a) T e Se ur ty Do u e t w ll rov de t at t e Se ur ty w ll be o e e or eable ollow t e del very o a E or e e t Not e.

(b) W e t e Se ur ty Tru tee a ot e o t e o urre e o a Eve t o De ault w ub t u der t e Co o Ter A ree e t t all ro tly reque t by ot e (a "**E or e e t tru t o Not e**") a tru t o ro t e Qual y Se ured Cred tor (t rou t e r Se ured Cred tor Re re e tat ve) a to w et er t e Se ur ty Tru tee ould del ver a E or e e t Not e to e or e all or a y art o t e Se ur ty or take a y ot er k d o E or e e t A t o . T e er od o t e w t w t e tru t o to be rov ded to t e Se ur ty Tru tee all be 2 Bu e Day ro t e date o del very o t e E or e e t tru t o Not e. At a y t e ollow t e del very o a E or e e t Not e, t e Se ur ty Tru tee ay a d, ollow re e t o a tru t o Not e by t e Se ur ty Tru tee (a de r bed (*Qual y Se ured Cred tor tru t o*) below) all ro tly reque t a tru t o (by a Furt er E or e e t tru t o Not e) ro t e Qual y Se ured Cred tor (t rou t e r Se ured Cred tor Re re e tat ve) a to w et er t e Se ur ty Tru tee ould take a y urt er E or e e t A t o .

a FA Eve t o De ault o ur o ly t e Se ured Cred tor Re re e tat ve o t e t al Fa l ty Prov der a ve ot e o t e o urre e o a FA Eve t o De ault a d, u le a d u t l u ot e ve , o FA Eve t o De ault all be dee ed to ave o urred. A FA Eve t o De ault all be treated a a Eve t o De ault u der t e Co o Ter A ree e t o ly ollow t e del very o a E or e e t Not e.

a eve t o de ault w equ vale t to a FA Eve t o De ault a ot er Aut or ed Cred t Fa l ty o ur o ly t e Se ured Cred tor Re re e tat ve o t e releva t Aut or ed Cred t Prov der a ve ot e o t e o urre e o u eve t o de ault a d, u le a d u t l u ot e ve , o u eve t o de ault all be dee ed to ave o urred. A eve t o de ault w equ vale t to a FA Eve t o De ault all be treated a a Eve t o De ault u der t e Co o Ter A ree e t o ly ollow t e del very o a E or e e t Not e.

( ) Follow del very o a E or e e t Not e, all o e ta d to t e red t o all Obl or A ou t all o ly be w t draw w t t e r or wr tte o e t o t e Se ur ty Tru tee or a Re e ver.

(d) W t re e t to a E or e e t tru t o Not e a d a Furt er E or e e t tru t o Not e, t e Se ur ty Tru tee ay be tru ted to a t a orda e w t t e tru t o o t e Qual y Se ured Cred tor (.e. tru t o to take E or e e t A t o) t e a e way a re e t o a ST D Pro o al a de r bed below, ex e t t e De o Per od , Quoru Requ re e t a d vot t re old are a et out t e table "*6. ot U der T e ter red tor Arra e e t - ot T re old , Quoru Requ re e t a d De o Per od or ST D Pro o al* " below.

T e Bo d Tru tee all be e t tled to de lare all a ou t to be ed ately due a d ayable u der t e Bo d ollow t e del very o a E or e e t Not e by t e Se ur ty Tru tee.

(See al o "*R k Fa tor - T e Se ur ty Tru tee u t o ly w t erta obl at o dur a e or e e t ro e* ".)

Re erved Matter

Re erved Matter are atter re e t o w a Se ured Cred tor w ll be ree to exer e t d ret o a orda e w t t r t u der t e F a e Do u e t or Prote t o Do u e t to w t a arty (w are ot Co o Do u e t). Ge erally, a Se ured Cred tor ay a ree to a y od at o to a d ve o e t or ra t wa ver re e t o re e t o t e F a e Do u e t to w t a arty (w are ot Co o Do u e t) w t out t e o e t o t e Se ur ty Tru tee rov ded t at t e od at o , o e t or wa ver doe ot o l t w t a y rov o o t e Co o Do u e t w a e t e ter o t e Co o Do u e t would reva l.

Po t E or e e t Pr or ty o Pay e t

U der t e ST D, ea Se ured Cred tor a ree t at, ollow t e del very o a E or e e t Not e by t e Se ur ty Tru tee, ea Se ured Cred tor' la all ra k a ord to t e Po t-E or e e t Pr or ty o Pay e t a d obl at o a ear a y o e te a y Po t-E or e e t Pr or ty o Pay e t are to ra k *ar a u* a d *ro rata* w t ea ot er a d urt er a ree t at t ere are u e t u d to d ar e ull a ou t due a d ayable re e t o a te a d a y ot er te ( ) ra k *ar a u* w t u te t e Po t-E or e e t Pr or ty o

Pay e t , all te w ra k *ar a u* w t ea ot er all be d ar ed to t e exte t t ere are u e t u d to do o a d o a *ro rata* ba , a ord to t e re e t ve a ou t t ereo . All o e re e ved or re overed by t e Se ur ty Tru tee or a y Re e ver re e to t e Se ur ty a d t e Guara tee, all be a l ed by or o be al o t e Se ur ty Tru tee or, a t e a e ay be, a y Re e ver, or toward at a t o o a y a ou t due a ord to t e Po t-E or e e t Pr or ty o Pay e t . U o t e del very o a E or e e t Not e, a ou t red ted to t e Bo d De ea a e A ou t w ll be a l ed by or o be al o t e Se ur ty Tru tee (or a y Re e ver a o ted by t) a oo a ra t able t e er a e t re ay e t o t e Bo d (o a *ro rata* a d *ar a u* ba) a d w ll be treated a ext u *ro ta to* t e r al a ou t o t e Bo d or t e ur o e o a ly t e Po t-E or e e t Pr or ty o Pay e t a ter av ve e e t to a y deb t a d red t requ red to be ade to a y led er a orda e w t S edule 14 (*Bo d De ea a e A ou t*) to t e Co o Ter A ree e t (de r bed above u der "*Co o Ter A ree e t – Bo d De ea a e A ou t*") u o t e del very o a E or e e t Not e a d a ter dedu t o o t e Bo d Tru tee, t e Se ur ty Tru tee a d Re e ver' L ab l t e .

T e "**Po t-E or e e t Pr or ty o Pay e t** " a et out below:

1. r t, ro rata a ord to t e re e t ve a ou t t ereo , or toward at a t o o t e a ou t ayable re e to :

( ) t e ee , o t , ar e , l ab l t e , ex e e a d ot er re u erat o a d de ty ay e t (a y) a d a y ot er a ou t ayable to t e Se ur ty Tru tee or a y Re e ver; a d

( ) t e ee , o t , ar e , l ab l t e , ex e e a d ot er re u erat o a d de ty ay e t (a y) a d a y ot er a ou t ayable to t e Bo d Tru tee;

2. e o d, ro rata a ord to t e re e t ve a ou t t ereo , or toward at a t o o t e a ou t ayable re e to :

( ) t e ee , ot er re u erat o , de ty ay e t , o t , ar e , l ab l t e a d ex e e o t e A e t urred u der t e A e y A ree e t or a Cal ulat o A e y A ree e t; a d

( ) t e ee , ot er re u erat o , de ty ay e t , o t , ar e , l ab l t e a d ex e e o t e A ou t Ba k urred u der t e A ou t Ba k A ree e t;

3. t rd, ro rata a ord to t e re e t ve a ou t t ereo , or toward at a t o o t e a ou t ayable re e to t e ee , ot er re u erat o , de ty ay e t , o t , ar e a d ex e e o ea a l ty a e t u der a y releva t Aut or ed Cred t Fa l ty;

4. ourt , ro rata a ord to t e re e t ve a ou t t ereo , or toward at a t o o t e a ou t ayable re e to :

( ) tere t, u derwr t a d o t e t o o due or overdue re e t o t e Bo d ;

( ) tere t, u derwr t a d o t e t o o due or overdue re e t o Se or Debt u der a y Aut or ed Cred t Fa l ty (ot er t a re e t o a F a e Lea e, t e Bo d , t e Hed A ree e t a d/or t e O erat o al Hed A ree e t);

( ) a ou t due to a F a e Le or re e t o a y xed tere t u d obta ed or a u ed to be obta ed by t e F a e Le or u der t e ter o a F a e Lea e;

(v) eduled a ou t ayable to ea Hed e Cou ter arty u der a y Hed A ree e t; a d

(v) eduled a ou t ayable to ea O erat o al Hed e Cou ter arty u der a y O erat o al Hed A ree e t;

5. t , ro rata a ord to t e re e t ve a ou t t ereo , or toward at a t o o t e a ou t ayable re e t o :

( ) all a ou t o r al due or overdue re e t o t e Bo d ;

( ) all a ou t o r al due or overdue re e t o Se or Debt out ta d u der a y Aut or ed Cred t Fa l ty (ot er t a re e t o a F a e Lea e, t e Bo d , t e Hed A ree e t a d/or t e O erat o al Hed A ree e t);

( ) all a ou t o r al due or overdue re e t o F a e Lea e (lud a y re tal a d a tal u) w do ot all w t ara ra 4( ) above a d do ot all due a a re ult o t e o erat o o a y de ty or ee re bur e e t rov o o a F a e Lea e;

(v) u eduled or ter at o a ou t ayable to ea Hed e Cou ter arty u der a y Hed A ree e t;

(v) u eduled or ter at o a ou t ayable to ea O erat o al Hed e Cou ter arty u der a y O erat o al Hed A ree e t; a d

(v) a ou t due to t e Pe o Tru tee re e t o a y Pe o L ab l t e u to t e Max u Pe o L ab l ty A ou t;

6. xt , ollow t e Se or D ar e Date o ly, all a ou t o tere t, r al a d ot er a ou t due or overdue re e t o Subord ated Debt; a d

7. eve t , ollow t e Se or D ar e Date o ly a d t e d ar e o t e Subord ated Debt, to t e Obl or ab olutely.

T e ST D over ed by E l law.

3. OT NG UNDER THE NTERCRED TOR ARRANGEMENTS

ot ro edure

T e ST D et out t e ro edure or reque t a y o e t, od at o or wa ver u der a y Co o Do u e t (lud a y relea e o e ur ty ot o te lated by t e Co o Do u e t).

T e Se ur ty Grou A e t all rov de o e o t e ST D Pro o al to t e Se ured Cred tor Re re e tat ve o ea Se ured Cred tor.

Cate or at o o ot Matter

A vote ay o ly be ro o ed to Se ured Cred tor by t e Se ur ty Grou A e t relat o to a y ro o ed od at o , v a y o e t or ra t a y wa ver u der or re e t o a Co o Do u e t, re e ted t e or re r bed t e ST D (“**ST D Pro o al**”). T e Se ur ty Grou A e t all be t ally re o ble, ub tt a ST D Pro o al, or deter t e vot ate ory or u ro o al. T e Se ur ty Grou A e t all or a art o t e ST D Pro o al, a o ot er t , ert y w et er u ST D Pro o al a D ret o Matter, a Ord ary ot Matter or a Extraord ary ot Matter, a d w et er or ot t e ST D Pro o al ve r e to a E tre ed R t, a d t doe , w o e avour (t e rea o able o o o t e Se ur ty Grou A e t) t e ST D Pro o al ve r e to a E tre ed R t or w o are a e ted by u E tre ed R t. T e ST D Pro o al w ll al o e y t e er od o t e w t w t e a roval o t e Se ur ty Tru tee ou t (re erred to a t e “**De o Per od**”).

T e deter at o ade by t e Se ur ty Grou A e t o t e vot ate ory all be b d o t e Se ured Cred tor u le t e Se ur ty Tru tee o t e tru t o o Qual y Se ured Cred tor (a t t rou t Se ured Cred tor Re re e tat ve) re re e t at lea t 1 er e t. o t e Out ta d Pr al A ou t o t e Qual y Se ured Debt, (t e “**Deter at o D e t Cred tor** ”) or t e Se ur ty Grou A e t wr t w t 7 Bu e Day o re e t o t e ST D Pro o al t at t e Deter at o D e t Cred tor d a ree w t t e deter at o o vot ate ory ade t e ST D Pro o al.

T e deter at o ade by t e Se ur ty Grou A e t o w et er or ot a ST D Pro o al ve r e to a E tre ed R t ay al o be d uted by a Se ured Cred tor (ea , a “**E tre ed R t D e t Cred tor**”), t e E tre ed R t D e t Cred tor or t e Se ur ty Grou A e t wr t w t 7 Bu e Day v a t e Se ur ty Tru tee o re e t o t e ST D Pro o al t at t d a ree w t t e deter at o o w et er u ST D Pro o al ve r e to a E tre ed R t.

t e Deter at o D e t Cred tor or t e E tre ed R t D e t Cred tor , a t e a e ay be, a d t e Se ur ty Grou A e t are ot able to a ree o t e vot ate ory or a to w et er or ot a ST D Pro o al ve r e to a E tre ed R t w t 5 Bu e Day o re e t o ot e o u d a ree e t, t ey u t tru t a ex ert( ) a reed u o by ea Deter at o D e t Cred tor or E tre ed R t D e t Cred tor, a t e a e ay be, a d t e

Se ur ty Grou A e t to re olve t e d ute (or u a ree e t a ot be rea ed, a o ted by t e Pre de t o t e Law So ety o E la d a d Wale or t e t e be).

D ret o Matter

A D ret o Matter a atter w t e Se ur ty Tru tee ay exer e t d ret o to a rove a y reque t ade a ST D Pro o al w t out a y requ re e t to eek t e a roval o a y Se ured Cred tor. A y exer e o d ret o by t e Se ur ty Tru tee re e t o a D ret o Matter all be b d o all o t e Se ured Cred tor .

Extraord ary ot Matter

"**Extraord ary ot Matter** " are atter w :

(a) would relea e a y o t e Se ur ty (u le equ vale t re la e e t e ur ty take at t e a e t e) u le u relea e er tted a orda e w t t e ter o t e Co o Do u e t ;

(b) would a e:

( ) a y ater al de t o w relate to t e key tru tural r le o w t e vot e a o t e Extraord ary ot Matter ave bee ou ded; or

( ) a y o t e atter o t tut Extraord ary ot Matter ;

( ) would a e a y Eve t o De ault or a y Tr er Eve t ea a e relat o to o - ay e t, t e ak o Re tr ted Pay e t (lud t e de t o o Re tr ted Pay e t), t e F a al Rat o (lud t e a er o t e r al ulat o or a l at o) or Cred t Rat Dow rade;

(d) would relate to t e wa ver o a y De ault or Tr er Eve t ea a e re e t o o - ay e t, t e ak o Re tr ted Pay e t (lud t e de t o o Re tr ted Pay e t), t e F a al Rat o (lud t e a er o t e r al ulat o or a l at o) or Cred t Rat Dow rade;

(e) would a e a y adver e re e t a y re tr t o o a y d o al o a y Obl or or o a y Ra lway A et o a Obl or, or relate to a o e t re e t o a y u d o al;

( ) would a e a y adver e re e t a y a datory re ay e t rov o et out a y Co o Do u e t, lud , w t out l tat o , t e a ou t to be re a d or t e t e by w u a ou t to be a l ed re ay e t;

( ) would a e or ave t e e e t o a t e rov o relat to, or relate to t e wa ver o , t e urre e o a y add t o al debt by t e Se ur ty Grou ;

( ) would a e or ave t e e e t o a t e rov o relat to, or relate to t e wa ver o , a qu t o by t e Se ur ty Grou ;

( ) would ater ally a e or ave t e e e t o ater ally a t e de t o o Per tted Bu e ; or

( ) would relate to t e re oval o t e Se ur ty Tru tee a orda e w t t e ST D.

Ord ary ot Matter

"**Ord ary ot Matter** " ea atter w are ot D ret o Matter or Extraord ary ot Matter .

E tre ed R t

W ere a ST D Pro o al ve r e to a E tre ed R t, t e ro o ed re olut o ( ) ay ot be a ed w t out t e a roval o ea Se ured Cred tor (ot er t a d v dual Bo d older w o all ot be e t tled to a ert E tre ed R t ot er t a t rou t e Bo d Tru tee) w o e E tre ed R t u der a y Co o Do u e t are a e ted by t e a l able ST D Pro o al (u Se ured Cred tor , t e "**A e ted Se ured Cred tor** ").

W ere t e Se ured Cred tor Re re e tat ve o be al o t e releva t A e ted Se ured Cred tor( ) a ot ve t e o r at o de r bed above by t e e d o t e a l able De o Per od, t e Se ur ty Tru tee all ed ately u o t e ex ry o u De o Per od e d a vot reque t re der (a "**ST D ot Reque t Re der**") to t e releva t A e ted Se ured Cred tor( ) (t rou t or t e r Se ured Cred tor Re re e tat ve) reque t u A e ted Se ured Cred tor( ) a t t rou t or t e r Se ured Cred tor Re re e tat ve to o r w et er or ot t w e to o e t to t e releva t ST D Pro o al t at ve r e to t e E tre ed R t w t 5 Bu e Day o t e ex ry o t e or al De o Per od (t e "**Exte ded De o Per od**"). W ere t e releva t Se ured Cred tor Re re e tat ve a l to re o d to u re der w t t e Exte ded De o Per od, t all be dee ed to ave o e ted to t e releva t ST D Pro o al.

D re t o Not e

re e t o a y atter w ot ub e t to a ST D Pro o al, a E or e e t tru t o Not e, a Furt er E or e e t tru t o Not e or a tru t o Not e, t e Se ur ty Tru tee ay by ot e ("**D re t o Not e**") reque t t e tru t o or o e t o t e Qual y Se ured Cred tor a to w et er t e Se ur ty Tru tee ould a ree to a o e t, wa ver or od at o or exer e o a r t or d re t o ur ua t to t e F a e Do u e t a d t e a er w t ould do o.

ot T re old , Quoru Requ re e t a d De o Per od or ST D Pro o al

For ea o ST D Pro o al de r bed above, t e Quoru Requ re e t, vot t re old a d De o Per od are et out t e table below:

	ot T re old[3]	Quoru Requ re e t[4]	De o Per od
Ord ary ot Matter	More t a 5 %	2 % (or at lea t 1 % ST D Pro o al re t ated ollow t e ex ry o t e De o Per od)	Not le t a 15 Bu e Day
Extraord ary ot Matter	66.67%	2 % (or at lea t 1 % ST D Pro o al re t ated ollow t e ex ry o t e De o Per od)	Not le t a 15 Bu e Day
E tre ed R t o Se ured Cred tor ot er t a Bo d older or Pe o Tru tee	(De e d o releva t Aut or ed Cred t Fa l ty)	(De e d o releva t Aut or ed Cred t Fa l ty)	Not le t a 15 Bu e Day (lu 5 Bu e Day w ere a Exte ded De o Per od a l e)
E tre ed R t o Bo d older a d/or Pe o Tru tee	(Requ re a Extraord ary Re olut o o t e a e ted Tra e o Bo d older .e. t ree quarter o t o e re e t u t vote avour) (ot a l able or Pe o Tru tee)	5 % o Bo d older o t e releva t Tra e( ) (or o e or ore Bo d older old a y a ou t o Bo d at a ad our ed eet) (ot a l able or Pe o Tru tee)	Not le t a 45 day (lu 5 Bu e Day w ere a Exte ded De o Per od a l e)
E or e e t tru t o Not e /Furt er E or e e t tru t o Not e - r or to 6 o t ro t e date o t e Eve t o De ault	At lea t 66.67%	At lea t 4 %	2 Bu e Day

[3] Ex re ed a a er e ta e o t e oted Qual y Se ured Debt.

[4] Quoru Requ re e t relat o to t e ST D ea o e or ore Qual y Se ured Cred tor re re e t t e tated er e ta e o t e Out ta d Pr al A ou t o t e Qual y Se ured Debt. T e quoru or Ord ary ot Matter a d Extraord ary ot Matter dro to 1 % a quoru ot a eved.

E or e e t tru t o Not e /Furt er E or e e t tru t o Not e - o or a ter 6 o t but r or to 12 o t ro t e date o t e Eve t o De ault	5 %	At lea t 33.33%	2 Bu e Day
E or e e t tru t o /Furt er E or e e t tru t o - o or a ter 12 o t ro t e date o t e Eve t o De ault	2 %	At lea t 1 %	2 Bu e Day
D re t o Not e	5 % a d 1 vote	O e or ore Qual y Se ured Cred tor	Not le t a 2 Bu e Day
tru t o Not e	1 % o Qual y Se ured Cred tor (lud or Furt er E or e e t tru t o Not e reque t)	N/A	N/A

T e vote o ea Se ured Cred tor t at art ate a vote re e t o a ST D Pro o al, w ll be a t by t Se ured Cred tor Re re e tat ve ub e t to t e e a e ed t e ST D a d t e releva t Aut or ed Cred t Fa l ty (lud t e ter o t e Bo d). Ea ate ory o Se ured Cred tor w ll be allo ated a u ber o vote w ro ort o ate to t e out ta d r al a ou t o t e debt owed to t e by t e Obl or a d u draw o t e t w ere a l able.

Sub e t to t e ollow ara ra , t e Bo d Tru tee w ll, re e t o a ST D Matter w voted o by Bo d older (a d ub e t to t e Bo d Tru tee all a Bo d older Meet re e t o a E tre ed R t a orda e w t t e ST D), vote a a ou t equal to t e a re ate o t e Out ta d Pr al A ou t o ea Bo d w voted or t e releva t Pro o al t rou t e ST D D re t ot Me a , or u Pro o al; a d a a ou t equal to t e a re ate o t e Out ta d Pr al A ou t o ea Bo d w voted a a t t e releva t Pro o al t rou t e ST D D re t ot Me a , a a t u Pro o al.

T e above ara ra all ot a ly e t er (a) or (b) below a ly:

(a) , re e t o a Tra e o Bo d a d a Pro o al:

( ) 25 er e t. or ore o t e Out ta d Pr al A ou t o u Tra e o Bo d voted d re tly t rou t e ST D D re t ot Me a ; a d

( ) 75 er e t. or ore o t e Out ta d Pr al A ou t o t e Bo d w o voted, voted t e a e way,

t e t e e t re Out ta d Pr al A ou t o u Tra e o Bo d w ll ou t a av voted u way re e t o bot Quoru Requ re e t a d a or ty;

(b) , re e t o a Tra e o Bo d a d a Pro o al:

( ) 25 er e t. or ore o t e Out ta d Pr al A ou t o u Tra e o Bo d voted d re tly t rou t e ST D D re t ot Me a ; but

( ) le t a 75 er e t. o t e Out ta d Pr al A ou t o t e Bo d w o voted, voted t e a e way,

t e t e e t re Out ta d Pr al A ou t o u Tra e o Bo d w ll ou t or t e ur o e o Quoru Requ re e t (but relat o to t e a tual vot , o ly t e a ou t o Bo d w a tually voted w ll be take to a ou t, o a ou d or ou d ba e t er or or a a t t e Pro o al a ord to ow t ey voted);

re e t o a Tra e o Bo d a d a ST D Matter w ere a Bo d older Meet a bee alled (re e t o a E tre ed R t a orda e w t t e ST D), t e t e e t re Out ta d Pr al A ou t o u Tra e o Bo d w ll ou t e t er or or a a t t e a l able Pro o al a ord to t e out o e o u Bo d older Meet .

o e t o w t a y tru t o or d re t o ve to t e Se ur ty Tru tee (w et er ve t rou t e Bo d Tru tee or ot erw e) to a t or ot a t relat o to a art ular atter, t e Bo d older , t ey are t e tru t Se ured Cred tor all de y t e Se ur ty Tru tee o a o t a d everal ba a a t a y lo e ar ro t a t a orda e w t a y u tru t o or d re t o u le t e Se ur ty Tru tee a d/or t e Bo d Tru tee a ree ot erw e. Su de ty all o ly a ly t e Obl or d d ot, w t 3 Bu e Day o r t de a d, de y t e Se ur ty Tru tee u der t e de ty ve by t e Obl or u der t e ST D.

T e Se ur ty Tru tee all ot be obl ed to a ree to a y a e d e t to, or ra t a y o e t or wa ver or ake a y deter at o u der or relat o to, a y F a e Do u e t or Prote t o Do u e t w , t e ole o o o t e Se ur ty Tru tee, would ave t e e e t o (a) ex o t e Se ur ty Tru tee to a y l ab l ty a a t w t a ot bee de ed a d/or e ured a d/or re u ded to t at a t o or (b) rea t e obl at o or dut e , or de rea t e rote t o , o t e Se ur ty Tru tee t e F a e Do u e t a d/or t e Prote t o Do u e t .

4. SECUR TY AGREEMENTS

E l Law Se ur ty A ree e t

Ea Obl or e tered to a E l law e ur ty a ree e t (t e "**E l Law Se ur ty A ree e t**") w t t e Se ur ty Tru tee o t e S Date. U der t e E l Law Se ur ty A ree e t, ea Obl or (ot er t a , u t l Co let o , B dCo) uara tee t e obl at o o ea ot er Obl or u der t e F a e Do u e t , ea a e to t e Se ur ty Tru tee or t el a d a e ur ty tru tee or t e Se ured Cred tor . Ea Obl or (ot er t a , u t l Co let o , B dCo) e ure t ro erty, a et a d u dertak to t e Se ur ty Tru tee or t el a d a tru tee or t e Se ured Cred tor re e t o t e Se ured L ab l t e . Ex e t a et out below, t e E l Law Se ur ty A ree e t ub e t to t e ST D.

T e e ur ty o t tuted by t e E l Law Se ur ty A ree e t lude :

( ) F xed C ar e

Ea C ar or, w t ull t tle uara tee (ex e t a ot erw e d lo ed (e ally t at a et a qu red o r vat at o ave o ly u t tle a wa re e ved u der t e over e t tra er e e) a d ub e t to a y Per tted Se ur ty tere t) a d a e ur ty or t e ay e t o all Se ured L ab l t e (w et er o t at or a y ot er C ar or), ar e avour o t e Se ur ty Tru tee or t e be e t o t el a d ea o t e Se ured Cred tor :

(A) by way o r t xed equ table ar e, all C ar eable Real Pro erty a qu red by t t e uture; a d

(B) by way o r t xed ar e, all t re e t a d uture:

( ) Se ur ty S are a d D v de d ;

( ) Book Debt ;

( ) Se ur ty Grou A ou t ;

( ) ve t e t a d D v de d ;

( ) Aut or at o ;

( ) u alled a tal a d oodw ll;

( ) be e al tere t a y e o u d;

( ) Roll Sto k ow ed by t ow or t e uture a d t tere t a y Roll Sto k t o e o ow or t e uture a d t e be e t o all la t a d a ery, o e a d ot er equ e t a d t e be e t o all o tra t , l e e a d warra t e relat to t e Roll Sto k;

(X) to t e exte t ot e e t vely a ed a de r bed Clau e ( )(A) (*A e t*) below, all o t r t a d be e t re e t o t e A ed Co tra t ; a d

(X) to t e exte t ot e e t vely a ed a de r bed Clau e ( )(B) (*A e t*) below, all o t r t a d be e t re e t o t e Se ur ty Grou ura e a d all related ro eed , la o a y k d, retur o re u a d ot er be e t .

( ) Float C ar e

Ea C ar or w t ull t tle uara tee (ex e t a ot erw e d lo ed a d ub e t to a y Per tted Se ur ty tere t) a d a e ur ty or t e ay e t o all t e Se ured L ab l t e (w et er o t at or a y ot er C ar or), ar e avour o t e Se ur ty Tru tee by way o r t loat ar e t u dertak a d, w t out l tat o , all t a et , bot re e t a d uture (lud a et ex re ed to be ub e t to xed ar e a de r bed (*F xed C ar e*) above).

( ) A e t

Ea C ar or, w t ull t tle uara tee (ex e t a ot erw e d lo ed a d ub e t to a y Per tted Se ur ty tere t) a d a e ur ty or t e ay e t o all o t e Se ured L ab l t e (w et er o t at or a y ot er C ar or), a ab olutely to t e Se ur ty Tru tee (or t el a d o be al o t e Se ured Cred tor):

(A) all t re e t a d uture r t, t tle a d tere t a d to ea A ed Co tra t, lud all o ey ayable to t e C ar or, a d a y la , award a d ud e t avour o , re e vable or re e ved by t e C ar or, u der or o e to w t t e A ed Co tra t , ub e t to a y Per tted Se ur ty tere t; a d

(B) all a ou t ayable to t u der or o e to w t ea o t e Se ur ty Grou ura e a d all o t r t o e to w t t o e a ou t .

For t e ur o e o t e above, t a bee d lo ed t at t e C ar or o ly ave u t tle to a et a qu red o r vat at o a wa re e ved u der t e over e t tra er e e relat o to u a et dur t e r vat at o ro e .

T e E l Law Se ur ty A ree e t al o o ta a uara tee a d de ty ur ua t to w ea o t e C ar or rrevo ably a d u o d t o ally:

(a) uara tee to t e Se ur ty Tru tee (or t el a d o be al o t e Se ured Cred tor) u tual er or a e by ea o t e ot er C ar or o a y o t e Se ured L ab l t e ;

(b) u dertake w t t e Se ur ty Tru tee (or t el a d o be al o t e Se ured Cred tor) t at w e ever a y C ar or doe ot ay a y a ou t w e due u der or o e to w t a y o t e Se ured L ab l t e , a y C ar or all ed ately o de a d ay t at a ou t a t wa t e r al obl or; a d

( ) a ree w t t e Se ur ty Tru tee (or t el a d o be al o t e Se ured Cred tor) t at a y obl at o uara teed by t u der t e E l Law Se ur ty A ree e t or be o e u e or eable, val d or lle al, t w ll, a a de e de t a d r ary obl at o , de y t e Se ur ty Tru tee (or t el a d o be al o t e Se ured Cred tor) ed ately o de a d a a t a y o t, lo or l ab l ty t ur a a re ult o t e releva t C ar or ot ay a y a ou t w would, but or u u e or eab l ty, val d ty or lle al ty, ave bee ayable by t u der a y F a e Do u e t or, a t e a e ay be, u der or o e to w t a y Pe o Do u e t o t e date w e t would ave bee due. T e a ou t ayable by a C ar or u der t de ty w ll ot ex eed t e a ou t t would ave ad to ay u der t e E l Law Se ur ty A ree e t t e a ou t la ed ad bee re overable o t e ba o a uara tee.

T e E l Law Se ur ty A ree e t requ re ea releva t C ar or to rov de a ta e at y erta add t o al e ur ty requ re e t (o t o w o t o t e exe ut o o do u e t w t t e Se ur ty Tru tee) w ay be rea o ably reque ted by t e Se ur ty Tru tee. Su add t o al e ur ty requ re e t lude erta a t o w ay be requ red to be at ed to e ure t e val d ty a d e or eab l ty o Se ur ty tere t over O erat Lea e , S adow Lea e , Mater al Su ly Co tra t a d Roll Sto k Se t o 54 U dertak a d/or to avo d a brea o u a ree e t a d lude t e exe ut o o o de t al ty u dertak , qu et e oy e t u dertak a d deed o a e o relat o to D re t A ree e t . Certa a et o t e C ar or w ll be ex luded ro t e Se ur ty (or exa le, due to o e t be requ red or t e reat o o e ur ty a d ot av bee obta ed or t e Se ur ty Tru tee be u able to exe ute t e requ red do u e t) u t l t e releva t add t o al e ur ty requ re e t are at ed.

r Law Se ur ty A ree e t

Ea r Obl or e tered to a r law over ed e ur ty a ree e t (t e "**r Law Se ur ty A ree e t**") w t t e Se ur ty Tru tee o t e S Date. U der t e r Law Se ur ty A ree e t, ea r Obl or lud , ro Co let o , B dCo e ure (ub e t to a y Per tted Se ur ty tere t or a ot erw e d lo ed) ba k a ou t eld w t ba k rela d a d book debt owed by r do led or re de t debtor to t e Se ur ty Tru tee or t el a d a tru tee or t e Se ured Cred tor re e t o t e Se ured L ab l t e . add t o , B dCo (ollow Co let o) w ll e ure t e are t w ll ow ERFL Hold a d ERFL Hold w ll e ure t e are t w ll ow ERFL (ex lud t e PPS S are), ea a e to t e Se ur ty Tru tee or t el a d a tru tee or t e Se ured Cred tor re e t o t e Se ured L ab l t e . T e r Law Se ur ty A ree e t ub e t to t e ST D.

S ott Law Se ur ty A ree e t

38 Co e tered to a S ott law over ed e ur ty a ree e t (t e "**S ott Law Se ur ty A ree e t**") w t t e Se ur ty Tru tee o t e S Date. U der t e

S ott Law Se ur ty A ree e t, 38 Co e ure o e S ott law over ed lea e, a d t a o a y Se t o 54 U dertak a d a u a ture a d u ly a ree e t (re e t o Cla 38 Roll Sto k) to t e Se ur ty Tru tee or t el a d a tru tee or t e Se ured Cred tor re e t o t e Se ured L ab l t e . T e e ur ty reated ur ua t to t e S ott Law Se ur ty A ree e t o d t o al u o a d w ll ot be dee ed to ave bee o leted a d or e u t l erta add t o al e ur ty requ re e t ave bee ul lled. T e add t o al e ur ty requ re e t ay o to t e v o o de t al ty u dertak or qu et e oy e t u dertak by t e Se ur ty Tru tee or t e obta o o e t ro t rd art e or t e reat o o u e ur ty, ea a e re e t o t e releva t lea e, a u a ture a d u ly a ree e t a d Se t o 54 U dertak w are t e ub e t o t e e ur ty. T e S ott Law Se ur ty A ree e t ub e t to t e ST D.

5. ACCOUNT BANK AGREEMENT AND BANK ACCOUNTS

A ou t

T e Se ur ty Grou A e t a o e ed erta ba k a ou t (lud t e A qu t o Cla A ou t, Bo d De ea a e A ou t, D o al Pro eed A ou t, ura e Pro eed A ou t a d t e Lo k-U A ou t) ur ua t to t e A ou t Ba k A ree e t.

Aut or ed ve t e t

T e Co o Ter A ree e t allow t e Se ur ty Grou to ve t Aut or ed ve t e t a d/or Ca Equ vale t ve t e t .

6. N T AL FAC L TY AGREEMENT

T e uer w ll, u o Co let o , draw dow u der a l t e ade ava lable to t u der t e t al Fa l ty A ree e t a ollow :

(a) a £6 3,675, tra e ter a l ty (“**Fa l ty A**”);

(b) a £6 3,675, tra e ter a l ty (“**Fa l ty B**”);

( ) a £175, , tra e revolv a l ty to eet t e a tal ex e d ture requ re e t o t e Se ur ty Grou (“**Fa l ty C**”); a d

(d) a £25, , tra e revolv a l ty (“**Fa l ty D**”).

Fa l t e A a d Fa l ty B are to et er re erred to a t e “**Ter Loa Fa l t e** ”.

Fa l ty A, Fa l ty B a d Fa l ty C w ll be draw dow o t e Clo Date ollow Co let o order to re a e ex t debted e u der t e HAF ter o a y Debt.

T e ab l ty o t e t al Fa l ty Prov der to a elerate a y u ow to t e u der t e t al Fa l ty A ree e t u o or ollow t e o urre e o a FA Eve t o De ault t ereu der ub e t to t e ST D.

O t e t al ue Date, t e total o t e t o t e t al Fa l ty Prov der re e t o ea o Fa l ty A a d Fa l ty B all be redu ed *ro rata* by t e a ou t w t e Bo d ro eed ex eed £3 , , . Bo d ro eed are ex e o £5 , , , t re o t e t u der t e Ter Loa Fa l t e w ll be urt er redu ed by u a ou t ex e o £5 , , (t be t e uer' d ret o a to w o t e Fa l ty A o t e t a d/or Fa l ty B o t e t t oo e to a el).

Re ay e t

Loa u der t e t al Fa l t e u t be re a d o t e date et out below:

(a) Fa l ty A, t e date all 48 o t a ter t e Clo Date;

(b) Fa l ty B, t e date all 72 o t a ter t e Clo Date;

( ) Fa l ty C, t e date all 72 o t a ter t e Clo Date;

(d) Fa l ty D, t e date all 72 o t a ter t e Clo Date.

Pur o e a d Ava lab l ty

T e uer w ll u e a ou t borrowed by t u der t e Ter Loa Fa l t e toward u d ( ) t e re a o ex t B dCo Grou debt, a de r bed above, a d ( ) ot er o t a d ex e e o t e uer.

T e uer w ll u e t e a ou t borrowed by t u der Fa l ty C toward re a (or F a al debted e urred to a e) Ca tal Ex e d ture a tually e t by t e Se ur ty Grou (or t e be e t o t e Se ur ty Grou) betwee 31 Mar 2 1 a d t e Clo Date (u to a ax u a ou t o £8 ,3 ,) a orda e w t t e o let o u d low tate e t rov ded by t e uer u der t e CP A ree e t; a d u d or re a Ca tal Ex e d ture er tted a orda e w t t e ter o t e F a e Do u e t .

T e uer w ll u e t e a ou t borrowed by t u der Fa l ty D toward u d t e work a tal requ re e t (but ex lud u d a y Ca tal Ex e d ture) o t e Se ur ty Grou .

No t al F a e Party all be obl ed to adva e a Fa l ty C Loa (ot er t a t e ort o o t e Fa l ty C Loa to be adva ed o t e Clo Date or a Rollover Loa) or a Fa l ty D Loa (ot er t a a Rollover Loa) a De ault o t u or would re ult ro t e adva e o t e ro o ed Loa .

T e Ter Loa Fa l t e a d t e t al draw u der Fa l ty C a d Fa l ty D are ve o erta u d ba a d w ll be ub e t to l ted draw to .

tere t, Fee a d A ou t Payable

olu tary Pre ay e t

T e uer ay, t ve t e t al Fa l ty A e t ot le t a ve Bu e Day ' (or u orter er od a t e Ma or ty Le der u der t e releva t Fa l ty ay a ree) r or ot e, re ay t e w ole or a y art o t Fa l ty A Loa a d/or Fa l ty B Loa (but art, a a re ate a ou t t at redu e ea o Fa l ty A a d Fa l ty B by a u a ou t o £5, ,). Fa l ty A a d/or Fa l ty B ay o ly be volu tar ly re a d a ter t e la t day o t e Co t e t Per od or t e releva t Fa l t e .

T e uer ay, t ve t e t al Fa l ty A e t ot le t a ve Bu e Day ' (or u orter er od a t e Ma or ty Le der u der t e releva t Fa l ty ay a ree) r or ot e, re ay t e w ole or a y art o t Fa l ty C Loa a d/or Fa l ty D Loa (but art, a a re ate a ou t t at redu e ea o Fa l ty C a d Fa l ty D by a u a ou t o £2, ,).

Ma datory Pre ay e t – lle al ty

a Le der be o e aware t at t u law ul a y a l able ur d t o or t at Le der to er or t obl at o u der t e t al Fa l ty A ree e t or to u d, ue or a ta t art at o a y Loa t requ red to ot y t e t al Fa l ty A e t t ereo .

U o u ot at o , t e t al Fa l ty A e t all ot y t e uer a d t e uer all (ub e t to t e ter o t e Co o Ter A ree e t a d t e ST D), re ay or re ay t e are o t at Le der ea Loa to et er w t a rued tere t a d all ot er a ou t a rued u der t e F a e Do u e t re e t o u are o t at Le der ea Loa ade to t (ub e t to t e ter o t e Co o Ter A ree e t a d t e ST D) o t e la t day o t e t e urre t tere t Per od re e t o t e releva t Loa or, earl er, t e date e ed t e ot e o t e releva t Le der re erred to above (be o earl er t a t e la t day o a y a l able ra e er od er tted by law).

Ma datory Pre ay e t – Ex t

U o a C a e o Co trol or Sale, t e Fa l t e w ll be a elled a d all out ta d Loa to et er w t all a o ated a ou t (ub e t to t e Co o Ter A ree e t a d t e ST D) w ll be ed ately re a d.

For t e ur o e o t e above:

"**C a e o Co trol**" ea ewer t a two o t e t al ve tor or a d u d o trolled or a a ed (or, t e a e o 3 , adv ed a to ve t e t (w ere 3 t at u d' r al adv er)) by a y o t e (take to et er) ea to Co trol (d re tly or d re tly) B dCo.

a L t o ur t at re ult ewer t a two o t e t al ve tor or a y u d o trolled or a a ed (or, t e a e o 3 , adv ed a to ve t e t (w ere 3

t at u d' r al adv er) by a y o t e (take to et er) ea to ow (d re tly or d re tly) a re ate at lea t 5 .1 er e t. o t e ord ary vot are a tal o B dCo, t e uer w ll be requ red to ed ately re ay t e Releva t Se or Debt a a ou t al ulated by re ere e to t e a ou t by w u t e ord ary vot are a tal o eld le t a 5 .1 er e t. (to et er w t a y related Re ay e t Ga le a y Re ay e t Co t).

Ma adatory Pre ay e t – Ot er

T e uer ay be requ red or e t tled to re ay o e or ore o t e Fa l t e erta r u ta e a de r bed above u der "*Co o Ter A ree e t*",

FA Eve t o De ault a d FA Tr er Eve t

T e t al Fa l ty A ree e t o ta erta eve t o de ault re erred to a FA Eve t o De ault, a d tr er eve t re erred to a FA Tr er Eve t , w are ot luded t e Co o Ter A ree e t a d t ere ore are o ly ava lable to t e t al Fa l ty Prov der .

a FA Eve t o De ault o ur , a de r bed above u der "*Se ur ty Tru t a d ter red tor Deed – A elerat o a d E or e e t*", o ly t e Se ured Cred tor Re re e tat ve o t e t al Fa l ty Prov der , a ve ot e o t e o urre e o a FA Eve t o De ault a d t w ll o ly be treated a a Eve t o De ault or t e ur o e o t e Co o Ter A ree e t ollowed by a E or e e t Not e (w t t e o eque e de r bed above u der "*Co o Ter A ree e t – Eve t o De ault*").

a FA Tr er Eve t o ur w le o Tr er Eve t ub t , t e o eque e are lar to t o e de r bed above re e t o a Tr er Eve t w a F a al Cove a t Tr er Eve t u der t e e t o "*Co o Ter A ree e t – Tr er Eve t – Tr er Eve t Co eque e* " above, rov ded t at o re ay e t eed be ade to t e Bo d De ea a e A ou t or re ay e t o t e Bo d a d t ere o ara ra equ vale t to (b)(v) "*W t drawal ro t e Bo d De ea a e A ou t*" releva t e t o de r bed above.

A a lure by t e uer to o ly w t t e o eque e o a FA Tr er Eve t w ll be a Eve t o De ault or t e ur o e o t e Co o Ter A ree e t.

Add t o al U dertak

add t o to t e re re e tat o a d ove a t o ta ed t e Co o Ter A ree e t, u der t e t al Fa l ty A ree e t, t e uer ve erta add t o al u dertak lud (w t out l tat o) t e ollow (a d u u dertak w ll be e or eable u t at t e r brea w ll, ub e t to t e ter o t e Co o Ter A ree e t, o t tute a Eve t o De ault):

(a) A add t o al re ort u dertak w ereby t e uer ove a t to e ure t at o ea e -a ual date o w t e Co l a e Cert ate a d ve tor Re ort o ted o t e De ated Web te t at t w ll ro ure t at

t e Se ur ty Grou A e t w ll rov de t e t al Fa l ty A e t w t erta add t o al or at o t e or o a o l a e re ort.

(b) A u dertak t at ould t e Obl or w to ur Ca tal Ex e d ture debted e ur ua t to t e Co o Ter A ree e t (a de r bed above u der "*Co o Ter A ree e t – Add t o al Debt urre e Te t* "), t e uer all ro ure t at t e a re ate qua tu o u Ca tal Ex e d ture debted e urred a y F a al Year :

( ) reater t a £25, , but le t a £15 , , :

(A) a Debt urre e Cert ate (t e or et out t e t al Fa l ty A ree e t) del vered to t e t al Fa l ty A e t l Bu e Day r or to t e urre e o u Ca tal Ex e d ture debted e ; a d

(B) u Debt urre e Cert ate w ll, re e t o u ro o ed add t o al Ca tal Ex e d ture debted e , o r t at t e o d t o et out t e de t o o A qu t o Ca tal Ex e d ture a d/or Re urb e t Ca tal Ex e d ture ave bee et;

( ) reater t a £15 , , :

(A) t e o d t o o ara ra ( ) above are et; a d

(B) t e Debt urre e Cert ate del vered to et er w t a o r at o ro a de e de t Ex ert o r t e NP al ulat o et out t ere are ba ed o rea o able a u t o a d o r t e a ura y o t e atter et out t e Debt urre e Cert ate.

T ere o requ re e t to del ver a Debt urre e Cert ate relat o to erta draw , lud t e r t ut l t at o u der Fa l ty C u der t e t al Fa l ty A ree e t o t e Clo Date re e t o re a Ca tal Ex e d ture a tually e t by t e Se ur ty Grou betwee 31 Mar 2 1 a d t e Clo Date, a d draw ade to u d t e a qu t o o t e 38 Fleet or to roll over a ex t a l ty t at wa urred or t e ur o e o Ca tal Ex e d ture debted e .

T e t al Fa l ty A ree e t al o lude a ove a t l t Re urb e t Ca tal Ex e d ture to £1 , , er a u (RP dexed).

(d) For o lo a t ere are a ou t out ta d u der t e t al Fa l ty A ree e t, t e uer u dertake to ro ure t at t e a re ate o t ve et a ou t o re ay e t a d adva e ade by t e Se ur ty Grou to all Fu ded No -Obl or le re ay e t a d adva e ade by all Fu ded No - Obl or to t e Se ur ty Grou (u der a y a al debted e out ta d

betwee a y e ber o t e Se ur ty Grou a d a y Fu ded No -Obl or) all ot ex eed £1 , , er a u (RP dexed) or £35, , (RP dexed) a re ate dur t e er od ro t e S Date u t l t e re ay e t o t e Fa l t e .

7. HAF NTERCOMPANY DEBT

HAF a d t e uer exe uted t e HAF ter o a y Loa A ree e t o t e S Date. HAF adva ed loa t ereu der to t e uer w are to be re a ed u t e ro eed o t e t al ue o Bo d a d, t e adva e u der t e Fa l t e .

Pur ua t to S edule 5 (*T e HAF S edule*) to t e ST D, HAF a Se ured Cred tor a d a Se or Cred tor re e t o t e HAF ter o a y Debt (but ot a Qual y Se ured Cred tor a d a o e t tle e t to vote u der t e ST D ave re e t o a rov ST D Pro o al re e t o w t a E tre ed R t).

W e t e HAF ter o a y Debt re a d t e HAF S edule w ll ea e to a ly a d HAF w ll o lo er be a Se ured Cred tor.

T e HAF ter o a y Loa A ree e t or orate re re e tat o , warra t e , ove a t a d Eve t o De ault ro t e Co o Ter A ree e t (rov ded t at t e releva t re re e tat o a d ove a t all ot a ly u le Co let o doe ot take la e).

T e HAF ter o a y Loa A ree e t over ed by E l law.

8. HAF CO ENANT LETTER

T e HAF ove a t letter wa e tered to betwee ter al a HAF, t e uer a d t e ot er Obl or o t e S Date. Pur ua t to t ter , t e Obl or ave t e be e t o erta tax-related ove a t ve by HAF lud :

(a) ove a t t at HAF w ll ro ure r or to Co let o t at t e Obl or o ly w t erta o t e tax ove a t t e Co o Ter A ree e t (a de r bed above);

(b) a ove a t t at r or to Co let o HAF w ll ot, a d w ll ro ure t at o A l ate o HAF w ll, take a y te (ot er t a t e A qu t o) t at ould tr er de rou tax ar e t e uer or a y o t e ot er Obl or ;

( ) a ove a t t at r or to Co let o HAF w ll ot, a d w ll ro ure t at o A l ate o HAF w ll, take a y te t at would au e t e uer or a y o t e ot er Obl or to u er a e o dary l ab l ty or tax w HAF or t A l ate (ot er t a a Obl or) r ar ly l able to ay; a d

(d) ove a t t at HAF w ll ( ) u e rea o able e deavour to ro ure t at r or to t e t al ue Date t e uer a d t e ot er Obl or w ll be re oved ro a y HSBC rou ay e t arra e e t or AT rou o w t ey are a e ber (a d HAF a ree to de y u Obl or a a t a y AT u ered by t e uer or a ot er Obl or t at would ot ave ar e but or u er o be a e ber o t e

HSBC AT rou o or a ter t e t al ue Date) a d ( ) ro ure t at r or to Co let o e t er t e uer or a y o t e ot er Obl or w ll be o e arty to a y rou ay e t arra e e t or AT rou ot er t a olely w t ot er Obl or .

9. HEDG NG AGREEMENTS

T e uer w ll e ter to var ou xed/ loat tere t rate wa tra a t o w t t e Hed e Cou ter art e o or ty w t t e Hed Pol y (a de r bed above u der "*Co o Ter A ree e t – Hed Pol y*") to ed e t obl at o to ay loat rate o tere t u der t e t al Fa l ty A ree e t.

T e Hed A ree e t o ta ta dard eve t o de ault (ub e t to erta a e d e t) re e t o t e Hed e Cou ter art e but w ll a ly a l ted u ber o Eve t o De ault ro t e Co o Ter A ree e t to t e uer. T e Hed e Cou ter art e exe uted t e ST D a d t e Co o Ter A ree e t o t e S Date.

T e Hed A ree e t ave bee do u e ted u t e SDA Ma ter A ree e t a d are over ed by E l law.

1 . BOND TRUST DEED

T e Bo d Tru t Deed wa exe uted by t e Obl or , t e A e t a d t e Bo d Tru tee o t e S Date. t w ll o t tute t e Bo d , a o t t e Bo d Tru tee a tru tee o be al o t e Bo d older a d re ulate orta t atter u a vot o t e Bo d older .

For a de r t o o Bo d older vot e a ee *"T e Bo d —Ter a d Co d t o o t e Bo d — Co d t o 16 (Meet o Bo d older , Mod at o , Wa ver a d Sub t tut o)"* below.

T e Bo d Tru t Deed over ed by E l law.

11. COND T ONS PRECEDENT

T e o d t o re ede t to t e t al ue o Bo d are et out a o d t o re ede t a ree e t dated t e S Date (t e "**CP A ree e t**") betwee , a o ot er , t e Jo t Lead Ma a er , t e Obl or a d t e uer.

TERMS AND COND T ONS OF THE BONDS

T e ollow t e text o t e ter a d o d t o w (ub e t to o let o a d a e d e t a d a u le e ted or var ed a orda e w t t e rov o o t e releva t F al Ter (a de ed below) a d, ave or t e tal ed ara ra) w ll be or orated by re ere e to ea Global Bo d re re e t Bo d bearer or , Bo d de t ve or (a y) ued ex a e or t e Global Bo d( ) re re e t Bo d bearer or , ea Global Bo d Cert ate re re e t Bo d re tered or a d ea d v dual Bo d Cert ate re re e t Bo d re tered or (o ly u or orat o by re ere e er tted by t e rule o t e releva t to k ex a e a d a reed by t e uer). u or orat o by re ere e ot o er tted a d a reed, ea Bo d bearer or a d ea d v dual Bo d Cert ate re re e t Bo d re tered or w ll ave e dor ed t ereo or atta ed t ereto u text (a o o leted, a e ded, var ed or u le e ted). Furt er or at o w t re e t to ea Tra e (a de ed below) o Bo d w ll be ve t e releva t F al Ter w w ll rov de or t o e a e t o t e e Co d t o w are a l able to u Tra e (a de ed below) o Bo d .

Ever olt Fu d l (t e " **uer**") a e tabl ed a bo d ro ra e (t e "**Pro ra e**") or t e ua e o e ured uara teed bo d . T e bo d w ll be de ated a t e "**Bo d** ". Bo d ued u der t e Pro ra e o a art ular ue Date o r e a Ser e (a "**Ser e** "), a d ea Ser e o r e a le la . T e Bo d ay o r e o e or ore tra e (ea a "**Tra e**"). T e Bo d are u o d t o ally o tly a d everally uara teed by t e Guara tor .

Ea Tra e ay be de o ated d ere t urre e or ave d ere t tere t rate , atur ty date or ot er ter . Bo d o a y Tra e ay be zero ou o (" **ero Cou o Bo d ")**, xed rate ("**F xed Rate Bo d** "), loat rate ("**Float Rate Bo d** "), dex-l ked (" **dexed Bo d** "), dual urre y ("**Dual Curre y Bo d** "), artly a d ("**Partly Pa d Bo d** ") or tal e t (" **tal e t Bo d** ") bo d de e d o t e et od o al ulat tere t ayable re e t o u Bo d a d ay be de o ated terl , euro, U.S. dollar or ot er urre e ub e t to o l a e w t a l able law.

T e ter a d o d t o a l able to a y art ular Tra e o Bo d are t e e ter a d o d t o ("**Co d t o** ") w all be read o u t o w t a et o al ter relat o to u Tra e ("**F al Ter** ").

T e Bo d w ll be ub e t to a d ave t e be e t o a bo d tru t deed to be dated t e t al ue Date (a de ed below) a t e a e ay be a e ded, u le e ted, re tated a d/or ovated ro t e to t e, (t e "**Bo d Tru t Deed**") betwee t e uer a d T e Law Debe ture Tru t Cor orat o .l. . a tru tee (t e "**Bo d Tru tee**", w ex re o lude t e tru tee or tru tee or t e t e be o t e Bo d Tru t Deed).

T e Bo d ave t e be e t (to t e exte t a l able) o a a e y a ree e t (a a e ded, u le e ted a d/or re tated ro t e to t e, t e "**A e y A ree e t**") to be dated o or be ore t e date u o w t e r t Ser e o Bo d ued by t e uer (t e " **t al ue Date**") (to w , a o ot er , t e uer, t e Bo d

Trustee, the Principal Paying Agent and the other Paying Agents (the and the Bearer Bondholders) or the Transfer Agent and the Registrar (the and the Registered Bondholders) are party). Auxiliary Agreements, each of "**Principal Paying Agent**", "**Paying Agents**", "**Agent Bank**", "**Transfer Agent**" and/or "**Registrar**" each, related to the Bondholders, the Issuer and the Agency Agreement the Principal Paying Agent, Paying Agents, Agent Bank, Transfer Agent and/or Registrar, respectively, and, each a e, any u e or to u er o u a a ty. The Bondholders may also have the benefit (to the extent available) of a calculation agreement (the or or substantially the form of Schedule 2 to the Agency Agreement, the "**Calculation Agency Agreement**") between, *inter alia*, the Issuer and any calculation agent appointed by the Issuer a calculation agent (the "**Calculation Agent**").

On or before the Initial Issue Date, the Issuer will enter into a Dealer Agreement (the "**Dealer Agreement**") with the dealers named therein (the "**Dealers**") regarding the Programme, pursuant to which any of the Dealers may enter into a subscription agreement (each a "**Subscription Agreement**") relating to each Tranche of Bonds issued by the Issuer, and pursuant to which the Dealers will agree to subscribe for the relevant Tranche of Bonds. Any Subscription Agreement relating to a Tranche of Bonds, any of the Dealers may agree to procure subscribers to subscribe for the relevant Tranche of Bonds.

The Issuer may enter into certain urrency, lating-linked and interest rate exchange agreement (together, the "**Hedging Agreements**") with certain hedging counterparties (together, the "**Hedging Counterparties**") regarding certain Tranches of Bonds, pursuant to which the Issuer hedging certain urrency and interest rate obligations.

Additionally, on or before the Initial Issue Date, the Issuer will enter into a number of other agreements with, among other, the other Obligors and the Security Trustee (the "**Cross Guarantee Agreement**") and a security trust and intercreditor deed between, among other, the other Obligors, the Security Trustee and the other Secured Creditors (the "**STID**").

On or before the Initial Issue Date, the Obligors will enter into a Equitable Law Security Agreement (the "**Equitable Law Security Agreement**") pursuant to which the Obligors will make certain assignments by way of security and granting certain fixed and floating charges over security, each as to the Security Trustee for the benefit of the Secured Creditors from time to time Secured Liabilities (including the Bondholders).

On or before the Initial Issue Date, the Irish Obligors will enter into an Irish law security agreement (the "**Irish Law Security Agreement**") pursuant to which the Irish Obligors will granting certain fixed charges over security in favour of the Security Trustee for the benefit of the Secured Creditors from time to time Secured Liabilities (including the Bondholders).

On or before the Initial Issue Date, Everything Holt Ranial (38) Limited will enter into a Scottish law security agreement (the "**Scottish Law Security Agreement**") pursuant to which Everything Holt Ranial (38) Limited will make certain assignments by way of

e ur ty, ea a e to t e Se ur ty Tru tee or t el a d t e Se ured Cred tor re e t o t e Se ured L ab l t e (lud t e Bo d).

T e Co o Do u e t , ea Aut or ed Cred t Fa l ty, ea Bo d Tra a t o Do u e t ot er t a t e Dealer A ree e t a d ea Releva t Sub r t o A ree e t, ea a ree e t or ot er tru e t betwee a Borrower a d a Add t o al Se ured Cred tor or Add t o al Subord ated Debt Cred tor (a t e a e ay be), ea Subord ated Debt Guara tee, t e Sy d at o Strate y S de Letter, t e A ou t Ba k A ree e t a d a y ee letter a llary t ereto, a y a e d e t a d/or re tate e t a ree e t relat to a y o t e above do u e t , a d a y ot er do u e t de ated a u by t e Se ur ty Tru tee a d t e Se ur ty Grou A e t are, relat o to t e Bo d , to et er re erred to a t e "**F a e Do u e t** ".

O or be ore t e t al ue Date, t e uer a d t e Bo d Tru tee, a o ot er , w ll e ter to a a ter de t o a ree e t (t e "**Ma ter De t o A ree e t**"). Ca tal ed ter ot de ed t e e Co d t o ave t e ea ve to t e t e Ma ter De t o A ree e t.

Certa tate e t t e e Co d t o are u ar e o t e deta led rov o a ear o t e a e o t e Bo d (w ex re o all lude t e body t ereo), t e releva t F al Ter or t e Bo d Tru t Deed, t e ST D, t e Co o Ter A ree e t, t e r Law Se ur ty A ree e t, t e E l Law Se ur ty A ree e t a d t e S ott Law Se ur ty A ree e t. Co e o t e Bo d Tru t Deed, t e S ott Law Se ur ty A ree e t, t e r Law Se ur ty A ree e t, t e E l Law Se ur ty A ree e t, t e ST D, t e Ma ter De t o A ree e t a d t e Co o Ter A ree e t are ava lable or e t o dur or al bu e our at t e e ed o e o t e Pr al Pay A e t (t e a e o bearer Bo d) or t e e ed o e o t e Tra er A e t a d t e Re trar (t e a e o re tered Bo d), ave t at, t Bo d a u l ted Bo d o a y Tra e, t e a l able F al Ter w ll o ly be obta able by a Bo d older old o e or ore u l ted Bo d o t at Tra e a d u Bo d older u t rov de ev de e at a tory to t e uer a d t e releva t A e t a to t old o u Bo d a d de t ty.

T e Bo d older are e t tled to t e be e t o , are bou d by, a d are dee ed to ave ot e o , all t e rov o o t e Bo d Tru t Deed, t e E l Law Se ur ty A ree e t, t e S ott Law Se ur ty A ree e t, t e r Law Se ur ty A ree e t, t e ST D, t e Co o Ter A ree e t a d t e ot er F a e Do u e t a d t e releva t F al Ter a d to ave ot e o t o e rov o o t e A e y A ree e t a l able to t e . t e eve t o a y o te y betwee t e ter a d o d t o et out ere a d t e ter et out t e ST D, t e E l Law Se ur ty A ree e t, t e S ott Law Se ur ty A ree e t, t e r Law Se ur ty A ree e t a d t e Co o Ter A ree e t, t e ter o t e ST D, t e E l Law Se ur ty A ree e t, t e S ott Law Se ur ty A ree e t, t e r Law Se ur ty A ree e t or t e Co o Ter A ree e t (a t e a e ay be) all reva l.

A y re ere e t e e o d t o to a atter be " e ed" ea t e a e a ay be e ed t e releva t F al Ter .

1. For , De o at o a d T tle

(a) For a d De o at o

T e Bo d are bearer or (“**Bearer Bo d** ”) or re tered or (“**Re tered Bo d** ”) a e ed t e a l able F al Ter a d er ally u bered t e S e ed De o at o ( ) rov ded t at t e a e o a y Bo d w are to be ad tted to trad o a re ulated arket w t t e Euro ea E o o Area or o ered to t e ubl a Me ber State o t e Euro ea E o o Area r u ta e w requ re t e ubl at o o a ro e tu u der t e Pro e tu D re t ve, t e u S e ed De o at o all be EUR1 , or ot le t a t e equ vale t o EUR1 , a y ot er urre y a att e date o ue o t e releva t Bo d . Bo d ay be ued u de o at o a d er te ral ult le o a aller a ou t e ed t e a l able F al Ter . Bo d o o e S e ed De o at o ay ot be ex a ed or Bo d o a ot er S e ed De o at o a d Re tered Bo d ay ot be ex a ed or Bearer Bo d . Re ere e t e e Co d t o to “**Bo d** ” lude Bearer Bo d a d Re tered Bo d a d all Tra e a d Ser e .

So lo a t e Bo d are re re e ted by a te orary Global Bo d or er a e t Global Bo d a d t e releva t lear y te ( ) o er t, t e Bo d all be tradeable o ly r al a ou t o at lea t t e S e ed De o at o (or ore t a o e S e ed De o at o , t e lowe t S e ed De o at o).

tere t-bear Bearer Bo d are ued w t Cou o (a de ed below) (a d, w ere a ro r ate, a Talo , (a de ed below)) atta ed. A ter all t e Cou o atta ed to, or ued re e t o , a y Bearer Bo d w wa ued w t a Talo ave atured, a ou o eet o r urt er Cou o (ot er t a Cou o w would be vo d) a d (e e ary) o e urt er Talo w ll be ued a a t re e tat o o t e releva t Talo at t e e ed o e o a y Pay A e t. A y Bearer Bo d t e r al a ou t o w redee able tal e t ay be ued w t o e or ore Re e t (a de ed below) (a d, w ere a ro r ate, a Talo) atta ed t ereto. A ter all t e Re e t atta ed to, or ued re e t o , a y tal e t Bo d w wa ued w t a Talo ave atured, a re e t eet o r urt er Re e t (ot er t a Re e t w would be vo d) a d (e e ary) a urt er Talo w ll be ued a a t re e tat o o t e releva t Talo at t e e ed o e o a y Pay A e t.

(b) T tle

T tle to Bearer Bo d , Cou o , Re e t a d Talo (a y) a e by del very. T tle to Re tered Bo d a e by re trat o t e re ter (t e “**Re ter**”), w t e uer all ro ure to be ke t by t e Re trar.

t e e Co d t o , ub e t a rov ded below, ea re ere e to “**Bo d older**” (relat o to a Bo d, Cou o , Re e t or Talo), “ **older**” a d “**Holder**” ea ( ) relat o to a Bearer Bo d, t e bearer o a y Bearer Bo d, Cou o , Re e t or Talo (a t e a e ay be) a d ( ) relat o to a Re tered Bo d, t e er o w o e a e a Re tered Bo d re tered, a t e a e ay be. T e ex re o “**Bo d older**”, “ **older**” a d “**Holder**” lude t e older o tal e t re e t (t e “**Re e t** ”) a erta to t e ay e t o r al by

tal e t (a y) atta ed to u Bo d bearer or (t e "**Re e t older** "), t e older o t e ou o (t e "**Cou o** ") (a y) a erta to tere t bear Bo d bearer or (t e "**Cou o older** "), a d t e ex re o Cou o older or Re e t older lude t e older o talo relat o to Cou o or Re e t a a l able, (t e "**Talo** ") (a y) or urt er ou o or re e t , a a l able atta ed to u Bo d (t e "**Talo older** ").

T e bearer o a y Bearer Bo d, Cou o , Re e t or Talo a d t e re tered older o a y Re tered Bo d w ll (ex e t a ot erw e requ red by law) be treated a t ab olute ow er or all ur o e (w et er or ot t overdue a d re ardle o a y ot e o ow er , tru t or a y tere t t, a y wr t o t e releva t Bo d, or t t e t or lo or a y ex re or o tru t ve ot e o a y la by a y ot er er o o a y tere t t ere ot er t a , t e a e o a Re tered Bo d, a duly exe uted tra er o u Bo d t e or e dor ed o t e Global Bo d Cert ate or d v dual Bo d Cert ate re e t t ereo (a a l able)) a d o er o w ll be l able or o treat t e older.

Bo d w are re re e ted by a Global Bo d or Global Bo d Cert ate w ll be tra erable o ly a orda e w t t e rule a d ro edure or t e t e be o Euro lear a d Clear trea , Luxe bour , a t e a e ay be. Re ere e to Euro lear a d/or Clear trea , Luxe bour all, w e ever t e o text o er t , be dee ed to lude a re ere e to a y add t o al or alter at ve lear y te e ed t e a l able F al Ter or a ay ot erw e be a roved by t e uer, t e Pr al Pay A e t a d t e Bo d Tru tee.

( ) Fu ble ue o Bo d o r a Tra e

T e uer ay, ro t e to t e, w t out t e o e t o t e Bo d older , Re e t older or Cou o older , reate a d ue urt er Bo d av t e a e ter a d o d t o a t e Bo d o a Tra e all re e t (or all re e t ex e t or t e r t ay e t o tere t). A ord ly, a Tra e o Bo d ay o r e a u ber o ue add t o to t e t al Tra e o u Tra e. Su urt er ue o t e a e Tra e w ll be o ol dated a d or a le Tra e w t t e r or ue o t at Tra e.

2. Ex a e o Bearer Bo d or Re tered Bo d a d Tra er o Re tered Bo d

(a) Ex a e o Bo d

Sub e t to Co d t o 2(e) (*Clo ed Per od*), Bearer Bo d ay, o e ed t e releva t F al Ter , be ex a ed at t e ex e e o t e tra eror Bo d older or t e a e a re ate r al a ou t o Re tered Bo d at t e reque t wr t o t e releva t Bo d older a d u o urre der o t e Bearer Bo d to be ex a ed to et er w t all u atured Cou o , Re e t a d Talo (a y) relat to t at t e e ed o e o t e Re trar or a y Tra er A e t or Pay A e t. W ere, owever, a Bearer Bo d urre dered or ex a e a ter t e Re ord Date (a de ed below) or a y

ay e t o tere t or tere t A ou t (a de ed below), t e Cou o re e t o t at ay e t o tere t or tere t A ou t eed ot be urre dered w t t. Re tered Bo d ay ot be ex a ed or Bearer Bo d .

(b) Tra er o Re tered Bo d

A Re tered Bo d ay be tra erred u o t e urre der o t e releva t d v dual Bo d Cert ate, to et er w t t e or o tra er e dor ed o t duly o leted a d exe uted, at t e e ed o e o a y Tra er A e t or t e Re trar. However, a Re tered Bo d ay ot be tra erred u le ( ) t e r al a ou t o Re tered Bo d ro o ed to be tra erred a d ( ) t e r al a ou t o t e bala e o Re tered Bo d to be reta ed by t e releva t tra eror are, ea a e, S e ed De o at o . t e a e o a tra er o art o ly o a old o Re tered Bo d re re e ted by a d v dual Bo d Cert ate, a ew d v dual Bo d Cert ate re e t o t e bala e ot tra erred w ll be ued to t e tra eror w t t ree bu e day (t e la e o t e e ed o e o t e Tra er A e t or t e Re trar) o re e t o u or o tra er.

( ) Del very o New d v dual Bo d Cert ate

Ea ew d v dual Bo d Cert ate to be ued u o ex a e o Bearer Bo d or tra er o Re tered Bo d w ll, w t t ree bu e day (t e la e o t e e ed o e o t e Tra er A e t or t e Re trar) o re e t o u reque t or ex a e or or o tra er, be ava lable or del very at t e e ed o e o t e Tra er A e t or t e Re trar t ulated t e reque t or ex a e or or o tra er, or be a led at t e r k o t e Bo d older e t tled to t e d v dual Bo d Cert ate to u addre a ay be e ed u reque t or ex a e or or o tra er. For t e e ur o e , a or o tra er or reque t or ex a e re e ved by t e Re trar a ter t e Re ord Date (a de ed below) re e t o a y ay e t due re e t o Re tered Bo d all be dee ed ot to be e e t vely re e ved by t e Re trar u t l t e Bu e Day (a de ed below) ollow t e due date or u ay e t.

(d) Ex a e at t e Ex e e o Tra eror Bo d older

Re trat o o Bo d o ex a e or tra er w ll be e e ted at t e ex e e o t e tra eror Bo d older by or o be al o t e uer, t e Tra er A e t or t e Re trar, a d u o ay e t o (or t e v o u de ty a t e Tra er A e t or t e Re trar ay requ re re e t o) a y tax or ot er over e tal ar e w ay be o ed relat o to t.

(e) Clo ed Per od

No tra er o a Re tered Bo d ay be re tered, or ay a y ex a e o a Bearer Bo d or a Re tered Bo d o ur dur t e er od o 15 day e d o t e due date or a y ay e t o r al, tere t, tere t A ou t (a de ed below) or Rede t o A ou t (a de ed below) o t at Bo d.

( ) Re ulat o Co er t e Tra er o Re tered Bo d

All tra er o Re tered Bo d a d e tr e o t e Re ter are ub e t to t e deta led re ulat o o er t e tra er o Re tered Bo d eduled to t e A e y A ree e t. T e re ulat o ay be a ed by t e uer w t t e r or wr tte a roval o t e Pr al Pay A e t, t e Bo d Tru tee a d t e Re trar. A o y o t e urre t re ulat o w ll be a led (ree o ar e) by t e Re trar to a y Bo d older w o reque t wr t a o y o u re ulat o .

3. Statu o Bo d a d Guara tee o Bo d

(a) Statu o Bo d

T e Bo d , Cou o , Talo a d Re e t (a y) are d re t a d u o d t o al obl at o o t e uer, are e ured t e a er de r bed Co d t o 4 (*Se ur ty, Pr or ty a d Relat o w t Se ured Cred tor*) a d ra k *ar a u* w t out a y re ere e a o t e elve .

(b) Guara tee o Bo d

T e Guara tor (ot er t a t e uer) ave, ur ua t to t e E l Law Se ur ty A ree e t, u o d t o ally a d rrevo ably a d o a o t a d everal ba ( ) uara teed to t e Se ur ty Tru tee (or t el a d o be al o t e Se ured Cred tor) t e u tual er or a e by t e uer o t e Se ured L ab l t e (lud t e Bo d); ( ) u dertake w t t e Se ur ty Tru tee (or t el a d o be al o t e Se ured Cred tor) t at w e ever t e uer doe ot ay a y a ou t w e due u der or o e t o w t a y o t e Se ured L ab l t e (lud t e Bo d), t ey all ed ately o de a d ay t at a ou t a t ey were t e r al obl or; a d ( ) a reed w t t e Se ur ty Tru tee (or t el a d o be al o t e Se ured Cred tor) t at a y obl at o uara teed by t u der t e E l Law Se ur ty A ree e t or be o e u e or eable, val d or lle al, t w ll, a a de e de t a d r ary obl at o , de y t e Se ur ty Tru tee (or t el a d o be al o t e Se ured Cred tor) ed ately o de a d a a t a y o t, lo or l ab l ty t ur a a re ult o t e uer ot ay a y a ou t w would, but or u u e or eab l ty, val d ty or lle al ty, ave bee ayable by t u der a y F a e Do u e t o t e date w e t would ave bee due. T e a ou t ayable by ea releva t Guara tor u der t de ty w ll ot ex eed t e a ou t t would ave ad to ay u der t e E l Law Se ur ty A ree e t t e a ou t la ed ad bee re overable o t e ba o a uara tee. T e Guara tee o t e Bo d (“**Guara tee o t e Bo d** ”) o t tute d re t, e eral a d u o d t o al obl at o o t e releva t Guara tor w w ll at all t e ra k at lea t *ar a u* w t all ot er re e t a d uture u e ured obl at o o t e Guara tor a d at lea t *ar a u* w t all re e t a d uture e or e ured obl at o o t e Guara tor ur ua t to t e ter o t e ST D ave ea a e or u obl at o a ay be re erred by rov o o law t at are bot a datory a d o e eral a l at o .

( ) Bo d Tru tee a d Se ur ty Tru tee ot re o ble or o tor o l a e

Ne t er t e Bo d Tru tee or t e Se ur ty Tru tee all be re o ble or o tor o l a e by t e uer w t a y o t obl at o u der t e F a e Do u e t ex e t by ea o re e t o a Co l a e Cert ate by t e Se ur ty Tru tee ro t e Se ur ty Grou A e t a orda e w t t e Co o Ter A ree e t w w ll tate, a o ot er t , t at o Eve t o De ault out ta d . T e Bo d Tru tee a d t e Se ur ty Tru tee all be e t tled to rely o u ert ate ab olutely. Ne t er t e Bo d Tru tee or t e Se ur ty Tru tee re o ble or o tor o l a e by a y o t e art e w t t er re e t ve obl at o u der t e F a e Do u e t . Ea o t e Bo d Tru tee a d t e Se ur ty Tru tee ay all or a d at l berty to a e t a u e t ev de e a ert ate ed by a y o e d re tor o a y Obl or or a y ot er arty to a y F a e Do u e t to t e e e t t at a y art ular deal , tra a t o , te or t t e o o o t e er o o ert y u table or ex ed e t or a to a y ot er a t or atter u o w t e Bo d Tru tee or t e Se ur ty Tru tee, a a l able ay requ re to be at ed. Ne t er t e Bo d Tru tee or t e Se ur ty Tru tee a y way bou d to all or urt er ev de e or be re o ble or a y lo t at ay be o a o ed by a t o a y u ert ate alt ou t e a e ay o ta o e error or ot aut e t . Ea o t e Bo d Tru tee a d t e Se ur ty Tru tee e t tled to rely u o a y ert ate bel eved by t to be e u e a d w ll ot be l able or o a t .

4. Se ur ty, Pr or ty a d Relat o w t Se ured Cred tor

(a) Se ur ty

A o t u e ur ty or t e ay e t or d ar e o t e Se ured L ab l t e (lud all o e ayable re e t o t e Bo d , Cou o a d Re e t a d ot erw e u der t e Bo d Tru t Deed), t e Guara tee o t e Bo d u der t e E l Law Se ur ty A ree e t a d a y deed or ot er do u e t exe uted a orda e w t t e Bo d Tru t Deed a d ex re ed to be u le e tal to t e Bo d Tru t Deed (a a l able) (t e "**Tru t Do u e t** ") (lud t e re u erat o , ex e e a d ot er la o t e Bo d Tru tee, t e Se ur ty Tru tee a d a y Re e ver a o ted u der t e E l Law Se ur ty A ree e t)), t e uer a d t e ot er Obl or ave e tered to t e E l Law Se ur ty A ree e t a d erta o t e Obl or ave e tered to t e r Law Se ur ty A ree e t a d o e Obl or a e tered to t e S ott Law Se ur ty A ree e t to reate a ar a er tted by a d ub e t to o l a e w t a y a l able law, t e e ur ty (t e "**Se ur ty**") avour o t e Se ur ty Tru tee or t el a d o tru t or t e ot er Se ured Cred tor a et out below.

E l Law Se ur ty

For t e ur o e o t e below, a y a tal ed ter u ed t at are ot de ed t e Ma ter De t o A ree e t all ave t e ea ve to t e t e E l Law Se ur ty A ree e t.

Pur ua t to t e E l Law Se ur ty A ree e t, ea C ar or a ra ted a e ur ty or t e ay e t o all t e Se ured L ab l t e (w et er o t at or a y ot er C ar or), avour o t e Se ur ty Tru tee:

( ) F xed C ar e

(A) F r t xed equ table ar e over all C ar eable Real Pro erty a qu red by t t e uture.

(B) F r t xed ar e over (*ter al a*) all t re e t a d uture:

( ) Se ur ty S are a d D v de d ;

( ) Book Debt ;

( ) Roll Sto k (lud t e Roll Sto k de r bed S edule 5 (*Roll Sto k*) o t e E l Law Se ur ty A ree e t) ow ed by t ow or t e uture a d t tere t a y Roll Sto k t o e o ow or t e uture a d t e be e t o all la t a d a ery, o e a d ot er equ e t a d t e be e t o all o tra t , l e e a d warra t e relat to t e Roll Sto k.

( ) Float C ar e

A r t loat ar e over t u dertak a d all t a et , bot re e t a d uture.

( ) A e t

A a e t o all t re e t a d uture:

(A) r t, t tle a d tere t a d to ea A ed Co tra t; a d

(B) all a ou t ayable to t u der or o e t o w t ea o t e Se ur ty Grou ura e a d all r t o e t o w t t e e a ou t .

r Law Se ur ty

For t e ur o e o t e below, a y a tal ed ter all ave t e ea ve to t e t e r Law Se ur ty A ree e t.

T e e ur ty o t tuted by t e r Law Se ur ty A ree e t o t o :

( ) r t xed ar e over t e Book Debt a d t e Se ur ty Grou A ou t a d all o e (lud tere t) ro t e to t e ta d to t e red t t ereo a d t e debt re re e ted t ereby; a d

( ) r t r or ty equ table ort a e a d ar e over t e Se ured S are .

S ott Law Se ur ty

For t e ur o e o t e below, a y a tal ed ter u ed t at are ot de ed t e Ma ter De t o A ree e t all ave t e ea ve to t e t e S ott Law Se ur ty A ree e t.

Pur ua t to t e S ott Law Se ur ty A ree e t, Ever olt Ra l (38) L ted a a ed a e ur ty or t e ay e t a d d ar e o all t e Se ured L ab l t e avour o t e Se ur ty Tru tee, Ever olt Ra l (38) L ted' w ole r t, t tle a d tere t, re e t a d uture, a d to t e Co tra t lud all o ey ayable to Ever olt Ra l (38) L ted, a d a y la , award a d ud e t avour o , re e vable or re e ved by Ever olt Ra l (38) L ted, u der or o e t o w t t e Co tra t , ub e t to a y Per tted Se ur ty tere t.

All Bo d ued by t e uer u der t e Pro ra e w ll are t e Se ur ty o t tuted by t e E l Law Se ur ty A ree e t, t e r Law Se ur ty A ree e t a d t e S ott Law Se ur ty A ree e t.

(b) Relat o a o Bo d older a d w t ot er Se ured Cred tor

T e Bo d older ro t e to t e are Se ured Cred tor . T e Bo d Tru tee a Se ured Cred tor o t ow be al a d o be al o t e Bo d older ro t e to t e.

T e Bo d Tru t Deed o ta rov o deta l t e Bo d Tru tee' obl at o to o der t e tere t o Bo d older a re ard all d ret o o t e Bo d Tru tee (ex e t w ere ex re ly rov ded or ot erw e re erred to Co d t o 18 (*Bo d Tru tee Prote t o*)). add t o , t e ST D o ta rov o deta l t e Se ur ty Tru tee' obl at o to o der t e tere t o t e Se ured Cred tor (lud t e Bo d Tru tee o be al o t e Bo d older).

( ) E or eable Se ur ty

T e e or e e t o t e Se ur ty a et out t e E l Law Se ur ty A ree e t, t e r Law Se ur ty A ree e t a d t e S ott Law Se ur ty A ree e t ub e t to t e ter o t e ST D.

Pur ua t to t e ter o t e ST D, o ly t e Se ur ty Tru tee e t tled to:

( ) del ver a E or e e t Not e;

( ) take a y a t o re erred to t e de t o o E or e e t A t o a a t a y Obl or (w et er d re tly or t rou a Re e ver); or

( ) take ro eed or exer e a y r t , d ret o or ower , or ra t a y o e t or relea e , re e t o t e Se ur ty ve u der or ur ua t to t e Se ur ty Do u e t or ot erw e ave d re t re our e to t e Se ur ty;

No Bo d older, or a y er o a t o be al o a Bo d older (ot er t a t e Bo d Tru tee or Se ur ty Tru tee or a Re e ver), all ave a y r t to take or t ate a y ro eed or te a a t a Obl or to e or e r t u der t e F a e Do u e t lud w t out l tat o by way o atta e t, exe ut o or d l e e.

No Se ured Cred tor (ot er t a t e Bo d Tru tee or Se ur ty Tru tee or a Re e ver a o ted by t e Se ur ty Tru tee) all ave t e r t to take or o a y er o tak te a a t a y Obl or or t e ur o e o obta ay e t o a y a ou t due w at oever ro u Obl or to u Se ured Cred tor, lud t e a o t e t o a Re e ver (lud a ad trat ve re e ver), rov ded t at ot all reve t a Se ured Cred tor ro rov or t e ull a ou t owed to t by a y Obl or t e olve y o u Obl or.

No Bo d older, or a y er o a t o be al o a Bo d older (ot er t a t e Se ur ty Tru tee or a y Re e ver a o ted by t e Se ur ty Tru tee) all t ate or o a y er o t at ow oever a olve y Eve t relat o to a y Obl or; a d t all ot be e t tled to take a y te or ro eed w would re ult a y o t e rov o o Clau e 2 (*Po t-E or e e t Pr or ty o Pay e t*) o t e ST D or t Co d t o ot be ob erved.

(d) A l at o A ter E or e e t

A ter e or e e t o t e Se ur ty all o e re e ved or re overed by t e Se ur ty Tru tee (or t e Re e ver a o ted by t) re e t o t e Se ur ty a d t e Guara tee eld by t e Se ur ty Tru tee all be a l ed a orda e w t t e Po t-E or e e t Pr or ty o Pay e t (a et out t e ST D). U o t e erv e o a E or e e t Not e, a ou t red ted to t e Bo d De ea a e A ou t w ll be a l ed a orda e w t t e ST D by or o be al o t e Se ur ty Tru tee (or a y Re e ver a o ted by t) a oo a ra t able re ay e t o t e Bo d (o a *ro rata* a d *ar a u* ba) a d w ll be treated a ext u *ro ta to* t e r al a ou t o t e Bo d or t e ur o e o a ly t e Po t-E or e e t Pr or ty o Pay e t .

(e) Bo d Tru tee a d t e Se ur ty Tru tee ot l able or e ur ty

Ne t er t e Bo d Tru tee or t e Se ur ty Tru tee w ll be l able or a y a lure to ake t e u ual ve t at o or a y ve t at o w t be ade by a e ur ty older relat o to t e ro erty w t e ub e t o t e Se ur ty a d all ot be bou d to e qu re to or be l able or a y de e t or a lure t e r t or t tle o a Obl or to t e Se ur ty w et er u de e t or a lure wa k ow to t e Bo d Tru tee or t e Se ur ty Tru tee, or t ave bee d overed u o exa at o or e qu ry or w et er a able o re edy or ot, or w ll t ey ave a y l ab l ty or t e e or eab l ty o t e Se ur ty reated u der t e E l Law Se ur ty A ree e t or t e r Law Se ur ty A ree e t w et er a a re ult o a y a lure, o o or de e t re ter or l or ot erw e rote t or er e t u Se ur ty or ot erw e. T e

Se ur ty Tru tee a d t e Bo d Tru tee all ave o re o b l ty or t e value o a y u Se ur ty.

( ) Bo d Tru tee a d Se ur ty Tru tee aut or at o a d d re t o

T e Bo d Tru tee aut or ed ereby o be al o t e Bo d older to exe ute t e ST D a d t e Co o Ter A ree e t (a d t e Bo d older are dee ed, by a qu r a tere t t e Bo d , to o e t to u aut or at o).

T e Se ur ty Tru tee aut or ed ereby o be al o t e Bo d older to exe ute t e E l Law Se ur ty A ree e t, t e S ott Law Se ur ty A ree e t a d t e r Law Se ur ty A ree e t a Se ur ty Tru tee or *ter al a* t e Bo d older (a d t e Bo d older are dee ed, by a qu r a tere t t e Bo d , to o e t to u aut or at o).

T e Bo d older ereby aut or e a d d re t t e Se ur ty Tru tee to ve t e u dertak et out Clau e 23.12 (*Qu et E oy e t a d Related U dertak*) o t e ST D o be al o t e Bo d older) (a d t e Bo d older are dee ed, by a qu r a tere t t e Bo d , to o e t to u d re t o a d to be bou d by a y u u dertak). Ne t er t e Bo d Tru tee or t e Se ur ty Tru tee all be re o ble or l able or o tor o l a e (ot er t a relat o to t el) w t a y u u dertak or or a y o eque e o a y a lure o to o ly.

5. uer Cove a t

So lo a a y o t e Bo d re a out ta d , t e uer a a reed to o ly w t t e ove a t a et out t e Co o Ter A ree e t.

6. tere t a d ot er Cal ulat o

(a) tere t Rate a d A rual

Ea Bo d (u le e ed t e releva t F al Ter to be a ero Cou o Bo d) bear tere t o t Pr al A ou t Out ta d a de ed below (or a ot erw e e ed t e releva t F al Ter) ro a d lud t e tere t Co e e e t Date (a de ed below) at t e tere t Rate (a de ed below), u tere t be ayable arrear (u le ot erw e e ed t e releva t F al Ter) o ea tere t Pay e t Date (a de ed below).

tere t w ll ea e to a rue o ea Bo d (or, t e a e o t e rede t o o art o ly o a Bo d, t at art o ly o u Bo d) o t e due date or rede t o u le , u o due re e tat o , ay e t o r al ro erly w t eld or re u ed, w eve t tere t w ll o t ue to a rue (bot be ore a d a ter ud e t) at t e tere t Rate t at would ot erw e a ly re e t o u a d a ou t o u Bo d at u t e to t e Bo d Releva t Date (a de ed Co d t o 6( ) (*De t o*)).

a y Max u tere t Rate or M u tere t Rate e ed t e releva t F al Ter , t e t e tere t Rate all o eve t be reater t a t e ax u or be le t a t e u o e ed, a t e a e ay be.

(b) Ad u t e t to tere t Rate

t e a l able F al Ter o e y, t e t e a l able tere t Rate all be ub e t to ad u t e t a orda e w t t e tere t Rat et (ea u ad u t e t, a "**Rate Ad u t e t**"). A y Rate Ad u t e t all a ly re e t o t e tere t Per od o e o t e tere t Pay e t Date ed ately ollow t e date o t e releva t Ste U Eve t or Ste Dow Eve t, u t l e t er a urt er Rate Ad u t e t be o e e e t ve or to t e date o w t e a l able Bo d ea e to bear tere t, a t e a e ay be. For t e avo da e o doubt, a Ste Dow Eve t ollow a Ste U Eve t dur t e a e tere t Per od, t ere all be o ad u t e t to t e tere t Rate a l able to t e ext ollow tere t Per od.

T e uer w ll au e ea Rate Ad u t e t to be ot ed to t e Pr al Pay A e t, t e Bo d Tru tee a d Bo d older by ot e t ereo to be ubl ed a orda e w t Co d t o 18 (*Not e*) a oo a o ble a ter t e o urre e o t e releva t Ste U Eve t or Ste Dow Eve t, a t e a e ay be, but o eve t later t a t e te t Bu e Day t erea ter.

T ere all be o l t o t e u ber o Rate Ad u t e t t at ay be ade ur ua t to t Co d t o dur t e ter o t e a l able Bo d , rov ded alway t at at o t e dur t e ter o t e a l able Bo d w ll t e tere t Rate ayable o t e a l able Bo d be le t a t e tere t Rate e ed t e a l able F al Ter or ore t a t e a re ate o t e tere t Rate e ed t e a l able F al Ter a d t e tere t Rat et Mar o e ed.

For t e ur o e o t Co d t o :

" **tere t Rat et**" ea t e ollow rate o tere t:

( ) u o t e o urre e o a Ste U Eve t: t e tere t Rate lu t e tere t Rat et Mar e ed t e a l able F al Ter ; a d

( ) u o t e o urre e o a Ste Dow Eve t: t e tere t Rate;

" **tere t Rat et Mar** " ea re e t o a Tra e o Bo d , t e ar o e ed t e a l able F al Ter ;

"**M u Rat Requ re e t**" ea a lo ter rat re e t o all Rated Debt o at lea t BBB- by S&P a d BBB- by F t or t e equ vale t rat o a y urt er or re la e e t Rat A e y;

"**Ste Dow Eve t**" ea t e re tate e t o t e M u Rat Requ re e t ollow t e o urre e o a Ste U Eve t; a d

"**Ste U Eve t**" ea a a lure o t e Rated Debt to eet t e M u Rat Requ re e t at a y t e a ter t e tere t Co e e e t Date, u le t e M u Rat Requ re e t a a a be o e at ed o t e day be ore t e tere t Pay e t Date ed ately ollow t e releva t a lure to eet t e M u Rat Requ re e t.

( ) Bu e Day Co ve t o

a y date re erred to t e e Co d t o or t e releva t F al Ter e ed to be ub e t to ad u t e t a orda e w t a Bu e Day o ve t o a d would ot erw e all o a day w ot a Bu e Day (a de ed below), t e t e Bu e Day Co ve t o e ed t e releva t F al Ter :

( ) t e "**Follow Bu e Day Co ve t o** ", u date all be o t o ed to t e ext day w a Bu e Day;

( ) t e "**Mod ed Follow Bu e Day Co ve t o** ", u date all be o t o ed to t e ext day w a Bu e Day u le t would t ereby all to t e ext ale dar o t , w eve t u date all be brou t orward to t e ed ately re ed Bu e Day; or

( ) t e "**Pre ed Bu e Day Co ve t o** ", u date all be brou t orward to t e ed ately re ed Bu e Day.

(d) Float Rate Bo d

T Co d t o 6(d) a l able o ly t e releva t F al Ter e y t e Bo d a Float Rate Bo d .

"**S ree Rate Deter at o** " e ed t e releva t F al Ter a t e a er w t e tere t Rate( ) /are to be deter ed, t e tere t Rate a l able to t e Bo d or ea tere t Per od w ll be deter ed by t e A e t Ba k (or t e Cal ulat o A e t, a l able) o t e ollow ba :

( ) t e Pa e (a de ed below) d lay a rate w a o o te quotat o or u to ar ly u l ed by o e e t ty, t e A e t Ba k (or t e Cal ulat o A e t, a l able) w ll deter e t e Releva t Rate (a de ed Co d t o 6( ) (*De t o*));

( ) a y ot er a e, t e A e t Ba k (or t e Cal ulat o A e t, a l able) w ll deter e t e ar t et ea o t e Releva t Rate (a de ed below) w a ear o t e Pa e a o t e Releva t T e (a de ed below) o t e releva t tere t Deter at o Date;

( ) , t e a e o ( ) above, u rate doe ot a ear o t at Pa e or, t e a e o ( ) above, ewer t a two u rate a ear o t at Pa e or , e t er a e, t e Pa e u ava lable, t e A e t Ba k (or t e Cal ulat o A e t, a l able) w ll:

(A) reque t t e r al Releva t F a al Ce tre o e o ea o t e Re ere e Ba k (a de ed Co d t o 6( ) (*De t o*)) to rov de a quotat o o t e Releva t Rate at a rox ately t e Releva t T e o t e releva t tere t Deter at o Date to r e ba k t e Releva t F a al Ce tre (a de ed below) terba k arket (or, a ro r ate, o ey arket) a a ou t t at re re e tat ve or a le tra a t o t at arket at t at t e; a d

(B) deter e t e ar t et ea o u quotat o .

(v) ewer t a two u quotat o are rov ded a reque ted Co d t o 6( )( ), t e A e t Ba k (or t e Cal ulat o A e t, a l able) w ll deter e t e ar t et ea o t e rate (be t e rate eare t to t e Releva t Rate a deter ed by t e A e t Ba k (or t e Cal ulat o A e t, a l able)) quoted by t e Re ere e Ba k at a rox ately 11: a. . (lo al t e t e Releva t F a al Ce tre o t e Releva t Curre y) o t e releva t tere t Deter at o Date (a de ed Co d t o 6( ) (*De t o*)) or loa t e Releva t Curre y to lead Euro ea ba k or a er od equal to t e releva t tere t Per od a d t e Re re e tat ve A ou t (a de ed Co d t o 6( ) (*De t o*)),

a d t e tere t Rate or u tere t Per od all be t e u o t e rate or (a t e a e ay be) t e ar t et ea o deter ed a d (a) or a y tere t Per od t at e d be ore t e S eduled Rede t o Date, t e Mar a d (b) or a y tere t Per od t at e d o or a ter t e S eduled Rede t o Date, t e Mar a d t e Ste -U Float Fee Rate. However, t e A e t Ba k or t e Cal ulat o A e t (a a l able) u able to deter e a rate or (a t e a e ay be) a ar t et ea a orda e w t t e above rov o relat o to a y tere t Per od, t e tere t Rate a l able to t e Bo d dur u tere t Per od w ll be t e u o t e Mar a d t e rate or (a t e a e ay be) t e ar t et ea la t deter ed relat o to t e Bo d re e t o a re ed tere t Per od.

" **SDA Deter at o** " e ed t e releva t F al Ter a t e a er w t e tere t Rate( ) /are to be deter ed, t e tere t Rate( ) a l able to t e Bo d or ea tere t Per od w ll be t e u o t e SDA Rate a d (a) or a y tere t Per od t at e d be ore t e S eduled Rede t o Date, t e Mar a d (b) or a y tere t Per od t at e d o or a ter t e S eduled Rede t o Date, t e Mar a d t e Ste -U Float Fee Rate w ere " **SDA Rate**" relat o to a y tere t Per od ea a rate equal to t e Float Rate (a de ed t e SDA De t o) t at would be deter ed by t e A e t Ba k (or t e Cal ulat o A e t, a l able) u der a tere t rate wa tra a t o t e A e t Ba k (or t e Cal ulat o A e t, a l able) were a t a al ulat o a e t or t at tere t rate wa tra a t o u der t e ter o a a ree e t or orat t e SDA De t o a d u der w :

( ) t e Float Rate O t o (a de ed t e SDA De t o) a e ed t e releva t F al Ter ;

( ) t e De ated Matur ty (a de ed t e SDA De t o) t e S e ed Durat o (a de ed Co d t o 6( ) (*De t o*)); a d

( ) t e releva t Re et Date (a de ed t e SDA De t o) e t er (1) t e releva t Float Rate O t o ba ed o L BOR or a urre y, t e r t day o t at tere t Per od, (2) t e releva t Float Rate O t o ba ed o EUR BOR, t e r t day o t at tere t Per od or (3) a y ot er a e, a e ed t e releva t F al Ter .

(e) F xed Rate Bo d

T Co d t o 6(e) a l able o ly t e releva t F al Ter e y t e Bo d a F xed Rate Bo d .

Sub e t to t e ext ara ra , t e tere t Rate a l able to t e Bo d or ea tere t Per od w ll be t e rate e ed t e releva t F al Ter .

T e tere t Rate a l able to t e Bo d or ea tere t Per od ro (a d lud) t e S eduled Rede t o Date w ll be a loat rate equal to t e u o (a) t e rate deter ed a orda e w t Co d t o 6(d) (*Float Rate Bo d*) t at Co d t o ot erw e a l ed a d (b) t e Ste -U F xed Fee Rate.

( ) dexed Bo d

T Co d t o 6( ) a l able o ly t e releva t F al Ter e y t e Bo d a dexed Bo d .

Pay e t o r al o , a d t e tere t ayable re e t o , t e Bo d w ll be ub e t to ad u t e t or dexat o to t e exte t et out Co d t o 7(b) (*A l at o o t e dex Rat o*).

Sub e t to t e ext ara ra , t e tere t Rate a l able to t e Bo d or ea tere t Per od w ll be t e rate e ed t e releva t F al Ter .

T e tere t Rate a l able to t e Bo d or ea tere t Per od ro (a d lud) t e S eduled Rede t o Date w ll be a loat rate equal to t e u o (a) t e ar t et ea rate deter ed a orda e w t Co d t o 6(d) (*Float Rate Bo d*) t at Co d t o ot erw e a l ed a d (b) t e Ste -U F xed Fee Rate.

( ) Rou d

For t e ur o e o a y al ulat o requ red ur ua t to t e e Co d t o (u le ot erw e e ed):

( ) all er e ta e re ult ro u al ulat o w ll be rou ded, e e ary, to t e eare t o e u dred-t ou a dt o a er e ta e o t (w t alve be rou ded u);

( ) all ure w ll be rou ded to eve a t ure (w t alve be rou ded u); a d

( ) all urre y a ou t w all due a d ayable w ll be rou ded to t e eare t u t o u urre y (w t alve be rou ded u). For t e e ur o e , "u t" ea , w t re e t to a y urre y ot er t a euro, t e lowe t a ou t o u urre y w ava lable a le al te der t e ou try o u urre y a d, w t re e t to euro, ea . 1 euro.

( ) Cal ulat o

T e a ou t o tere t ayable re e t o a y Bo d or ea tere t Per od all be al ulated by a ly t e tere t Rate to t e Cal ulat o A ou t, ult ly t e rodu t by t e releva t Day Cou t Fra t o , rou d t e re ult ure to t e eare t ub-u t o t e S e ed Curre y (al a ub-u t be rou ded u ward) a d ult ly u rou ded ure by a ra t o equal to t e S e ed De o at o o u Bo d d v ded by t e Cal ulat o A ou t (a de ed Co d t o 6( ) (*De t o*)) a d, t e a e o dexed Bo d o ly, ad u ted a ord to t e dexat o et out Co d t o 7(b) (*A l at o o t e dex Rat o*), u le a tere t A ou t e ed re e t o u er od t e releva t F al Ter , w a e t e a ou t o tere t ayable re e t o u Bo d or u tere t Per od w ll equal u tere t A ou t.

( ) Deter at o a d Publ at o o tere t Rate , tere t A ou t , Rede t o A ou t a d tal e t A ou t

T e A e t Ba k (or t e Cal ulat o A e t, a l able) all a oo a ra t able a ter t e Releva t T e o ea tere t Deter at o Date or u ot er t e o u date a t e A e t Ba k (or t e Cal ulat o A e t, a l able) ay be requ red to al ulate a y Rede t o A ou t or t e a ou t o a tal e t o eduled r al (a " **tal e t A ou t**"), obta a y quote or ake a y deter at o or al ulat o a d w ll deter e t e tere t Rate a d al ulate t e a ou t o tere t ayable (t e " **tere t A ou t** ") or t e releva t tere t Per od (lud , or t e avo da e o doubt a y a l able dex Rat o to be al ulated a orda e w t Co d t o 7(b) (*A l at o o t e dex Rat o*), al ulate t e Rede t o A ou t or tal e t A ou t, obta u quote or ake u deter at o or al ulat o , a t e a e ay be, a d au e t e tere t Rate a d t e tere t A ou t or ea tere t Per od a d t e releva t tere t Pay e t Date a d, requ red to be al ulated, t e Rede t o A ou t, Pr al A ou t Out ta d or a y tal e t A ou t to be ot ed to, t e a e o Bearer Bo d , t e Pay A e t or t e a e o Re tered Bo d , t e Re trar, a d, ea a e, t e Bo d Tru tee, t e uer, t e Bo d older a d t e Lo do Sto k Ex a e a d ea ot er l t aut or ty, to k ex a e a d/or quotat o y te by w t e releva t Bo d ave t e bee ad tted

to l t , trad a d/or quotat o a oo a o ble a ter t deter at o but o eve t later t a ( ) (a e o ot at o to t e Lo do Sto k Ex a e a d ea ot er l t aut or ty, to k ex a e a d/or quotat o y te by w t e releva t Bo d ave t e bee ad tted to l t , trad a d/or quotat o) t e o e e e t o t e releva t tere t Per od, deter ed r or to u t e, t e a e o a tere t Rate a d tere t A ou t, or ( ) all ot er a e , t e ourt Bu e Day a ter u deter at o . T e tere t A ou t a d t e tere t Pay e t Date o ubl ed ay ub eque tly be a e ded (or a ro r ate alter at ve arra e e t ade by way o ad u t e t) w t out ot e t e eve t o a exte o or orte o t e tere t Per od. A y u a e d e t w ll be ro tly ot ed to ea to k ex a e or ot er releva t aut or ty o w t e releva t Tra e o Bo d are or t e t e be l ted or by w t ey ave bee ad tted to l t , to t e Pr al Pay A e t, t e Bo d Tru tee a d to t e Bo d older a orda e w t Co d t o 18 (*Not e*). t e Bo d be o e due a d ayable u der Co d t o 11 (*Eve t o De ault*), t e a rued tere t a d t e tere t Rate ayable re e t o t e Bo d all evert ele o t ue to be al ulated a rev ou ly rov ded a orda e w t t Co d t o but o ubl at o o t e tere t Rate or t e tere t A ou t o al ulated eed be ade u le ot erw e requ red by t e Bo d Tru tee. T e deter at o o ea tere t Rate, tere t A ou t, Rede t o A ou t a d tal e t A ou t, t e obta o ea quote a d t e ak o ea deter at o or al ulat o by t e A e t Ba k (or t e Cal ulat o A e t, a l able) or, a t e a e ay be, t e Bo d Tru tee (or a a e t o t be al) ur ua t to t Co d t o 6 or Co d t o 7 (*dexat o*), all (t e ab e e o a e t error) be al a d b d u o all art e .

( ) De t o

t e e Co d t o , u le t e o text ot erw e requ re , t e ollow de ed ter all ave t e ea et out below.

"**Bu e Day**" ea :

( ) relat o to a y u ayable terl , a day o w o er al ba k a d ore ex a e arket ettle ay e t Lo do ;

( ) relat o to a y u ayable euro, a TARGET Settle e t Day;

( ) relat o to a y u ayable a urre y ot er t a terl a d euro, a day o w o er al ba k a d ore ex a e arket ettle ay e t t e r al a al e tre o t e urre y w u a al debted e de o ated (w t e a e o a ay e t US dollar all be New York); a d

(v) ot erw e, a day (ot er t a a Saturday or a Su day) o w ba k are o e or e eral bu e Lo do ;

"**Bo d Releva t Date**" ea , re e t o a y Tra e o t e Bo d , t e earl er o (a) t e date o w all a ou t re e t o t e Bo d ave bee a d, a d (b) ve day a ter t e date o w all o t e Pr al A ou t Out ta d (ad u ted t e a e o dexed Bo d a orda e w t Co d t o 7(b) (*A l at o o dex Rat o*)) a bee re e ved by t e Pr al Pay A e t or t e Re trar, a t e a e ay be, a d ot e to t at e e t a bee ve to t e Bo d older a orda e w t Co d t o 18 (*Not e*);

"**Cal ulat o A ou t**" ea t e a ou t e ed a u t e releva t F al Ter ;

"**Day Cou t Fra t o** " ea , re e t o t e al ulat o o a a ou t o tere t o a y Bo d or a y er od o t e (w et er or ot o t tut a tere t Per od, t e "**Cal ulat o Per od**"):

( ) "**A tual/A tual (CMA)**" e ed:

(A) t e Cal ulat o Per od equal to or orter t a t e Deter at o Per od dur w t all , t e u ber o day t e Cal ulat o Per od d v ded by t e rodu t o (x) t e u ber o day u Deter at o Per od a d (y) t e u ber o Deter at o Per od or ally e d a y year; a d

(B) t e Cal ulat o Per od lo er t a o e Deter at o Per od, t e u o ;

(x) t e u ber o day u Cal ulat o Per od all t e Deter at o Per od w t be d v ded by t e rodu t o (1) t e u ber o day u Deter at o Per od a d (2) t e u ber o Deter at o Per od or ally e d a y year; a d

(y) t e u ber o day u Cal ulat o Per od all t e ext Deter at o Per od d v ded by t e rodu t o (1) t e u ber o day u Deter at o Per od a d (2) t e u ber o Deter at o Per od or ally e d a y year,

w ere:

"**Deter at o Per od**" ea t e er od ro a d lud a Deter at o Date a y year but ex lud t e ext Deter at o Date; a d

"**Deter at o Date**" ea t e date( ) e ed a u ereo or, o e o e ed, t e tere t Pay e t Date( );

( ) "**A tual/A tual (SDA)**" or "**A tual/A tual**" e ed, t e a tual u ber o day t e Cal ulat o Per od d v ded by 365 (or, a y ort o o t at Cal ulat o Per od all a lea year, t e u o (1) t e a tual u ber o day t at ort o o t e Cal ulat o Per od all a lea year d v ded by 366, a d (2) t e a tual u ber o day t at ort o o t e Cal ulat o Per od all a o -lea year d v ded by 365);

( ) "**A tual/365 (F xed)**" e ed, t e a tual u ber o day t e Cal ulat o Per od d v ded by 365;

(v) "**A tual/36 ** " e ed, t e a tual u ber o day t e Cal ulat o Per od d v ded by 36 ;

(v) "**3 /36 ** ", "**36 /36 ** " or "**Bo d Ba ** " e ed, t e u ber o day t e Cal ulat o Per od d v ded by 36 (t e u ber o day to be al ulated o t e ba o a year o 36 day w t 12 3 -day o t (u le (1) t e la t day o t e Cal ulat o Per od t e 31 t day o a o t but t e r t day o t e Cal ulat o Per od a day ot er t a t e 3 t or 31 t o a o t , w a e t e o t t at lude t at la t day all ot be o dered to be orte ed to a 3 -day o t , or (2) t e la t day o t e Cal ulat o Per od t e la t day o t e o t o February, w a e t e o t o February all ot be o dered to be le t e ed to a 3 -day o t)); a d

(v) "**3 E/36 ** " or "**Eurobo d Ba ** " e ed, t e u ber o day t e Cal ulat o Per od d v ded by 36 (t e u ber o day to be al ulated o t e ba o a year o 36 day w t 12 3 -day o t , w t out re ard to t e date o t e r t day or la t day o t e Cal ulat o Per od u le , t e a e o t e al Cal ulat o Per od, t e la t day o u er od t e la t day o t e o t o February, w a e t e o t o February all ot be o dered to be le t e ed to a 3 day o t);

"**euro**" ea t e law ul urre y o t e Part at Me ber State ;

" **tere t Co e e e t Date**" ea t e ue Date or u ot er date a ay be e ed t e releva t F al Ter ;

" **tere t Deter at o Date**" ea , w t re e t to a tere t Rate a d a tere t Per od, t e date e ed a u t e releva t F al Ter or, o e o e ed, t e day all two Bu e Day Lo do r or to t e r t day o u tere t Per od (or t e e ed urre y terl t e r t day o u tere t Per od) (a ad u ted a orda e w t a y Bu e Day Co ve t o (a de ed above) e ed t e releva t F al Ter);

" **tere t Pay e t Date**" ea t e date( ) e ed a u t e releva t F al Ter ;

“ **tere t Per od**” ea t e er od be o (a d lud) t e tere t Co e e e t Date a d e d o (but ex lud) t e r t tere t Pay e t Date a d ea u e ve er od be o (a d lud) a tere t Pay e t Date a d e d o (but ex lud) t e ext u eed tere t Pay e t Date;

“ **tere t Rate**” ea t e rate o tere t ayable ro t e to t e re e t o t e Bo d a d w e t er e ed a u , or al ulated a orda e w t t e rov o o , t e e Co d t o a d/or t e releva t F al Ter ;

“ **SDA De t o** ” ea t e 2 6 SDA De t o (a a e ded a d u dated a at t e date o ue o t e r t Tra e o Bo d o t e releva t Tra e a ubl ed by t e ter at o al Swa a d Der vat ve A o at o , .);

“ **ue Date**” ea t e date e ed a u t e releva t F al Ter ;

“**Mar** ” ea t e rate er a u (ex re ed a a er e ta e) e ed a u t e releva t F al Ter ;

“**Matur ty Date**” ea t e date e ed t e releva t F al Ter a t e al date o w t e r al a ou t o t e Bo d due a d ayable;

“**Pa e**” ea u a e, e t o , a t o , olu or ot er art o a art ular or at o erv e (lud t e Reuter Mo ey 3 Serv e (“**Reuter** ”)) a ay be e ed t e releva t F al Ter , or u ot er a e, e t o , a t o , olu or ot er art a ay re la e t e a e o t at or at o erv e or o u ot er or at o erv e, ea a e a ay be o ated by t e er o or or a at o rov d or o or t e or at o a ear t ere or t e ur o e o d lay o arable rate or r e ;

“**Part at Me ber State**” ea a Me ber State o t e Euro ea Co u te w ado t t e euro a t law ul urre y a orda e w t t e Treaty e tabl t e Euro ea Co u te (a a e ded), a d “**Part at Me ber State** ” ea all o t e ;

“**Pr al A ou t Out ta d** ” ea , relat o to a Bo d or Tra e, t e or al a e value t ereo le a y re ay e t o r al ade to t e Holder( ) t ereo re e t o u Bo d or Tra e;

“**Rede t o A ou t**” ea t e a ou t rov ded u der Co d t o 8(d) (*O t o al Rede t o*), u le ot erw e e ed t e releva t F al Ter ;

“**Re ere e Ba k** ” ea t e t tut o e ed a u or, o e, our a or ba k ele ted by t e A e t Ba k (or t e Cal ulat o A e t, a l able) t e terba k arket (or, a ro r ate, o ey arket) w o t lo ely o e ted w t t e Releva t Rate a deter ed by t e A e t

Ba k (or t e Cal ulat o A e t, a l able), o be al o t e uer, t ole a d ab olute d ret o ;

"**Releva t Curre y**" ea t e urre y e ed a u or, o e e ed, t e urre y w t e Bo d are de o ated;

"**Releva t F a al Ce tre**" ea , w t re e t to a y Bo d, t e a al e tre e ed a u t e releva t F al Ter or, o e o e ed, t e a al e tre w t w t e Releva t Rate o t lo ely o e ted a deter ed by t e A e t Ba k (or t e Cal ulat o A e t, a l able);

"**Releva t Rate**" ea t e o ered rate or a Re re e tat ve A ou t o t e Releva t Curre y or a er od (a l able) equal to t e S e ed Durat o (or u ot er rate a all be e ed t e releva t F al Ter);

"**Releva t T e**" ea , w t re e t to a y tere t Deter at o Date, t e lo al t e t e Releva t F a al Ce tre e ed t e releva t F al Ter or, o e e ed, t e lo al t e t e Releva t F a al Ce tre at w t u to ary to deter e b d a d o ered rate re e t o de o t t e Releva t Curre y t e terba k arket t e Releva t F a al Ce tre;

"**Re re e tat ve A ou t**" ea , w t re e t to a y rate to be deter ed o a tere t Deter at o Date, t e a ou t e ed t e releva t F al Ter a u or, o e e ed, a a ou t t at re re e tat ve or a le tra a t o t e releva t arket at t e t e;

"**S eduled Rede t o Date**" a t e ea ve to t t e a l able F al Ter ;

"**S e ed Durat o** " ea , w t re e t to a y Float Rate (a de ed t e SDA De t o) to be deter ed o a tere t Deter at o Date, t e er od or durat o e ed a u t e releva t F al Ter or, o e e ed, a er od o t e equal to t e relat ve tere t Per od;

"**Ste -U F xed Fee Rate**" ea t e rate er a u (ex re ed a a er e ta e) e ed a u t e releva t F al Ter or, o u rate e ed, zero;

"**Ste -U Float Fee Rate**" ea t e rate er a u (ex re ed a a er e ta e) e ed a u t e releva t F al Ter or, o u rate e ed, zero;

"**ub-u t**" ea t e a e o a y urre y, t e lowe t a ou t o u urre y t at wa ava lable a le al te der t e ou try o u urre y;

"**TARGET Settle e t Day**" ea a y day o w t e TARGET y te o e ; a d

"**TARGET y te** " ea t e Tra -Euro ea Auto ated Real-T e Gro Settle e t Ex re Tra er y te (TARGET or TARGET2).

(k) A e t Ba k, Cal ulat o A e t a d Re ere e Ba k

T e uer w ll ro ure t at t ere all at all t e be a A e t Ba k (a d a Cal ulat o A e t, a l able) a d our Re ere e Ba k ele ted by t e uer a t t rou t e A e t Ba k (or t e Cal ulat o A e t, a l able) w t o e t e Releva t F a al Ce tre rov o ade or t e t e e Co d t o a l able to t Bo d a d or o lo a t out ta d . a y Re ere e Ba k (a t t rou t releva t o e) u able or u w ll to o t ue to a t a a Re ere e Ba k, t e t e uer a t t rou t e A e t Ba k (or t e Cal ulat o A e t, a l able) w ll ele t a ot er Re ere e Ba k w t a o e t e Releva t F a al Ce tre to a t a u t la e. t e A e t Ba k (or t e Cal ulat o A e t, a l able) u able or u w ll to a t a u or t e A e t Ba k (or t e Cal ulat o A e t, a l able) a l duly to e tabl t e tere t Rate or a y tere t Per od or to al ulate t e tere t A ou t or a y ot er requ re e t , t e uer w ll a o t (w t t e r or wr tte o e t o t e Bo d Tru tee) a u e or to a t a u t la e. T e A e t Ba k ay ot re t dut e w t out a u e or av bee a o ted a a ore a d.

(l) Deter at o or Cal ulat o by Bo d Tru tee

t e A e t Ba k (or t e Cal ulat o A e t, a l able) doe ot at a y t e or a y rea o deter e a y tere t Rate, tere t A ou t, Rede t o A ou t, tal e t A ou t or a y ot er a ou t to be deter ed or al ulated by t, t e Bo d Tru tee (or a a e t o t be al) all (w t out a y l ab l ty o t e Bo d Tru tee or o do) deter e u tere t Rate, tere t A ou t, Rede t o A ou t, tal e t A ou t or ot er a ou t a a ore a d at u rate or u a ou t a t ab olute d ret o (av re ard a t all t k t to t e ro edure de r bed above, but ub e t to t e ter o t e Bo d Tru t Deed) t all dee a r a d rea o able all t e r u ta e or, ub e t a a ore a d, a ly t e ore o rov o o t Co d t o , w t a y o eque t al a e d e t , to t e exte t t at, t ole o o , t a do o a d all ot er re e t t all do o u a er a t all, t ab olute d ret o , dee a r a d rea o able t e r u ta e , a d ea u deter at o or al ulat o all be dee ed to ave bee ade by t e A e t Ba k (or t e Cal ulat o A e t, a l able).

( ) Cert ate to be al

All ert ate , o u at o , o o , deter at o , al ulat o , quotat o a d de o ve , ex re ed, ade or obta ed or t e ur o e o t e rov o o Co d t o 6 (*tere t a d Ot er Cal ulat o*) w et er by t e Pr al Pay A e t or t e A e t Ba k (or t e Cal ulat o A e t, a l able) all (t e ab e e o w l ul de ault, ro e l e e, bad a t or a e t error) be b d o t e uer, ea Obl or, t e A e t Ba k, t e Bo d Tru tee, t e Pr al Pay A e t, t e ot er A e t a d all Bo d older , Re e t older a d Cou o older a d (t e ab e e a

a ore a d) o l ab l ty to t e uer, t e Obl or , t e Bo d Tru tee, t e Bo d older , t e Re e t older or t e Cou o older all atta to t e Pr al Pay A e t, t e A e t Ba k, t e Bo d Tru tee or, a l able, t e Cal ulat o A e t o e to w t t e exer e or o -exer e by t o t ower , dut e a d d ret o ur ua t to u rov o .

( ) tere t o Dual Curre y Bo d

T e rate or a ou t o tere t ayable re e t o Dual Curre y Bo d all be deter ed t e a er e ed t e a l able F al Ter .

(o) tere t o Partly Pa d Bo d

t e a e o Partly Pa d Bo d (ot er t a Partly Pa d Bo d w are ero Cou o Bo d), tere t w ll a rue a a ore a d o t e a d-u o al a ou t o u Bo d a d ot erw e a e ed t e a l able F al Ter .

7. dexat o

T Co d t o 7 a l able o ly t e releva t F al Ter e y t e Bo d a dexed Bo d .

(a) De t o

"**a l ate**" ea relat o to a y er o , a y e t ty o trolled, d re tly or d re tly, by t at er o , a y e t ty t at o trol d re tly or d re tly, t at er o or a y e t ty, d re tly or d re tly u der o o o trol w t t at er o a d, or t ur o e, "**o trol**" ea o trol a de ed t e Co a e A t;

"**Ba e dex F ure**" ea (ub e t to Co d t o 7( )( ) (*C a e ba e*)) t e ba e dex ure a e ed t e releva t F al Ter ;

"**dex**" or "**dex F ure**" ea , ub e t a rov ded Co d t o 7( )( ) (*C a e ba e*), t e UK Reta l Pr e dex (RP) (or all te) ubl ed by t e Ce tral Stat t al O e a d ava lable to v ew at www. tat t . ov.uk (Ja uary 1987 = 1) or a y o arable dex w ay re la e t e UK Reta l Pr e dex or t e ur o e o al ulat t e a ou t ayable o re ay e t o t e Re ere e G lt. A y re ere e to t e dex F ure:

( ) a l able to a art ular o t all, ub e t a rov ded Co d t o 7( ) (*C a e Cr u ta e A e t t e dex*) a d (e) (*Ce at o o or Fu da e tal C a e to t e dex*), be o trued a a re ere e to t e dex F ure ubl ed t e eve t o t r or to t at art ular o t a d relat to t e o t be ore t at o ubl at o ;

( ) a l able to t e r t ale dar day o a y o t all, ub e t to Co d t o 7( ) (*C a e Cr u ta e A e t t e dex*) a d (e) (*Ce at o o or Fu da e tal C a e to t e dex*), be o trued a a

re ere e to t e dex F ure ubl ed t e e o d o t r or to t at art ular o t a d relat to t e o t be ore t at o ubl at o ; or

( ) a l able to a y ot er day a y o t all, ub e t to Co d t o 7( ) (*C a e C r u ta e A e t t e dex*) a d (e) (*Ce at o o or Fu da e tal C a e to t e dex*), be al ulated by l ear ter olat o betwee (x) t e dex F ure a l able to t e r t ale dar day o t e o t w t e day all , al ulated a e ed ub- ara ra ( ) above, a d (y) t e dex F ure a l able to t e r t ale dar day o t e ollow o t , al ulated a e ed ub- ara ra ( ) above, a d rou ded a orda e w t Co d t o 6( ) (*Rou d*).

t e dex re la ed, t e uer w ll de r be t e re la e e t dex a u le e tary ro e tu ;

" **dex Rat o**" a l able to a y o t ea t e dex F ure a l able to u o t d v ded by t e Ba e dex F ure;

" **dexat o Adv er**" ea a ba k or ot er adv er o ter at o al re ute (w ay be a lt-ed ed arket aker) a o ted by t e uer at t ow ex e e a d a roved wr t by t e Bo d Tru tee (or, t e uer a l ak u a o t e t a d u a lure o t ue or a rea o able er od, a deter ed by t e Bo d Tru tee t ole d ret o) a d t e Bo d Tru tee de ed a d/or e ured a d/or re u ded to t at a t o a a t t e o t , ee a d ex e e o u ba k or ot er adv er a d ot erw e o e t o w t u a o t e t, a o ted by t e Bo d Tru tee (w t out l ab l ty or o do) ollow ot at o to t e uer;

"**L ted dex Rat o**" ea (a) re e t o a y o t r or to t e releva t ue Date, t e dex Rat o or t at o t ; (b) re e t o a y L ted dexat o Mo t a ter t e releva t ue Date, t e rodu t o t e L ted dexat o Fa tor or t at o t a d t e L ted dex Rat o a rev ou ly al ulated re e t o t e o t twelve o t r or t ereto (or o L ted dex Rat o wa al ulated or t e o t twelve o t r or t ereto, t e dex Rat o or t at o t); a d ( ) re e t o a y ot er o t , t e L ted dex Rat o a rev ou ly al ulated re e t o t e o t re e t L ted dexat o Mo t ;

"**L ted dexat o Fa tor**" ea , re e t o a L ted dexat o Mo t , t e rat o o t e dex F ure a l able to t at o t d v ded by t e dex F ure a l able to t e o t twelve o t r or t ereto, rov ded t at (a) u rat o reater t a t e Max u dexat o Fa tor e ed t e releva t F al Ter , t all be dee ed to be equal to u Max u dexat o Fa tor a d (b) u rat o le t a t e M u dexat o Fa tor e ed t e releva t F al Ter , t all be dee ed to be equal to u M u dexat o Fa tor;

"**L ted dexat o Mo t** " ea a y o t e ed t e releva t F al Ter or w a L ted dexat o Fa tor to be al ulated;

"**L ted dexed Bo d**" ea dexed Bo d to w a Max u dexat o Fa tor a d/or a M u dexat o Fa tor (a e ed t e releva t F al Ter) a l e ; a d

"**Re ere e G lt**" ea t e Trea ury Sto k e ed a u t e releva t F al Ter or o lo a u to k ue, a d t erea ter u ue o dex-l ked Trea ury Sto k deter ed to be a ro r ate by a dexat o Adv er.

(b) A l at o o t e dex Rat o

Ea ay e t o tere t a d r al re e t o t e Bo d all be t e a ou t rov ded , or deter ed a orda e w t , t e e Co d t o , ult l ed by t e dex Rat o or L ted dex Rat o t e a e o L ted dexed Bo d a l able to t e o t w u ay e t all to be ade a d rou ded a orda e w t Co d t o 6( ) (*Rou d*).

( ) C a e C r u ta e A e t t e dex

( ) C a e ba e: at a y t e a d ro t e to t e t e dex a ed by t e ub t tut o o a ew ba e t ere or, t e w t e e t ro t e ale dar o t ro a d lud t at w u ub t tut o take e e t (1) t e de t o o "**dex**" a d "**dex F ure**" Co d t o 7(a) (*De t o*) all be dee ed to re er to t e ew date or o t ub t tut o or Ja uary 1987 (or, a t e a e ay be, to u ot er date or o t a ay ave bee ub t tuted t ere or), a d (2) t e ew Ba e dex F ure all be t e rodu t o t e t e ex t Ba e dex F ure a d t e dex F ure ed ately ollow u ub t tut o , d v ded by t e dex F ure ed ately r or to u ub t tut o .

( ) Delay ubl at o o dex: t e dex F ure relat to a y o t (t e "**releva t o t** ") w requ red to be take to a ou t or t e ur o e o t e deter at o o t e dex F ure or a y date ot ubl ed o or be ore t e ourtee t bu e day be ore t e date o w u ay e t due (t e "**date or ay e t**") (ot erw e t a be au e t e dex a ea ed to be ubl ed), t e dex F ure a l able to t e releva t o t all be (1) u ub t tute dex ure (a y) a t e A e t Ba k a t olely o t e adv e o a dexat o Adv er (a de ed above) o der to ave bee ubl ed by t e U ted K do Debt Ma a e e t O e or t e Ba k o E la d, a t e a e ay be, (or u ot er body de ated by t e UK over e t or u ur o e) or t e ur o e o dexat o o ay e t o t e Re ere e G lt or, a l u ubl at o , o a y o e or ore ue o dex-l ked Trea ury Sto k ele ted by t e A e t Ba k a t olely o t e adv e o a dexat o Adv er; or (2) o u deter at o ade by u dexat o Adv er w t eve day , t e dex F ure la t ubl ed (or, later, t e ub t tute dex ure la t deter ed ur ua t to Co d t o 7( )( )(1)) be ore t e date or ay e t.

(d) A l at o o C a e

W ere t e rov o o Co d t o 7( )( ) (*Delay ubl at o o dex*) a ly, t e deter at o o t e dexat o Adv er a to t e dex F ure a l able to t e o t w t e date or ay e t all all be o lu ve a d b d . , a dex F ure av bee delayed ur ua t to Co d t o 7( )( )(2), t e dex F ure relat to t e releva t o t ub eque tly ubl ed w le a Bo d t ll out ta d , t e :

( ) relat o to a ay e t o r al or tere t re e t o u Bo d ot er t a u o al rede t o o u Bo d, t e r al or tere t (a t e a e ay be) ext ayable a ter t e date o u ub eque t ubl at o all be rea ed or redu ed (a deter ed by a dexat o Adv er) by a a ou t equal to (re e t vely) t e ort all or ex e o t e a ou t o t e releva t ay e t ade o t e ba o t e dex F ure a l able by v rtue o Co d t o 7( )( )(2), below or above t e a ou t o t e releva t ay e t t at would ave bee due t e dex F ure ub eque tly ubl ed ad bee ubl ed o or be ore t e ourtee t bu e day be ore t e date or ay e t; a d

( ) relat o to a ay e t o r al or tere t u o al rede t o , o ub eque t ad u t e t to a ou t a d w ll be ade.

(e) Ce at o o or Fu da e tal C a e to t e dex

( ) (1) t e Bo d Tru tee a bee ot ed by t e A e t Ba k (or t e Cal ulat o A e t, a l able) t at t e dex a ea ed to be ubl ed or (2) a y a e ade to t e overa e or t e ba al ulat o o t e dex w o t tute a u da e tal a e w would, t e o o o t e Bo d Tru tee a t olely o t e adv e o a dexat o Adv er, be ater ally re ud al to t e tere t o t e Bo d older , t e Bo d Tru tee w ll ve wr tte ot e o u o urre e to t e uer, a d t e A e t Ba k a t olely o t e adv e o a dexat o Adv er all deter e (or t e ur o e o t e Bo d) o e or ore ad u t e t to t e dex or a ub t tute dex (w t or w t out ad u t e t) w t t e te t o t at t e a e ould leave t e uer a d t e Bo d older o better a d o wor e o t o t a t ey would ave bee ad t e dex ot ea ed to be ubl ed or t e releva t u da e tal a e ot bee ade. T e dexat o Adv er all a t a a ex ert a d ot a a arb trator a d all ee , o t a d ex e e o t e dexat o Adv er a d o a y o t e uer a d t e Bo d Tru tee o e t o w t u a o t e t all be bor e by t e uer.

( ) a y ay e t re e t o t e Bo d due to be ade a ter t e e at o or a e re erred to Co d t o 7(e)( ) but be ore a y u ad u t e t to, or re la e e t o , t e dex take e e t, t e uer all (t e dex F ure a l able (or dee ed a l able) to t e releva t o t ot ava lable a orda e w t t e rov o o Co d t o 7( )( ) (*C a e ba e*) above) ake a rov o al ay e t o t e ba t at t e dex F ure a l able to t e o t w u ay e t due to be ade t e dex F ure la t ubl ed. t at eve t, or t e

eve t o a y ay e t (al o re erred to below a a " **rov o al ay e t**") o t e Bo d av bee ade o t e ba a dex a l able u der Co d t o 7( )( )(1) a d t e A e t Ba k (a t olely o t e adv e o a dexat o Adv er) ub eque tly deter t att e releva t r u ta e all w t t Co d t o 7(e) (*Ce at o o or Fu da e tal C a e to t e dex*), t e :

(A) relat o to a ay e t o r al or tere t re e t o t e Bo d ot er t a u o al rede t o o u Bo d, t e u w would ave bee ayable u ad u t e t o ub t tute dex ad bee e e t o t e due date or u ay e t reater or le t a t e a ou t o u rov o al ay e t, t e tere t A ou t ayable o t e Bo d o t e tere t Pay e t Date ext u eed t e date o w u ad u t e t or ub t tute dex be o e e e t ve all be rea ed or redu ed to re le t t e a ou t by w u rov o al ay e t ell ort o , or (a t e a e ay be) ex eeded, t e u w would ave bee a d o t e Bo d u ad u t e t or ub t tuted dex ad bee e e t o t at date; or

(B) relat o to a ay e t o r al or tere t u o al rede t o , o ub eque t ad u t e t to a ou t a d w ll be ade.

( ) T e dex all be ad u ted or re la ed by a ub t tute dex a deter ed by t e A e t Ba k a t olely o t e adv e o a dexat o Adv er ur ua t to t e ore o ara ra a d re ere e t e e Co d t o to t e dex a d to a y dex F ure all be a e ded u a er a t e A e t Ba k a t olely o t e adv e o a dexat o Adv er deter e a ro r ate to ve e e t to u ad u t e t or re la e e t. T e A e t Ba k all ot y t e Bo d older , t e uer, t e Bo d Tru tee a d t e ot er A e t ro tly a ter t e ak o u deter at o a d u deter at o all ro u date be b d u o t e uer, t e ot er Se ured Cred tor , t e Bo d Tru tee a d t e Bo d older , a d t e uer all ve ot e to t e Bo d older a orda e w t Co d t o 18 (*Not e*) o u a e d e t a ro tly a ra t able ollow u ot at o .

(v) T e Bo d Tru tee all be e t tled to rely ab olutely o a y deter at o or adv e o a dexat o Adv er w t out l ab l ty to a y er o or do o (a d w et er or ot t e l ab l ty re e t t ereo l ted by a o etary a or ot erw e).

8. Rede t o , Pur a e a d Ca ellat o

(a) S eduled Rede t o

a Tra e o Bo d e ed to ave a S eduled Rede t o Date t e a l able F al Ter a d t e Bo d o u Tra e are ot redee ed

ull by t e S eduled Rede t o Date t all ot o t tute a Eve t o De ault by t e uer.

(b) F al Rede t o

t e Bo d o a Tra e ave ot rev ou ly bee redee ed ull, or ur a ed a d a elled, t e Bo d w ll be ally redee ed at t e t e Pr al A ou t Out ta d (t e a e o dexed Bo d a ad u ted a orda e w t Co d t o 7(b) (*A l at o o t e dex Rat o*)) o u Tra e lu a rued but u a d tere t o t e Matur ty Date e ed t e releva t F al Ter or u Tra e.

( ) Rede t o o ero Cou o Bo d a ter S eduled Rede t o Date

t e releva t F al Ter e e t at t ere a S eduled Rede t o Date or t e Bo d , t e Rede t o A ou t ayable u o rede t o o a ero Cou o Bo d at a y t e a ter t e S eduled Rede t o Date all be a a ou t equal to t e u o :

( ) t e Rede t o A ou t t at would ave bee ayable t e Bo d ad bee redee ed o t e S eduled Rede t o Date; a d

( ) t e rodu t o t e A rual Y eld (o ou ded a ually) be a l ed to u a ou t ro (a d lud) t e S eduled Rede t o Date to (but ex lud) t e date o rede t o or (a t e a e ay be) t e date u o w t e Bo d be o e due a d ayable.

W ere u al ulat o to be ade or a er od w ot a w ole u ber o year , t e al ulat o re e t o t e er od o le t a a ull year all be ade o t e ba o u Day Cou t Fra t o a ay be e ed t e F al Ter or t e ur o e o Co d t o 8(k) or, o e o e ed, a Day Cou t Fra t o o 3 /36 .

t e e Co d t o , "**A rual Y eld**" a t e ea ve to t t e releva t F al Ter .

(d) O t o al Rede t o

Sub e t a rov ded below, u o v ot ore t a 6 or le t a 1 day ' ot e to t e Bo d Tru tee, t e Se ur ty Tru tee a d t e Bo d older , t e uer ay (r or to t e Matur ty Date) redee a y Tra e o t e Bo d w ole or art (but o a *ro rata* ba o ly) o a y tere t Pay e t Date at t e r Rede t o A ou t (ro a ou t ta d to t e red t o t e Bo d De ea a e A ou t or ot erw e), rov ded t at Float Rate Bo d ay ot be redee ed be ore t e date (a y) e ed t e releva t F al Ter , a ollow :

( ) re e t o F xed Rate Bo d de o ated Sterl , t e Rede t o A ou t w ll, u le ot erw e e ed t e releva t F al Ter , be a a ou t equal to t e er o ( ) t e r Pr al A ou t Out ta d

a d ( ) t e r e deter ed to be a ro r ate by a a al adv er Lo do (ele ted by t e uer a d a roved by t e Bo d Tru tee) a be t e r e at w t e Gro Rede t o Y eld (a de ed below) o u Bo d o t e Re ere e Date (a de ed below) equal to t e Gro Rede t o Y eld at 3: . . (Lo do t e) o t e Re ere e Date o t e Re ere e G lt (a de ed below) w le t at to k ue, a d t erea ter u UK over e t to k a t e uer ay, w t t e adv e o t ree er o o erat t e lt-ed ed arket (ele ted by t e uer a d a roved by t e Bo d Tru tee) deter e to be a ro r ate, lu a rued but u a d tere t o t e Pr al A ou t Out ta d .

For t e ur o e o t Co d t o 8(d)( ), "**Gro Rede t o Y eld**" ea a y eld ex re ed a a er e ta e a d al ulated o a ba o te t w t t e ba d ated by t e UK Debt Ma a e e t O e ubl at o "For ulae or Cal ulat G lt Pr e ro Y eld " (ubl ed o 8 Ju e 1998 w t e e t ro 1 Nove ber 1998 a d u dated o 15 Ja uary 2 2), a e 5 or a y re la e e t t ere or a d, or t e ur o e o u al ulat o , t e date o rede t o o t e releva t F xed Rate Bo d all be a u ed to be t e S eduled Rede t o Date a d ot t e Matur ty Date; "**Re ere e Date**" ea t e date w two Bu e Day r or to t e de at o t e ot e o rede t o u der t Co d t o 8(d)( ); a d "**Re ere e G lt**" ea t e Trea ury Sto k e ed t e releva t F al Ter .

( ) re e t o Float Rate Bo d , t e Rede t o A ou t w ll, u le ot erw e e ed t e releva t F al Ter , be t e Pr al A ou t Out ta d lu a y re u or early rede t o erta year (a e ed t e releva t F al Ter) lu a y a rued but u a d tere t o t e Pr al A ou t Out ta d .

( ) re e t o dexed Bo d de o ated Sterl , t e Rede t o A ou t w ll (u le ot erw e e ed t e releva t F al Ter) be t e er o ( ) t e Pr al A ou t Out ta d a d ( ) t e r e deter ed to be a ro r ate (w t out a y add t o al dexat o beyo d t e l t dexat o u deter ed r e) by a a al adv er Lo do (ele ted by t e uer a d a roved by t e Bo d Tru tee) a be t e r e at w t e Gro Real Rede t o Y eld (a de ed below) o t e Bo d o t e Re ere e Date (a de ed below) equal to t e Gro Real Rede t o Y eld at 3: . . (Lo do t e) o t e Re ere e Date o t e Re ere e G lt w le t at to k ue, a d t erea ter u UK over e t to k a t e uer ay, w t t e adv e o t ree er o o erat t e lt-ed ed arket, (ele ted by t e uer a d a roved by t e Bo d Tru tee), deter e to be a ro r ate, lu a rued but u a d tere t (a ad u ted a orda e w t Co d t o 7(b) (*A l at o o t e dex Rat o*)) o t e Pr al A ou t Out ta d .

For t e ur o e o t Co d t o 8(d)( ), "**Gro Real Rede t o Y eld**" ea a y eld ex re ed a a er e ta e a d al ulated o a ba

o te t w t t e ba d ated by t e UK Debt Ma a e e t O e ubl at o "For ulae or Cal ulat G lt Pr e ro Y eld " ubl ed o 8 Ju e 1998 w t e e t ro 1 Nove ber 1998 a d u dated o 15 Ja uary 2 2, a e 4 or a y re la e e t t ere or a d, or t e ur o e o u al ulat o , t e date o rede t o o t e releva t dexed Bo d all be a u ed to be t e S eduled Rede t o Date a d ot t e Matur ty Date; "**Re ere e Date**" ea t e date w two Bu e Day r or to t e de at o t e ot e o rede t o u der t Co d t o 8(d)( ); a d "**Re ere e G lt**" ea t e Trea ury Sto k e ed t e releva t F al Ter .

(v) re e t o F xed Rate Bo d de o ated euro, t e Rede t o A ou t w ll, u le ot erw e e ed t e releva t F al Ter , be a a ou t equal to t e er o ( ) t e r Pr al A ou t Out ta d a d ( ) t e re e t value at t e Re ere e Date (a de ed below) o (A) t e r Pr al A ou t Out ta d lu (B) all requ red tere t ay e t due o t e Bo d (ex lud a rued but u a d tere t to t e date o w t e Bo d are to be redee ed (t e "**Rede t o Date**")), o uted u a d ou t rate equal to t e Bu d Rate a o t e Re ere e Date a d a u t e releva t F xed Rate Bo d would ot erw e ave bee redee ed o t e S eduled Rede t o Date, lu , e t er a e, a rued but u a d tere t to t e Rede t o Date.

For t e ur o e o t Co d t o 8(d)(v), "**Bu d Rate**" ea , w t re e t to a y Re ere e Date, t e rate er a u equal to t e equ vale t y eld to atur ty a o u date o t e Co arable Ger a Bu d ue, a u a r e or t e Co arable Ger a Bu d ue (ex re ed a a er e ta e o t r al a ou t) equal to t e Co arable Ger a Bu d Pr e o u date o deter at o ; "**Co arable Ger a Bu d ue**" ea t e Ger a *Bu de a le e* e ur ty e ed t e releva t F al Ter or, o u e ur ty e ed or t e e ed e ur ty o lo er ue, t e Ger a Bu de a le e e ur ty ele ted by a y Re ere e Ger a Bu d Dealer a av a xed atur ty o t early equal to t e er od ro u Re ere e Date to t e S eduled Rede t o Date a d t at would be ut l ed, at t e t e o ele t o a d a orda e w t u to ary a al ra t e, r ew ue o euro-de o ated or orate debt e ur t e a r al a ou t a rox ately equal to t e t e Pr al A ou t Out ta d o t e Bo d a d o a atur ty o t early equal to t e S eduled Rede t o Date rov ded, owever, t at t e er od ro u Rede t o Date to t e S eduled Rede t o Date le t a o e year, a xed atur ty o o e year all be u ed; "**Co arable Ger a Bu d Pr e**" ea , w t re e t to a y releva t date, t e avera e o all Re ere e Ger a Bu d Dealer Quotat o or u date (w , a y eve t, u t lude at lea t two u quotat o), a ter ex lud t e e t a d lowe t u Re ere e Ger a Bu d Dealer Quotat o or, t e F a al Adv er obta ewer t a our u Re ere e Ger a Bu d Dealer Quotat o , t e avera e o all u quotat o ; "**F a al Adv er**" ea a a al adv er Fra k urt (ele ted by t e uer a d a roved by t e Bo d

Tru tee); "**Re ere e Date**" ea t e date w t ree Bu e Day r or to t e d at o t e ot e o rede t o u der t Co d t o 8(d)(v); "**Re ere e Ger a Bu d Dealer**" ea a y dealer o Ger a *Bu de a le e* e ur t e a o ted by t e F a al Adv er; a d "**Re ere e Ger a Bu d Dealer Quotat o** " ea , w t re e t to ea Re ere e Ger a Bu d Dealer a d a y releva t date, t e avera e a deter ed by t e F a al Adv er o t e b d a d o ered r e or t e Co arable Ger a Bu d ue (ex re ed ea a e a a er e ta e o t r al a ou t) quoted wr t to t e F a al Adv er by u Re ere e Ger a Bu d Dealer at or about 3:3 . . (Fra k urt, Ger a y t e) o t e Re ere e Date.

a y a e, r or to v a y u ot e, t e uer u t ert y to t e Bo d Tru tee t at t w ll ave t e u d , ot ub e t to a y tere t (ot er t a u der t e Se ur ty) o a y ot er er o , requ red to redee t e Bo d a a ore a d a d t e Bo d Tru tee all be e t tled to rely o u ert ate w t out l ab l ty to a y er o .

t e a e o a art al rede t o o a Tra e o Bo d re re e ted by a New Global Note (a de ed t e Bo d Tru t Deed) ur ua t to t Co d t o , t e Bo d to be redee ed (t e "**Redee ed Bo d** ") w ll be ele ted a orda e w t t e rule a d ro edure o Euro lear a d/or Clear trea , Luxe bour (to be re le ted t e re ord o Euro lear a d Clear trea , Luxe bour a e t er a ool a tor or a redu t o o al a ou t, at t e r d ret o), ot ore t a 3 day r or to t e date xed or rede t o .

(e) Rede t o or dex Eve t or Taxat o Rea o

Rede t o or dex Eve t : U o t e o urre e o a y dex Eve t (a de ed below), t e uer ay, u o v ot ore t a 1 or le t a 5 day ' ot e to t e Bo d Tru tee, t e Se ur ty Tru tee a d t e older o t e dexed Bo d a orda e w t Co d t o 18 (*Not e*), redee all (but ot o e o ly) o t e dexed Bo d o all Tra e o a y tere t Pay e t Date at t e Pr al A ou t Out ta d (ad u ted a orda e w t Co d t o 7(b) (*A l at o o dex Rat o*)) lu a rued but u a d tere t. No le Tra e o dexed Bo d ay be redee ed t e e r u ta e u le all t e ot er Tra e o dexed Bo d l ked to t e a e u derly dex are al o redee ed at t e a e t e. Be ore v a y u ot e, t e uer all rov de to t e Bo d Tru tee a d t e Se ur ty Tru tee a ert ate ed by a d re tor o t e uer (a) tat t at t e uer e t tled to e e t u rede t o a d ett ort a tate e t o a t ow t at t e o d t o re ede t to t e r t o t e uer o to redee ave o urred a d (b) o r t at t e uer w ll ave u e t u d o u tere t Pay e t Date to e e t u rede t o . T e Bo d Tru tee a d t e Se ur ty Tru tee all be e t tled to rely o u ert ate w t out l ab l ty to a y er o .

“ **dex Eve t**” ea ( ) t e dex F ure or t ree o e ut ve o t all to be deter ed o t e ba o a dex F ure rev ou ly ubl ed a rov ded Co d t o 7( )( ) (*Delay ubl at o o dex*) a d t e Bo d Tru tee a bee ot ed by t e Pr al Pay A e t or A e t Ba k t at ubl at o o t e dex a ea ed or ( ) ot e ubl ed by Her Ma e ty’ Trea ury, or o t be al , ollow a a e relat o to t e dex, o er a r to rede to to t e older o t e Re ere e G lt, a d (e t er a e) o a e d e t or ub t tut o o t e dex a bee adv ed by t e dexat o Adv er to t e uer a d u r u ta e are o t u .

Rede t o or Taxat o Rea o : add t o , at a y t e t e uer at e t e Bo d Tru tee:

( ) t at t e uer or t e Guara tor would, o t e ext tere t Pay e t Date, be obl ed to dedu t or w t old ro a y ay e t o tere t or r al re e t o t e Bo d or t e Guara tee o t e Bo d (ot er t a re e t o de ault tere t), a y a ou t or or o a ou t o a y re e t or uture taxe , dut e or ar e , o w at oever ature o ed, lev ed, olle ted, w t eld or a e ed by t e law or re ulat o o a y ur d t o or a y ol t al ubd v o or aut or ty t ereo or t ere av ower to tax (“Taxe ”), by rea o o a y a e , or a e d e t to, u law or re ulat o or t e a l at o or o al ter retat o o u law or re ulat o (a “C a e o Tax Law”) w be o e e e t ve o or a ter t e t al ue Date; or

( ) t at by rea o o a a e law (or t e a l at o or o al ter retat o t ereo), w be o e e e t ve o or a ter t e t al ue Date t at t a or w ll be o e u law ul or t e uer or a y Guara tor to er or a y o t obl at o u der or o e t o w t t e t al Fa l ty A ree e t or t e Bo d ,

t e , order to avo d t e releva t dedu t o , w t old or lle al ty, t e uer ay (but ot obl ed to)

(A) arra e t e ub t tut o o a o a y or orated u der t e law o a ot er ur d t o a roved by t e Bo d Tru tee a r al debtor u der t e Bo d a d a Obl or u der t e F a e Do u e t u o at y t e o d t o or ub t tut o o t e uer a et out Co d t o 17( ) (*Meet o Bo d older , Mod at o , Wa ver a d Sub t tut o*) a d t e a l able ter o t e ST D u ub t tut o w ll be e e t ve to avo d t e releva t dedu t o , w t old or lle al ty (a a l able); or

(B) o vert a y Bearer Bo d to Re tered Bo d a orda e w t Co d t o 2(a) (*Ex a e o Bearer Bo d or Re tered Bo d a d Tra er o Re tered Bo d*) u o ver o w ll be e e t ve to avo d t e releva t dedu t o , w t old or lle al ty (a a l able).

t e uer doe ot arra e a ub t tut o a de r bed above a d a o ver o o Bearer Bo d to Re tered Bo d would ot reve t t e w t old , dedu t o or lle al ty (a a l able) a d, a a re ult, t e

releva t dedu t o or w t old or lle al ty o t u t e t e uer ay, u o v ot ore t a 1 or le t a 5 day ' ot e to t e Bo d Tru tee, t e Se ur ty Tru tee a d t e Bo d older a orda e w t Co d t o 18 (*Not e*), redee all (but ot o e o ly) o t e Bo d o t e a e ted Tra e o a y tere t Pay e t Date at t e r Pr al A ou t Out ta d lu a rued but u a d tere t t ereo (ea ad u ted, t e a e o dexed Bo d , a orda e w t Co d t o 7(b) (*A l at o o t e dex Rat o*)).

Be ore v a y u ot e o rede t o , t e uer all rov de to t e Bo d Tru tee a d t e Se ur ty Tru tee a ert ate ed by a d re tor o t e uer (a) tat t att e uer e t tled to e e t u rede t o a d ett ort a tate e t o a t ow t att e o d t o re ede t to t e r t o t e uer o to redee ave bee at ed a d (b) o r t att e uer w ll ave u e t u d o u tere t Pay e t Date to d ar e all t l ab l t e re e t o t e Bo d o t e a e ted Tra e. T e Bo d Tru tee a d t e Se ur ty Tru tee all be e t tled to rely o u ert ate w t out l ab l ty to a y er o .

( ) Rede t o att e o t o o Bo d older u o a C a e o Co trol:

( ) a C a e o Co trol O t o e ed t e releva t F al Ter a be a l able, at a y t e w le t e Bo d re a out ta d t ere o ur a C a e o Co trol, a d w t t e Co trol C a e Per od, a C a e o Co trol Rat Dow rade o ur a a re ult o t e C a e o Co trol ("**Co trol C a e Put Eve t**") ea Bo d older w ll ave t e o t o (u le , r or to t e v o t e Put Eve t Not e, t e uer ve ot e to redee t e Bo d a orda e w t t e e Co d t o) o v o le t a 1 day ' ot e to t e uer a d t e Bo d Tru tee to requ re t e uer to redee or re ay o t e Put Rede t o Date t e e t rety o a y o t tere t a y Bo d eld by t a a ou t equal to t e r al a ou t out ta d o t e tere t t e Bo d o ut by t e releva t Bo d older lu a rued but u a d tere t (a y) to (but ex lud) t e Put Rede t o Date (or u ot er a ou t a ay be e ed t e releva t F al Ter). Su o t o all o erate a et out below.

( ) Pro tly u o t e uer be o aware t at a Co trol C a e Put Eve t a o urred, t e uer all, or o reque ted wr t by t e older o at lea t o e-quarter o al a ou t o t e Bo d t e out ta d or o d re ted by a Extraord ary Re olut o o t e Bo d older , t e Bo d Tru tee all (ub e t to ea a e to be de ed a d/or e ured a d/or re u ded to t at a t o), ve ot e (a "**Put Eve t Not e**") to t e Bo d older a orda e w t Co d t o 18 (*Not e*) e y t e ature o t e Co trol C a e Put Eve t a d t e ro edure or exer t e o t o o ta ed t Co d t o (lud t e Put Per od a d t e Put Rede t o Date).

T e Bo d Tru tee all ave o duty to e qu re or at y t el a to w et er a Co trol C a e Put Eve t (or a y eve t w ould lead to a Co trol C a e Put Eve t) ex t or a o urred a d all be e t tled to rely o lu vely u o t e tru t o o Bo d older re ard t e a e ve a orda e w t t Co d t o 8( ).

For t e ur o e o t rov o :

A "**C a e o Co trol**" w ll o ur :

( ) a y Per o or a y Per o a t o ert (a de ed t e C ty Code o Takeover a d Mer er a e e t o t e date ereo , rov ded t at, or t e avo da e o doubt, Co trol or t e ur o e o t e de t o all ave t e ea ve to t ere); or

( ) a y Per o or Per o a t o be al o a y u Per o ( ) w d d ot (ot er t a by v rtue o a t o ert (a de ed above) w t o e or ore Per o) rev ou ly ave Co trol o t e uer,

a qu re Co trol o t e uer, rov ded t at t de t o a y re ere e to a y Per o ot rev ou ly av Co trol o t e uer all ot, relat o to a y t al ve tor or t al ve tor Fu d, lude a y t al ve tor Fu d;

"**C a e o Co trol Rat Dow rade**" ea w t t e Co trol C a e Per od:

(a) a y rat a ed to t e Bo d w t draw (u le re la ed w t a rat ro a ot er Rat A e y); or

(b) t e Bo d ea e to be rated ve t e t Grade by o e or ore Rat A e e ;

( ) (t e t e urre t rat o t e Bo d by a y Rat A e y below ve t e t Grade) t at rat lowered o e ull rat ot by t e Rat A e y (or exa le BB+ to BB by S&P or F t a d Ba1 to Ba2 by Moody' or u lar lower or equ vale t rat);

rov ded t at o C a e o Co trol Rat Dow rade all o ur by v rtue o a art ular w t drawal o or redu t o rat u le t e Rat A e y w t draw or ak t e redu t o t e rat a ou e or o r t att e w t drawal or redu t o wa t e re ult o t e releva t C a e o Co trol;

"**C ty Code o Takeover a d Mer er** " ea t e "T e Takeover Code" ubl ed by "T e Pa el o Takeover a d Mer er ";

"**Co trol**" ea (a) r or to a L t , t e ow er o at lea t 5 .1 er e t. o t e ord ary vot are a tal o B dCo a d (b) o or a ter a

L t , t e ow er o at lea t 3 er e t. o t e ord ary vot are a tal o B dCo;

“**Co trol C a e Per od**” ea t e er od o e o t e date t at t e earl er o ( ) t e date o t e r t ubl a ou e e t o t e releva t C a e o Co trol; a d ( ) t e date o t e earl e t Releva t Pote t al C a e o Co trol A ou e e t (a y) a d e d 12 day a ter t e C a e o Co trol (or u lo er er od or w t e Bo d are u der rev ew by t e Rat A e e (u rev ew av bee a ou ed ubl ly w t t e er od e d 12 day a ter t e C a e o Co trol), u lo er er od ot to ex eed 6 day a ter t e ubl a ou e e t o u rev ew);

“ **t al ve tor Fu d**” ea a y u d o trolled or a a ed (or, t e a e o 3 , adv ed a to ve t e t (w ere 3 t at u d’ r al adv er) by a y t al ve tor;

“ **t al ve tor** ” ea a y o 3 ve t e t l , 3 ra tru ture l , Mor a Sta ley ra tru ture ., Mor a Sta ley ra tru ture ve tor LP, Mor a Sta ley ra tru ture Part er LP, Mor a Sta ley O ore ra tru ture Part er L.P., Mor a Sta ley ra tru ture Part er A Sub L.P. a d a y o t e r A l ate , STAR Ca tal Part er L ted a d a y o t e r A l ate ;

“ **ve t e t Grade**” ea a rat o at lea t Baa3 by Moody’ , BBB- by S&P or BBB- by F t or ea a e a equ vale t rat ro a Rat A e y ro t e to t e;

“**L t** ” ea a l t o a y ve t e t ex a e or a y ot er ale or ue by way o lotat o or ubl o er or a y equ vale t r u ta e relat o to a y e ber o t e Se ur ty Grou or a y old o a y o a y e ber o t e Se ur ty Grou a y ur d t o or ou try;

“**Per o** ” ea , a y d v dual, or orat o , art er , l ted l ab l ty o a y, o t ve ture, a o at o , o t- to k o a y, tru t, u or orated or a at o , over e t or a y a e y or ol t al ubd v o t ereo or a y ot er e t ty;

“**Put O t o Not e**” ea a ot e w u t be del vered to t e Pr al Pay A e t by a y Bo d older wa t to exer e a r t to redee a Bo d at t e o t o o t e Bo d older;

“**Put O t o Re e t**” ea a re e t ued by t e Pr al Pay A e t to a de o t Bo d older u o de o t o a Bo d, Global Bo d Cert ate or d v dual Bo d Cert ate a d ea a e a Put O t o Not e w t t e Pr al Pay A e t by a y Bo d older wa t to exer e a r t to redee a Bo d at t e o t o o t e Bo d older;

"**Put Per od**" ea t e er od ro a d lud t e date t at a Put Eve t Not e ve to a d lud t e date 45 day a ter u Put Eve t Not e ve ;

"**Put Rede t o Date**" ea t e date all 1 day a ter t e ex ry o t e Put Per od; a d

"**Releva t Pote t al C a e o Co trol A ou e e t**" ea a y or al ubl a ou e e t or tate e t, relat to a ote t al C a e o Co trol, ade by e t er (a) t e uer, or (b) a y er o (or a y adv er to u er o) o te lat a a qu t o w ould re ult a C a e o Co trol a d a ter w , w t 12 day ollow t e date o u a ou e e t or tate e t, u C a e o Co trol o ur .

order to exer e a o t o o ta ed t Co d t o , t e Holder o a Bo d u t, dur t e Put Per od, de o t w t t e Pr al Pay A e t t e a e o Bearer Bo d , u Bo d to et er w t all u atured Cou o relat t ereto, or, t e a e o Re tered Bo d , t e releva t Global Bo d Cert ate or d v dual Bo d Cert ate (a a l able), ea a e w t a duly o leted Put O t o Not e t e or obta able ro t e Pr al Pay A e t. T e Pr al Pay A e t w t w a Bo d, Global Bo d Cert ate or d v dual Bo d Cert ate a d ea a e a Put O t o Not e o de o ted all del ver a duly o leted Put O t o Re e t to t e de o t Bo d older. No Bo d, Global Bo d Cert ate or d v dual Bo d Cert ate, o e de o ted w t a duly o leted Put O t o Not e a orda e w t t Co d t o ay be w t draw , **rov ded, owever, t at** , r or to t e Put Rede t o Date, a y u Bo d be o e ed ately due a d ayable or u o due re e tat o o a y u Bo d, Global Bo d Cert ate or d v dual Bo d Cert ate o t e Put Rede t o Date, ay e t o t e rede t o o ey ro erly w t eld or re u ed, t e Pr al Pay A e t all ake ot at o t ereo to t e de o t Bo d older at u addre a ay ave bee ve by u Bo d older t e releva t Put O t o Not e a d all old u Bo d, Global Bo d Cert ate or d v dual Bo d Cert ate at t S e ed O e or olle t o by t e de o t Bo d older a a t urre der o t e releva t Put O t o Re e t. For o lo a a y out ta d Bo d, Global Bo d Cert ate or d v dual Bo d Cert ate eld by t e Pr al Pay A e t a orda e w t t Co d t o t e de o tor o t e releva t Bo d a d ot t e Pr al Pay A e t all be dee ed to be t e Holder o u Bo d or all ur o e .

T e Bo d Tru tee all ot be requ red to take a y te to o tor or a erta w et er a Co trol C a e Put Eve t or a y eve t w ould lead to a Co trol C a e Put Eve t a o urred or ay o ur a d w ll ot be re o ble or l able to Bo d older or a y ot er er o or a y lo ar ro a y a lure by t to do o.

( ) Early rede t o ollow E or e e t Not e

Follow t e erv e o a E or e e t Not e a orda e w t t e ST D, t e Se ur ty Tru tee (or t e Re e ver a o ted by t a orda e w t t e ST D) all a ly u o e re e ved or re overed by t re e t o t e Se ur ty a d t e Guara tee rede t o o ea Tra e o t e t e out ta d Bo d a orda e w t t e rov o o t e Po t-E or e e t Pr or ty o Pay e t at t e r Pr al A ou t Out ta d lu a rued but u a d tere t.

( ) Early rede t o o ero Cou o Bo d

Sub e t to Co d t o 8( ), u le ot erw e e ed t e releva t F al Ter , t e Rede t o A ou t ayable o rede t o o a ero Cou o Bo d at a y t e be ore t e Matur ty Date all be a a ou t equal to t e u o :

( ) t e Re ere e Pr e; a d

( ) t e rodu t o t e A rual Y eld (o ou ded a ually) be a l ed to t e Re ere e Pr e ro (a d lud) t e ue Date to (but ex lud) t e date xed or rede t o or (a t e a e ay be) t e date u o w t e Bo d be o e due a d ayable.

W ere u al ulat o to be ade or a er od w ot a w ole u ber o year , t e al ulat o re e t o t e er od o le t a a ull year all be ade o t e ba o u Day Cou t Fra t o a ay be e ed t e F al Ter or t e ur o e o t Co d t o 8( ) or, o e o e ed, a Day Cou t Fra t o o 3 /36 .

t e e Co d t o , "**A rual Y eld**" a d "**Re ere e Pr e**" ave t e ea ve to t e t e releva t F al Ter .

( ) Pur a e o Bo d

T e uer, a y Obl or or a y o t e uer' A l ate ay ur a e Bo d (rov ded t at all u atured Re e t a d Cou o a d u ex a ed Talo (a y) a erta t ereto are atta ed or urre dered t erew t) t e o e arket or ot erw e at a y r e. A y ur a e by te der all be ade ava lable to all Bo d older al ke.

ot all t e Bo d w are re tered or are to be ur a ed, u o urre der o t e ex t d v dual Bo d Cert ate, t e Re trar all ort w t u o t e wr tte reque t o t e Bo d older o er ed ue a ew d v dual Bo d Cert ate re e t o t e Bo d w are ot to be ur a ed a d de at u d v dual Bo d Cert ate to t e Bo d older (at t e r k o t e Bo d older a d to u addre a t e Bo d older ay e y u reque t).

W le t e Bo d are re re e ted by a Global Bo d or Global Bo d Cert ate, t e releva t Global Bo d or Global Bo d Cert ate w ll be

e dor ed to re le t t e Pr al A ou t Out ta d o Bo d to be o redee ed or ur a ed.

All Bo d w are (a) redee ed or (b) ur a ed by or o be al o t e uer or a y Obl or w ll a oo a ra t able be a elled (to et er w t , t e a e o Bearer Bo d , all u atured Re e t a d Cou o a d u ex a ed Talo atta ed t ereto or urre dered t erew t). A y Bo d o urre dered or a ellat o ay ot be re ued or re old a d t e obl at o o t e uer re e t o a y u Bo d all be d ar ed.

No er o all be e t tled to vote (but a y u er o ay atte d a d eak) at a y eet re e t o Bo d w are ot "out ta d " (a de ed S edule 4 (*Co tru t o*) o t e Ma ter De t o A ree e t) or t e ur o e o vot . Not ere all reve t a y o t e rox e a ed a y blo k vot tru t o or or o roxy ro be a d re tor, o er or re re e tat ve o or ot erw e o e ted w t t e uer or t e ot er Obl or .

( ) Rede t o by tal e t

U le rev ou ly redee ed, ur a ed a d a elled a rov ded t Co d t o 8, ea Bo d w rov de or tal e t Date (a e ed t e releva t F al Ter) a d tal e t A ou t (a e ed t e releva t F al Ter) w ll be art ally redee ed o ea tal e t Date at t e tal e t A ou t.

(k) Partly Pa d Bo d

Partly Pa d Bo d w ll be redee ed, w et er at atur ty, early rede t o or ot erw e, a orda e w t t e rov o o t Co d t o a d t e a l able F al Ter .

9. Pay e t

(a) Bearer Bo d

Pay e t to t e Bo d older o r al (or, a t e a e ay be, Rede t o A ou t or ot er a ou t ayable o rede t o) a d tere t (or, a t e a e ay be, tere t A ou t) re e t o Bearer Bo d w ll, ub e t a e t o ed below, be ade a a t re e tat o a d urre der o t e releva t Re e t (t e a e o ay e t o tal e t A ou t ot er t a o t e due date or al rede t o a d rov ded t at t e Re e t re e ted or ay e t to et er w t t relat ve Bo d), Bo d (t e a e o all ot er ay e t o r al a d, t e a e o tere t, a e ed Co d t o 9( ) (*U atured Cou o a d Re e t a d U ex a ed Talo*)) or Cou o (t e a e o tere t, ave a e ed Co d t o 9( ) (*U atured Cou o a d Re e t a d U ex a ed Talo*)), a t e a e ay be, at t e e ed o e o a y Pay A e t out de t e U ted State o A er a by tra er to a a ou t de o ated t e urre y w u ay e t due, or (t e a e o Bo d de t ve or o ly) a eque

ayable t at urre y draw o , a ba k ( ) t e r al a al e tre o t at urre y rov ded t at u urre y ot euro, or ( ) t e r al a al e tre o a y Part at Me ber State t at urre y euro.

No ay e t o r al a d/or tere t re e t o a Bearer Bo d w t a or al atur ty o ore t a 365 day w ll be ade by a tra er o u d to a a ou t a ta ed by t e ayee t e U ted State or by a l a eque to a addre t e U ted State , ex e t a rov ded Co d t o 9( ) (*Pay e t t e U ted State o A er a*).

(b) Re tered Bo d

Pay e t o r al (or, a t e a e ay be, Rede t o A ou t) re e t o Re tered Bo d w ll be ade to t e older (or t e r t a ed o o t older) o u Bo d a a t re e tat o a d urre der o t e releva t Re tered Bo d at t e e ed o e o t e Re trar a d t e a er rov ded Co d t o 9(a) (*Bearer Bo d*).

Pay e t o tal e t re e t o Re tered Bo d w ll be ade to t e older (or t e r t a ed o o t older) o u Bo d a a t re e tat o o t e releva t Re tered Bo d at t e e ed o e o t e Re trar t e a er rov ded Co d t o 9(a) (*Bearer Bo d*) above a d a otat o o u ay e t o t e Re ter a d t e releva t Global Bo d Cert ate or d v dual Bo d Cert ate (a a l able).

tere t (or, a t e a e ay be, tere t A ou t) o Re tered Bo d ayable o a y tere t Pay e t Date w ll be a d to t e older (or t e r t a ed o t older) o t e day be ore t e due date or ay e t t ereo (t e "**Re ord Date**"). Pay e t o tere t or tere t A ou t o ea Re tered Bo d w ll be ade t e urre y w u ay e t due by eque draw o a ba k (a) t e r al a al e tre o t e ou try o t e urre y o er ed, rov ded t at u urre y ot euro, or (b) t e r al a al e tre o a y Part at Me ber State t at urre y euro a d a led to t e older (or to t e r t a ed o o t older) o u Bo d at t addre a ear t e Re ter. U o a l at o by t e Bo d older to t e e ed o e o t e Re trar be ore t e releva t Re ord Date, u ay e t o tere t ay be ade by tra er to a a ou t t e releva t urre y a ta ed by t e ayee w t a ba k (a) t e r al a al e tre o t e ou try o t at urre y rov ded t at u urre y ot euro, or (b) t e r al a al e tre o a y Part at Me ber State t at urre y euro.

A re ord o ea ay e t o ade re e t o Bo d lobal or w ll be e dor ed o t e edule to t e Global Bo d or Global Bo d Cert ate by or o be al o t e Pr al Pay A e t or t e Re trar, a t e a e ay be, w e dor e e t all be r a a e ev de e t at u ay e t a bee ade.

( ) Pay e t t e U ted State o A er a

Notw t ta d t e ore o , a y Bearer Bo d are de o ated U.S. dollar , ay e t re e t t ereo ay be ade at t e e ed o e o a y Pay A e t New York C ty t e a e a er a a ore a d :

( ) t e uer all ave a o ted Pay A e t w t e ed o e out de t e U ted State o A er a w t t e rea o able ex e tat o t at u Pay A e t would be able to ake ay e t o t e a ou t o t e Bo d t e a er rov ded above w e due;

( ) ay e t ull o u a ou t at all u o e lle al or e e t vely re luded by ex a e o trol or ot er lar re tr t o o ay e t or re e t o u a ou t ; a d

( ) u ay e t t e er tted by t e law o t e U ted State o A er a, w t out volv , t e o o o t e uer, adver e tax o eque e to t e uer.

(d) Pay e t ub e t to al law ; ay e t o Global Bo d a d Re tered Bo d

All ay e t are ub e t all a e to a y a l able al or ot er law , re ulat o a d d re t ve , but w t out re ud e to t e rov o o t Co d t o 9. No o o or ex e e all be ar ed to t e Bo d older , Cou o older or Re e t older (a y) re e t o u ay e t .

T e older o a Global Bo d or Global Bo d Cert ate all be t e o ly er o e t tled to re e ve ay e t o r al (or Rede t o A ou t) a d tere t (or tere t A ou t) o t e Global Bo d or Global Bo d Cert ate (a t e a e ay be) a d t e uer w ll be d ar ed by ay e t to, or to t e order o , t e older o u Global Bo d or Global Bo d Cert ate re e t o ea a ou t a d.

(e) A o t e to t e A e t

T e Pay A e t , t e A e t Ba k, t e Tra er A e t a d t e Re trar (t e "**A e t** ") a o ted by t e uer (a d t e r re e t ve e ed o e) are l ted t e A e y A ree e t. A y Cal ulat o A e t w ll be l ted t e releva t F al Ter a d w ll be a o ted ur ua t to a Cal ulat o A e y A ree e t. T e A e t a t olely a a e t o t e uer a d do ot a u e a y obl at o or relat o o a e y or tru t or or w t a y older. T e uer re erve t e r t, w t t e r or wr tte o e t o t e Bo d Tru tee at a y t e to vary or ter ate t e a o t e t o a y A e t, a d to a o t add t o al or ot er A e t , rov ded t at t e uer w ll at all t e a ta ( ) a Pr al Pay A e t (t e a e o Bearer Bo d), ( ) a Re trar (t e a e o Re tered Bo d), ( ) a A e t Ba k or Cal ulat o A e t (a e ed t e releva t F al Ter) (t e a e o Float Rate Bo d or dexed Bo d), (v) a Pay A e t w t a e ed o e a Euro ea U o e ber tate t at w ll ot be obl ed to w t old or dedu t tax ur ua t to Euro ea Cou l D re t ve 2 3/48/EC o t e taxat o o av o e or a y law le e t or o ly w t , or trodu ed to

o or to, u D re t ve; a d (v) a d or o lo a t e Bo d are ad tted to l t , trad a d/or quotat o by a y l t aut or ty, to k ex a e a d/or quotat o y te w requ re t e a o t e to a Pay A e t, Tra er A e t or Re trar a y art ular la e, a Pay A e t, Tra er A e t a d/or Re trar, a a l able, av t e ed o e t e la e requ red by u l t aut or ty, to k ex a e a d/or quotat o y te , w , w le a y Bo d are ad tted to t e O al L t o t e UK L t Aut or ty a d/or ad tted to trad o t e Lo do Sto k Ex a e – Re ulated Market all be Lo do . Not e o a y u var at o , ter at o or a o t e t w ll be ve a orda e w t Co d t o 18 (*Not e*).

( ) U atured Cou o a d Re e t a d U ex a ed Talo

( ) Sub e t to t e rov o o t e releva t F al Ter , u o t e due date or rede t o o a y Bo d w a Bearer Bo d (ot er t a a F xed Rate Bo d, u le t a all u atured Cou o atta ed), u atured Cou o a d Re e t relat to u Bo d (w et er or ot atta ed) all be o e vo d a d o ay e t all be ade re e t o t e .

( ) U o t e date or rede t o o a y Bo d, a y u atured Talo relat to u Bo d (w et er or ot atta ed) all be o e vo d a d o Cou o all be del vered re e t o u Talo .

( ) U o t e due date or rede t o o a y Bo d w redee able tal e t , all Re e t relat to u Bo d av a tal e t Date all o or a ter u due date (w et er or ot atta ed) all be o e vo d a d o ay e t all be ade re e t o t e .

(v) W ere a y Bo d, w a Bearer Bo d a d a F xed Rate Bo d, re e ted or rede t o w t out all u atured Cou o a d a y u ex a ed Talo relat to t, a u equal to t e a re ate a ou t o t e u atured Cou o w ll be dedu ted ro t e a ou t o r al due or ay e t a d, rede t o all be ade o ly a a t t e rov o o u de ty a t e uer ay requ re.

(v) t e due date or rede t o o a y Bo d ot a tere t Pay e t Date, tere t a rued ro t e re ed tere t Pay e t Date or t e tere t Co e e e t Date, a t e a e ay be, or t e tere t A ou t ayable o u date or rede t o all o ly be ayable a a t re e tat o (a d urre der a ro r ate) o t e releva t Bo d a d Cou o .

( ) No -Bu e Day

Sub e t a rov ded t e releva t F al Ter , a y date or ay e t re e to a y Bo d, Re e t or Cou o ot a bu e day, t e older all ot be e t tled to ay e t u t l t e ext ollow bu e day or to a y tere t or ot er u re e t o u o t o ed ay e t. t ara ra , “bu e day” ea a day (ot er t a a Saturday or a Su day) o w

ba k are o e or re e tat o a d ay e t o debt e ur t e a d or deal ore urre y Lo do a d t e releva t la e o re e tat o a d t e t e re erred to t e de t o o Bu e Day a d (t e a e o a ay e t a urre y ot er t a euro), w ere ay e t to be ade by tra er to a a ou t a ta ed w t a ba k t e releva t urre y, o w deal ay be arr ed o t e releva t urre y t e r al a al e tre o t e ou try o u urre y a d, relat o to a y u ayable euro, a day o w t e TARGET y te o e .

( ) Talo

O or a ter t e tere t Pay e t Date or t e al Cou o or art o a ou o eet ued re e t o a y Bo d, t e Talo or art o u ou o eet ay be urre dered at t e e ed o e o a y Pay A e t ex a e or a urt er ou o eet (a d e e ary a ot er Talo or a urt er ou o eet) (but ex lud a y Cou o w ay ave be o e vo d ur ua t to Co d t o 13 (*Pre r t o*)).

1 . Taxat o

(a) *Gro u :* All ay e t o r al a d tere t re e t o t e Bo d a d t e Cou o by or o be al o t e uer or t e Guara tor all be ade ree a d lear o , a d w t out w t old or dedu t o or or o a ou t o , a y re e t or uture taxe , dut e , a e e t or over e tal ar e o w atever ature o ed, lev ed, olle ted, w t eld or a e ed by or o be al o t e U ted K do or rela d or (ea a e) a y ol t al ubd v o t ereo or a y aut or ty t ere or t ereo av ower to tax, u le t e w t old or dedu t o o u taxe , dut e , a e e t , or over e tal ar e requ red by law. t at eve t, t e uer or (a t e a e ay be) t e Guara tor all ay u add t o al a ou t a w ll re ult re e t by t e Bo d older a d t e Cou o older a ter u w t old or dedu t o o u a ou t a would ave bee re e ved by t e ad o u w t old or dedu t o bee requ red, ex e t t at o u add t o al a ou t all be ayable re e t o a y Bo d or Cou o :

( ) eld by or o be al o a Holder w l able to u taxe , dut e , a e e t or over e tal ar e re e t o u Bo d or Cou o by rea o o t av o e o e t o w t t e U ted K do ot er t a t e ere old o t e Bo d or Cou o ; or

( ) w ere u w t old or dedu t o o ed o a ay e t to a d v dual a d requ red to be ade ur ua t to Euro ea Cou l D re t ve 2 3/48/EC o t e taxat o o av o e or a y law le e t or o ly w t , or trodu ed order to o or to, t D re t ve, or

( ) eld by or o be al o a Holder w o would ave bee able to avo d u w t old or dedu t o by re e t t e releva t Bo d or Cou o to a ot er Pay A e t a Me ber State o t e EU; or

(v) w ere t e releva t Bo d or Cou o , Global Bo d Cert ate or d v dual Bo d Cert ate re e ted or urre dered or ay e t ore t a 3 day

a ter t e Releva t Date ex e t to t e exte t t at t e Holder o u Bo d or Cou o would ave bee e t tled to u add t o al a ou t o re e t or urre der u Bo d or Cou o , Global Bo d Cert ate or d v dual Bo d Cert ate or ay e t o t e la t day o u er od o 3 day .

(b) *Tax ur d t o :* ay e t o a y a ou t re e t o t e Bo d by t e uer or a y Guara tor are or be o e ub e t at a y t e to t e tax ur d t o o a y terr tory ot er t a or add t o to t e U ted K do or rela d (a a l able) (or ea a e a y ol t al ubd v o t ereo or a y aut or ty t ere or t ereo av ower to tax), re ere e t e e Co d t o to t e U ted K do or rela d all be o trued a re ere e to t e U ted K do or rela d a d/or u ot er terr tory.

11. Eve t o De ault

(a) Eve t o De ault

a Eve t o De ault a et out S edule 4 o t e Co o Ter A ree e t o ur a d o t u , t e Se ur ty Tru tee a d t e Se ured Cred tor ay take a t o relat o to e or e e t ub e t to a d a orda e w t t e ST D.

(b) Co r at o o o Eve t o De ault

T e Se ur ty Grou A e t (o be al o t e Obl or), all rov de wr tte o r at o to t e Se ur ty Tru tee a d t e Bo d Tru tee, o a e -a ual ba , t at o Eve t o De ault a o urred ur ua t to t e ter o t e Co o Ter A ree e t (w obl at o to rov de o r at o ay be at ed by t e del very o t e Co l a e Cert ate ur ua t to t e Co o Ter A ree e t).

( ) Co eque e o t e erv e o E or e e t Not e a d tak o E or e e t A t o

U o erv e o a E or e e t Not e a de r bed Clau e 18.4 (*E or e e t Not e*) o t e ST D, t e w ole o t e Se ur ty all be o e e or eable by t e Se ur ty Tru tee a orda e w t t e ST D.

U o t e erv e o a E or e e t Not e ur ua t to Clau e 18.4 o t e ST D, t e Bo d Tru tee at t d ret o ay, a d o reque ted by older o at lea t 25% r al a ou t o t e Bo d t e out ta d or o d re ted by a Extraord ary Re olut o all, ub e t ea a e to t be de ed a d/or e ured a d/or re u ded to t at a t o , ve ot e to t e uer t at t e Bo d are, a d t ey all ed ately be o e due a d re ayable at t e r Pr al A ou t Out ta d (t e a e o dexed Bo d , a ad u ted a orda e w t Co d t o 7(b) (*A l at o o t e dex Rat o*)) lu a rued but u a d tere t (ot er t a t e a e o ero Cou o Bo d) a d, t e a e o dexed Bo d , a ad u ted a orda e w t Co d t o 7(b) (*A l at o o t e dex Rat o*)).

12. E or e e t A a t uer

Sub e t to t e ter o t e ST D, o Bo d older, Re e t older, Cou o older or ot er Se ured Cred tor e t tled to take a y a t o a a t t e uer or a y ot er e ber o t e Se ur ty Grou or a a t a y a et o t e uer or o a y ot er e ber o t e Se ur ty Grou to e or e t r t re e t o t e Se ured L ab l t e (lud re e t o t e Bo d) or to e or e a y o t e Se ur ty. T e Se ur ty Tru tee, ub e t to be de ed a d/or e ured a d/or re u ded to t at a t o a a t all ee , o t , ex e e , l ab l t e , la a d de a d to w t ay t ereby be o e l able or w t ay ur by o do , u o be o d re ted by t e requ te ro ort o o Se ured Cred tor (lud t e Bo d older) a orda e w t t e rov o o t e ST D, e or e t e Se ur ty a d take u E or e e t A t o a orda e w t t e ST D.

Ne t er t e Se ur ty Tru tee, t e Bo d Tru tee, t e Bo d older , t e Re e t older , t e Cou o older or t e ot er Se ured Cred tor ay t tute a a t, or o a y er o t tut a a t, t e uer a y ba kru t y, w d u , re-or a at o , arra e e t, olve y or l qu dat o ro eed (ex e t a ay be rov ded or t e ST D, t e E l Law Se ur ty A ree e t, t e S ott Law Se ur ty A ree e t a d t e r Law Se ur ty A ree e t relat o to t e Se ur ty Tru tee) or ot er ro eed u der a y lar law or o lo a a y Bo d are out ta d a d or two year a d a day a ter t e late t Matur ty Date o w a y Bo d o a y Ser e due to ature.

13. Pre r t o

Cla a a t t e uer or ay e t re e t o t e Bo d , Re e t or Cou o (w , or t ur o e, all ot lude Talo) all be re r bed a d be o e vo d u le ade w t te year (t e a e o r al) or ve year (t e a e o tere t) ro t e a ro r ate Bo d Releva t Date (a de ed Co d t o 6( ) (*De t o*)) re e t t ereo .

14. Re la e e t o Bo d , Cou o , Re e t a d Talo

a y Bearer Bo d, Re tered Bo d, Re e t, Cou o or Talo lo t, tole , ut lated, de a ed or de troyed t ay be re la ed, ub e t to a l able law a d requ re e t o t e Lo do Sto k Ex a e (t e a e o l ted Bo d) (a d ea ot er l t aut or ty, to k ex a e a d or quotat o y te u o w t e releva t Bo d ave t e bee ad tted to l t , trad a d/or quotat o), at t e e ed o e o t e Pr al Pay A e t or, a t e a e ay be, t e Re trar u o ay e t by t e la a t o t e ex e e urred o e t o w t u re la e e t a d o u ter a to ev de e, e ur ty, de ty a d ot erw e a t e uer ay requ re. Mut lated or de a ed Bo d , Re e t , Cou o or Talo u t be urre dered be ore re la e e t w ll be ued.

15. Furt er ue

T e uer ay ro t e to t e w t out t e o e t o t e Bo d older , Re e t older or Cou o older reate a d ue urt er bo d ra k *ar a u* w t ot er Bo d o t e uer t e ue a d t e ter o w ay or ay ot be

t e a e a t o e o ot er Bo d t e ue a d t e ter o a y urt er Bo d are t e a e a t o e o a y t e ue (ex e t relat o to t e ue date, t e r t tere t Per od, t e r t tere t Pay e t Date a d t e a ou t to be a d re e to t e r t ay e t o tere t) u urt er Bo d all be o ol dated a d or a le er e w t t e releva t out ta d Bo d . A y u urt er Bo d all ave t e be e t o t e Se ur ty.

16. Meet o Bo d older , Mod at o , Wa ver a d Sub t tut o

(a) Meet o Bo d older

W ere t e art at o o t e Bo d older requ red to ake de o relat o to atter et out t e ST D (a de r bed below Co d t o 16 (d) (*Relat o w t Se ured Cred tor a d ST D Matter*)) a eet o Bo d older w ll ot take la e u le t e de o relate to a E tre ed R t o t e Bo d older . relat o to de o to be take by t e Bo d older w ( ) do ot relate to a ST D Matter or ( ) relate to a ST D Matter relat o to a E tre ed R t o t e Bo d older , t e rov o o t e Bo d Tru t Deed de r bed below w ll a ly.

T e Bo d Tru t Deed o ta rov o or o ve eet o Bo d older o a Tra e to o der atter a e t t e r tere t , lud t e od at o o t e e Co d t o , t e Bo d Tru t Deed a d a y ot er F a e Do u e t to w t e Bo d Tru tee a arty a d t e wa ver or aut or at o o ro o ed brea e re e t o t e ter o u do u e t . A y u od at o , aut or at o or wa ver ay (ex e t relat o to ST D Matter a de r bed urt er deta l below, a d ub e t to t e rov o o er rat at o a d/or eet o art ular o b at o o Tra e o Bo d a et out below a d t e Bo d Tru t Deed), be ade a t o ed by a re olut o a ed at a eet o t e Bo d older o t e releva t Tra e duly o ve ed a d eld a orda e w t t e Bo d Tru t Deed by a a or ty o ot le t a t ree-quarter o t e er o vot at u eet u o a ow o a d or a oll duly de a ded by a a or ty o t o ot le t a t ree-quarter o t e vote a t o u oll (a "**Extraord ary Re olut o** ") o u Bo d older . Su a eet ay be o ve ed by t e Bo d Tru tee or t e uer, a d all be o ve ed by t e uer (a l w t e Bo d Tru tee (ub e t to t be de ed a d/or e ured a d/or re u ded to t at a t o)) u o t e reque t wr t o t e Bo d older old ot le t a o e te t o t e a re ate Pr al A ou t Out ta d o t e releva t out ta d Bo d .

T e quoru at a y eet o ve ed to vote o a Extraord ary Re olut o w ll be o e or ore er o old or re re e t ot le t a 5 er e t. o t e a re ate Pr al A ou t Out ta d o t e releva t out ta d Bo d or, at a y ad our ed eet , o e or ore er o be or re re e t Bo d older , w atever t e Pr al A ou t Out ta d o t e releva t out ta d Bo d eld or re re e ted, rov ded owever, t at erta ro o al (t e "**Ba Ter Mod at o** ") re e t o t e older o a y art ular Tra e o Bo d be a y ro o al:

( ) to a e a y date xed or ay e t o r al or tere t re e t o u Tra e o Bo d , to redu e t e a ou t o r al or tere t ayable o a y date re e t o a y Tra e o Bo d or (ot er t a a e ed Co d t o 7 (*dexat o*) a d 8 (*Rede t o , Pur a e a d Ca ellat o*)) to alter t e et od o al ulat t e a ou t o a y ay e t re e t o u Tra e o Bo d o rede t o or atur ty;

( ) ot er t a ur ua t to Co d t o 16( ), to e e t t e ex a e, o ver o or ub t tut o o a y Tra e o Bo d or, or t e r o ver o to are , bo d or ot er obl at o or e ur t e o t e uer or a y ot er er o or body or orate or ed or to be or ed;

( ) to a e t e urre y w a ou t due re e t o u Tra e o Bo d are ayable ot er t a ur ua t to rede o at o to euro ur ua t to Co d t o 2 ;

(v) to alter t e ay e t r or t e t e ST D o ar a u alterat o would a e t a y Tra e o Bo d ;

(v) to a e t e quoru requ red at a y eet or t e a or ty requ red to a a Extraord ary Re olut o ; or

(v) to a e d t de t o or t Co d t o ,

ay be a t o ed o ly by a Extraord ary Re olut o a ed at a eet o Bo d older o t e releva t Tra e or Tra e o Bo d at w o e or ore er o old or re re e t ot le t a t ree-quarter or, at a y ad our ed eet , o e quarter o t e a re ate Pr al A ou t Out ta d o t e out ta d Bo d or a quoru . A y Extraord ary Re olut o duly a ed at a y u eet all be b d o all t e releva t Bo d older , Re e t older a d Cou o older w et er re e t or ot.

add t o , a re olut o wr t ed by or o be al o t e Holder o t ree-quarter o t e a re ate Pr al A ou t Out ta d o t e out ta d Bo d o a art ular Tra e, w o or t e t e be are e t tled to re e ve ot e o Bo d older eet u der t e Bo d Tru t Deed w ll take e e t a t were a Extraord ary Re olut o . Su a re olut o wr t ay be o ta ed o e do u e t or everal do u e t t e a e or , ea ed by or o be al o o e or ore Bo d older .

Relat o betwee Tra e

(b) relat o to ea Tra e o Bo d :

( ) o Extraord ary Re olut o volv a Ba Ter Mod at o t at a ed by t e older o o e Tra e o Bo d all be e e t ve u le t a t o ed by a Extraord ary Re olut o o t e older o ea o t e ot er Tra e o Bo d (to t e exte t t at t ere are Bo d out ta d ea u ot er Tra e) (ave t at o u a t o w ll be requ red, w ere u Ba Ter Mod at o o t e k d e ed l b ( )

o t e de t o t ereo a d t a ed by t e older o all o t e adver ely a e ted Tra e o Bo d);

( ) a Extraord ary Re olut o to a rove a y atter ot er t a a Ba Ter Mod at o o a y Tra e o Bo d all be e e t ve t a t o ed by a Extraord ary Re olut o o t e older o t e releva t Tra e o Bo d ; a d

( ) Co d t o 16(a) a d (b) re e t o eet are ub e t to t e urt er rov o o t e Bo d Tru t Deed.

( ) Mod at o a d Wa ver

A ore ully et out t e Bo d Tru t Deed (a d ub e t to t e o d t o a d qual at o t ere), t e Bo d Tru tee ay, w t out t e o e t o t e Bo d older o a y Tra e a d w t out re ud e to t r t re e t o a y ub eque t brea or Eve t o De ault, ro t e to t e a d at a y t e but o ly a d o ar a t o o t e tere t o t e older o t e Bo d t e out ta d all ot be ater ally re ud ed t ereby wa ve or aut or e a y brea or ro o ed brea by t e uer or a Obl or o a y o t e ove a t or rov o o ta ed t e Co d t o or a y Bo d Tra a t o Do u e t (a de ed t e Bo d Tru t Deed) to w t a arty or deter e t at a y eve t w would ot erw e o t tute a Eve t o De ault all ot be treated a u or t e ur o e o t e Bo d Tru t Deed PRO DED THAT to t e exte t u eve t, atter or t relate to a E tre ed R t, ea o t e A e ted Se ured Cred tor (ot er t a t e Bo d Tru tee o be al o t e Bo d older) a al o ve t r or wr tte o e t a d PRO DED FURTHER THAT t e Bo d Tru tee all ot exer e a y ower o erred o t ereby o trave t o o a y ex re d re t o ve by Extraord ary Re olut o o t e older o t e Bo d t e out ta d a orda e w t t Co d t o or o a reque t wr t ade by older o ot le t a 25 er e t a re ate o t e r al a ou t o t e Bo d t e out ta d but o u d re t o or reque t all a e t a y wa ver, aut or at o or deter at o rev ou ly ve or ade.

A ore ully et out t e Bo d Tru t Deed (a d ub e t to t e o d t o a d qual at o t ere), t e Bo d Tru tee ay, ex e t relat o to ST D Matter a et out below, w t out t e o e t o t e Bo d older o a y Tra e, o ur w t t e uer or a y ot er releva t art e ak ( ) a y od at o (ot er t a re e t o a Ba Ter Mod at o) to t e Co d t o or a y Bo d Tra a t o Do u e t to w t a arty t e Bo d Tru tee o t e o o t at u od at o w ll ot be ater ally re ud al to t e older o t e Bo d t e out ta d or ( ) a y od at o to t e Co d t o or a y Bo d Tra a t o Do u e t to w t a arty, t e Bo d Tru tee o t e o o t at u od at o ade to orre t a a e t error or a error rove to t e at a t o o t e Bo d Tru tee or o a or al, or, ad trat ve or te al ature or to o ly w t a datory rov o o law PRO DED THAT to t e exte t u od at o u der ( ) above, relate to a E tre ed R t, ea o t e

A e ted Se ured Cred tor (ot er t a t e Bo d Tru tee o be al o t e Bo d older) a al o ve t r or wr tte o e t.

A y u od at o , wa ver, deter at o or aut or at o w ay be ve or ade o u ter a d ub e t to u o d t o (a y) a t e Bo d Tru tee ay deter e, all be b d o t e Bo d older o t at Tra e a d t e older o all releva t Re e t a d Cou o a d, u le t e Bo d Tru tee a ree ot erw e, ot e t ereo all be ve by t e uer to t e Bo d older o t at Tra e a oo a ra t able t erea ter.

Notw t ta d t at o e o t e Bo d Tru tee or t e Bo d older ay ave a y r t o re our e a a t t e Rat A e e re e t o a y Rat Co r at o ve by t e a d rel ed u o by t e Bo d Tru tee, t e Bo d Tru tee all be e t tled to a u e, or t e ur o e o exer a y ower, tru t, aut or ty, duty or d ret o u der or relat o to t e Bo d or F a e Do u e t, t at u exer e w ll ot be ater ally re ud al to t e tere t o t e Bo d older t a bee rov ded w t a Rat Co r at o . W t out re ud e to t e ore o , t e Bo d older are dee ed to a ree or t e be e t o t e Rat A e e o ly t at a red t rat , owever, a a e e t o red t a d doe ot addre ot er atter t at ay be o releva e to Bo d older . T e Bo d Tru tee a d t e Bo d older a ree a d a k owled e t at be e t tled to rely o t e a t t at t e Rat A e e ave del vered a Rat Co r at o doe ot o e or exte d a y a tual or o t e t l ab l ty or t e Rat A e e to t e Bo d Tru tee, t e Bo d older or a y ot er er o or reate a y le al relat o betwee t e Rat A e e a d t e Bo d Tru tee, t e Bo d older or a y ot er er o w et er by way o o tra t or ot erw e.

(d) Relat o w t Se ured Cred tor a d ST D Matter

ST D Matter : T ere are e vot atter et out t e ST D w a e t Se ured Cred tor re e t o w all Se ured Cred tor (lud t e Bo d older) w ll be e t tled to vote. re e t o a vote o Se ured Cred tor , t e Bo d Tru tee w ll (a t e a l able Se ured Cred tor Re re e tat ve) vote a orda e w t t e tru t o o t e Bo d older a urt er de r bed below. Su vot atter lude ST D Pro o al , tru t o Not e , D re t o Not e , E or e e t tru t o Not e a d Furt er E or e e t tru t o Not e (“**ST D Matter** ”).

re e t o ST D Matter , ea ate ory o Se ured Cred tor (deter ed a orda e w t t e ST D) w ll be allo ated a u ber o vote w ro ort o ate to t e out ta d r al a ou t o t e debt owed to t e by t e Se ur ty Grou .

For t e ur o e o vot o e t o w t a ST D Matter t e Se ur ty Tru tee all e d a o y o u ro o al or reque t or tru t o to t e Se ured Cred tor Re re e tat ve (lud t e Bo d Tru tee) or o ward d tr but o to t e releva t Se ured Cred tor .

T e Bo d Tru tee all vote a t e Se ured Cred tor Re re e tat ve o t e Bo d older re e t o a ST D Matter by ro tly ot y t e Se ur ty Tru tee, a orda e w t Clau e 11.7 (*ST D ot Reque t*) o t e ST D, o all ote (a de ed t e Bo d Tru t Deed) re e ved by t ro Bo d older o or r or to t e ot Date (a de ed t e Bo d Tru t Deed).

A y vote o a ST D Matter duly a roved by t e Qual y Se ured Cred tor a orda e w t t e ST D all be b d o all Bo d older , Re e t older a d Cou o older (ub e t a rov ded t e ST D). T e Bo d Tru tee all, ollow re e t ro t e Se ur ty Tru tee o t e re ult o a y vote re e t o a ST D ot Reque t, ro tly ot y Bo d older a orda e w t Co d t o 18 (*Not e*).

O re e t o a ST D ot Reque t ro t e Se ur ty Tru tee re e t o a ST D Matter (w et er or ot t al o ve r e to a E tre ed R t e e tat t e o ve o a eet o Bo d older), t e Bo d Tru tee all ro tly e d a o y o u ot e to t e Bo d older a orda e w t Co d t o 18 (*Not e*).

re e t o a ST D Matter w doe ot ve r e to a E tre ed R t, ea Bo d older ay o ly vote by way o a "**Blo k ot tru t o** " (a de ed S edule 4 Part 2 o t e Bo d Tru t Deed).

No y al eet o Bo d older w ll be eld re e t o a y ote (a de ed S edule 4 Part 2 o t e Bo d Tru t Deed) re e t o a ST D Matter (ot er t a re e t o a ST D Matter t at ve r e to a E tre ed R t w a e t e Bo d Tru tee all o ve e a eet a de r bed ( ) below).

For t e ur o e o deter t e ote (a de ed S edule 4 Part 2 o t e Bo d Tru t Deed) a t o a ST D Matter by a Bo d older, ea Bo d older all ave o e vote re e t o ea £1 (or t equ vale t ex re ed terl o t e ba o t e Ex a e Rate) o Pr al A ou t Out ta d o Bo d eld or re re e ted by t.

Ea Bo d older u t vote o or r or to lo e o bu e (Lo do t e) o t e ot Date (a de ed S edule 4 Part 2 o t e Bo d Tru t Deed).

A Blo k ot tru t o relat o to Bearer Bo d all be val d o ly t de o ted at t e e ed o e o t e releva t Pay A e t or at o e ot er la e a roved by t e Bo d Tru tee, at lea t 24 our be ore t e ot Date. T e Bo d Tru tee all ot be obl ed to ve t ate t e val d ty o a y Blo k ot tru t o t e o te t o w t all be e t tled to rely o ab olutely w t out l ab l ty to a y er o . A y u Blo k ot tru t o all be o lu ve a d b d to t e art e ereto a d o t e Bo d older , Re e t older a d Cou o older .

Blo k ot tru t o relat o to Re tered Bo d all be val d o ly de o ted at t e e ed o e o t e Re trar or at o e ot er la e

a roved by t e Bo d Tru tee, at lea t 24 our be ore t e ot Date. T e Bo d Tru tee all ot be obl ed to ve t ate t e val d ty o a y Blo k ot tru t o t e o te t o w t all be e t tled to rely o ab olutely w t out l ab l ty to a y er o . A y u Blo k ot tru t o all be o lu ve a d b d to t e art e ereto a d o t e Bo d older a d Re e t older .

(e) ot re e t o ST D Matter ot a e t E tre ed R t

re e t o a Tra e o Bo d a d a ST D Matter (ot er t a re e t o a E tre ed R t o t e Bo d older w a e a Bo d older Meet all be requ red), t e Bo d Tru tee all vote:

( ) ub e t to ara ra ( ) below, a a ou t equal to t e a re ate o t e Out ta d Pr al A ou t o ea Bo d w voted or t e releva t ST D Matter t rou t e ST D D re t ot Me a , or u ST D Matter;

( ) ub e t to ara ra ( ) below, a a ou t equal to t e a re ate o t e Out ta d Pr al A ou t o ea Bo d w voted a a t t e releva t ST D Matter t rou t e ST D D re t ot Me a , a a t u ST D Matter;

( ) a y o t e below a l e t e above ara ra ( ) a d ( ) all ot be a l ed:

(A) , re e t o a Tra e o Bo d a d a ST D Matter:

( ) 25 er e t. or ore o t e Out ta d Pr al A ou t o u Tra e o Bo d voted d re tly t rou t e ST D D re t ot Me a ; a d

( ) 75 er e t. or ore o t e Out ta d Pr al A ou t o t e Bo d w o voted, voted t e a e way,

t e t e e t re Out ta d Pr al A ou t o u Tra e o Bo d w ll ou t a av voted u way re e t o bot Quoru Requ re e t a d a or ty;

(B) , re e t o a Tra e o Bo d a d a ST D Matter:

( ) 25 er e t. or ore o t e Out ta d Pr al A ou t o u Tra e o Bo d voted d re tly t rou t e ST D D re t ot Me a ; but

( ) le t a 75 er e t. o t e Out ta d Pr al A ou t o t e Bo d w o voted, voted t e a e way,

t e t e e t re Out ta d Pr al A ou t o u Tra e o Bo d w ll ou t or t e ur o e o Quoru Requ re e t (but relat o to t e a tual vot , o ly t e a ou t o Bo d w a tually voted w ll be take to a ou t o a ou d or ou d ba e t er or or a a t t e ST D Matter a ord to ow t ey were voted).

( ) ot re e t o ST D Matter a e t E tre ed R t

re e t o a Tra e o Bo d a d a ST D Matter w ere a Bo d older Meet alled relat o to a E tre ed R t, t e e t re Out ta d Pr al A ou t o u Tra e o Bo d w ll ou t e t er or or a a t t e ST D Pro o al a ord to t e out o e o u Bo d older Meet .

O re e t o a ST D ot Reque t ro t e Se ur ty Tru tee re e t o a ST D Matter t at ve r e to a E tre ed R t, t e uer ay (a d t e uer doe ot do o, t e Bo d Tru tee all, ub e t to be de ed a d/or e ured a d/or re u ded to t at a t o), ort w t , a orda e w t t e rov o o Part 1 o S edule 4 o t e Bo d Tru t Deed, o ve e a eet o t e older o ea a e ted Tra e o Bo d . T e Bo d Tru tee all ot y t e Se ur ty Tru tee wr t o w et er or ot t e older o ea Tra e o Bo d a e ted by u E tre ed R t ave a ed a Extraord ary Re olut o a rov t e releva t ST D Matter or t e ur o e o Clau e 15.1 (*S o e o E tre ed R t*) o t e ST D.

( ) Sub t tut o

A ore ully et ort t e Bo d Tru t Deed (a d ub e t to t e o d t o a d qual at o t ere), t e Bo d Tru tee ay, w t out t e o e t o t e Bo d older o a y Tra e o t e or a y ot er Se ured Cred tor, al o a ree w t t e uer, ub e t, to t e ub t tut o o a ot er or orat o la e o t e uer a r al debtor re e t o t e Bo d Tru t Deed a d t e Bo d o all Tra e .

17. Bo d Tru tee Prote t o

(a) Bo d Tru tee o derat o

Sub e t to Co d t o 17(b) (*Exer e o r t by Bo d Tru tee*), o e t o w t t e exer e, u der t e e Co d t o , t e Bo d Tru t Deed or a y F a e Do u e t, o t r t , ower , tru t , aut or t e a d d ret o (lud a y od at o , o e t, wa ver or aut or at o), t e Bo d Tru tee all ave re ard to t e tere t o t e older o t e Bo d t e out ta d rov ded t at, , t e Bo d Tru tee' o o , t ere a o l t o tere t betwee t e older o two or ore Tra e o Bo d , t all ave re ard to t e tere t o t e older o t e Tra e t e out ta d w t t e reate t Pr al A ou t Out ta d a d w ll ot ave re ard to t e o eque e o u exer e or t e older o ot er Tra e o Bo d or or d v dual Bo d older , re ult ro t e r be or a y ur o e do led or re de t , or ot erw e o e ted w t , or ub e t to t e ur d t o o , a y art ular

terr tory. T e Bo d Tru tee all ot be e t tled to requ re ro t e uer or all a y Bo d older be e t tled to la ro t e uer or t e Bo d Tru tee, a y de at o or ot er ay e t re e t o a y o eque e (lud a y tax o eque e) or d v dual Bo d older o a y u exer e.

(b) Exer e o r t by Bo d Tru tee

Sub e t a rov ded t e e Co d t o a d t e Bo d Tru t Deed, t e Bo d Tru tee w ll exer e t r t u der, or relat o to, t e Bo d Tru t Deed, t e Co d t o a d a y F a e Do u e t a orda e w t t e d re t o o t e releva t Bo d older , but t e Bo d Tru tee all ot be bou d a a a t t e Bo d older to take a y u a t o u le t a ( ) (a) bee o reque ted wr t by t e older o at lea t 25 er e t. o al a ou t o t e releva t Tra e o Bo d out ta d or (b) bee o d re ted by a Extraord ary Re olut o a d ( ) bee de ed a d/or e ured a d/or re u ded to t at a t o .

18. Not e

Not e to older o Re tered Bo d w ll be o ted to t e at t e r re e t ve addre e t e Re ter a d dee ed to ave bee ve o t e date o o t . Ot er ot e to Bo d older w ll be val d ubl ed a lead da ly ew a er av e eral r ulat o Lo do (w ex e ted to be t e F a al T e). T e uer all al o e ure t at all ot e are duly ubl ed a a er w o l e w t t e rule a d re ulat o o t e Lo do Sto k Ex a e a d a y ot er l t aut or ty, to k ex a e a d/or quotat o y te o w t e Bo d are or t e t e be l ted. A y u ot e (ot er t a to older o Re tered Bo d a e ed above) all be dee ed to ave bee ve o t e date o u ubl at o or, ubl ed ore t a o e or o d ere t date , o t e r t date o w ubl at o ade. Cou o older a d Re e t older w ll be dee ed or all ur o e to ave ot e o t e o te t o a y ot e ve to t e older o Bearer Bo d a orda e w t t Co d t o 18.

So lo a a y Bo d are re re e ted by Global Bo d or Global Bo d Cert ate , ot e re e t o t o e Bo d ay be ve o ly by del very o t e releva t ot e to Euro lear Ba k S.A./N. . a o erator o t e Euro lear Sy te or Clear trea Ba k , o été a o y e or a y ot er releva t lear y te a e ed t e releva t F al Ter or o u at o by t e to e t tled a ou t older ub t tut o or ubl at o a da ly ew a er w t e eral r ulat o Lo do . Su ot e all be dee ed to ave bee re e ved by t e Bo d older o t e day o del very to u lear y te .

T e uer w ll rov de ea Rat A e y, at t reque t, ro t e to t e a d rov ded t at t e uer w ll ot o trave e a y law or re ulat o o do , w t all ot e , wr tte or at o a d re ort t at t e are ade ava lable to t e Bo d older o a y Tra e re e t o t e Bo d ex e t to t e exte t t at u ot e , or at o or re ort , o ta or at o o de t al to t rd art e a d/or are ot ade ava lable to t e uer.

19. de at o o t e Bo d Tru tee

(a) de at o o t e Bo d Tru tee

T e Bo d Tru t Deed o ta rov o or de at o o t e Bo d Tru tee a d or t rel e ro re o b l ty, lud rov o rel ev t ro tak a y a t o , te or ro eed lud tak ro eed a a t t e uer a d/or a y ot er er o u le de ed a d/or e ured a d/or re u ded to t at a t o . T e Bo d Tru tee or a y o t a l ate (a de ed Co d t o 7 (*dexat o*)) are e t tled to e ter to bu e tra a t o w t t e uer, t e ot er Se ured Cred tor or a y o t e r re e t ve ub d ar e or a o ated o a e w t out a ou t or a y ro t re ult t ere ro .

(b) D re t o , Dut e a d L ab l t e

T e Bo d Tru tee, t e ab e e o t ow w l ul de ault, ro e l e e or raud, a d all a e w e a t a d re ted by or ub e t to t e a ree e t o t e older o t e Bo d all ot a y way be re o ble or a y lo , o t , da a e or ex e e or ot er l ab l ty, w ay re ult ro t e exer e or o -exer e o a y o e t, wa ver, ower, tru t, aut or ty or d ret o ve ted t e Bo d Tru tee ur ua t to t e Bo d Tru t Deed or a y a llary do u e t.

2 . Euro ea E o o a d Mo etary U o

(a) Not e o rede o at o

T e uer ay, w t out t e o e t o t e Bo d older , a d o v at lea t 3 day ' r or ot e to t e Bo d older , t e Se ur ty Tru tee, t e Bo d Tru tee a d t e Pr al Pay A e t, de ate a date (t e "**Rede o at o Date**"), be a tere t Pay e t Date u der t e Bo d all o or a ter t e date o w t e UK be o e a Part at Me ber State.

(b) Rede o at o

Notw t ta d t e ot er rov o o t e e Co d t o , w t e e t ro t e Rede o at o Date:

( ) t e Bo d o ea Tra e de o ated terl (t e "**Sterl Bo d** ") all be dee ed to be rede o ated to Euro t e de o at o o Euro . l w t a r al a ou t or ea Bo d equal to t e r al a ou t o t at Bo d terl , o verted to Euro at t e rate or o ver o o u urre y to Euro e tabl ed by t e Cou l o t e Euro ea U o ur ua t to t e Treaty e tabl t e Euro ea U o , a a e ded, (lud o l a e w t rule relat to rou d a orda e w t Euro ea Co u ty re ulat o), rov ded, owever, t at, t e uer deter e , w t t e a ree e t o t e Bo d Tru tee, t at t e t e urre t arket ra t e re e t o t e

rede o at o to Euro . 1 o ter at o ally o ered e ur t e d ere t ro t at e ed above, u rov o all be dee ed to be a e ded o a to o ly w t u arket ra t e a d t e uer all ro tly ot y t e Bo d older , t e Lo do Sto k Ex a e a d a y to k ex a e (a y) o w t e Bo d are t e l ted a d t e Pr al Pay A e t o u dee ed a e d e t ;

( ) Bo d ave bee ued de t ve or :

(A) all Bo d de o ated terl w ll be o e vo d w t e e t ro t e date (t e "**Euro Ex a e Date**") o w t e uer ve ot e (t e "**Euro Ex a e Not e**") to t e Bo d older a d t e Bo d Tru tee t at re la e e t Bo d de o ated Euro are ava lable or ex a e (rov ded t at u Bo d are ava lable) a d o ay e t w ll be ade re e t t ereo ;

(B) t e ay e t obl at o o ta ed all Bo d de o ated terl w ll be o e vo d o t e Euro Ex a e Date but all ot er obl at o o t e uer t ereu der (lud t e obl at o to ex a e u Bo d a orda e w t t Co d t o 2) all re a ull or e a d e e t; a d

(C) ew Bo d de o ated Euro w ll be ued ex a e or Sterl Bo d u a er a t e Pr al Pay A e t or t e Re trar, a t e a e ay be, ay e y a d a all be ot ed to t e Bo d older t e Euro Ex a e Not e;

( ) all ay e t re e t o t e Sterl Bo d (ot er t a , u le t e Rede o at o Date o or a ter u date a terl ea e to be a ub-d v o o t e Euro, ay e t o tere t re e t o er od o e be ore t e Rede o at o Date) w ll be ade olely Euro by eque draw o , or by red t or tra er to a Euro a ou t (or a y ot er a ou t to w Euro ay be red ted or tra erred) a ta ed by t e ayee w t , a ba k t e r al a al e tre o a y Part at Me ber State; a d

(v) a Bo d ay o ly be re e ted or ay e t o a day w a bu e day t e la e o re e tat o .

( ) tere t

Follow rede o at o o t e Bo d ur ua t to t Co d t o 2 :

( ) w ere Sterl Bo d ave bee ued de t ve or , t e a ou t o tere t due re e t o t e Sterl Bo d w ll be al ulated by re ere e to t e a re ate r al a ou t o t e Sterl Bo d re e ted or ay e t by t e releva t older a d t e a ou t o u ay e t all be rou ded dow to t e eare t Euro . 1; a d

( ) t e a ou t o tere t ayable re e t o ea Tra e o Sterl Bo d or a y tere t Per od all be al ulated by a ly t e tere t Rate a l able to t e Tra e o Bo d de o ated Euro ra k *ar a u* to t e releva t Tra e.

21. M ella eou

(a) Gover Law

T e Bo d Tru t Deed, t e Bo d , t e Cou o , t e Re e t , t e Talo (a y) a d t e ot er F a e Do u e t (ot er t a t e r Law Se ur ty A ree e t a d t e S ott Law Se ur ty A ree e t) are, a d a y o - o tra tual obl at o ar ro or o e to w t u do u e t all be over ed by, a d all be o trued a orda e w t , E l law.

(b) Jur d t o

T e ourt o E la d are to ave ex lu ve ur d t o to ettle a y d ute t at ay ar e out o or o e t o w t ( ) t e Bo d Tru t Deed, t e Bo d , t e Cou o , t e Re e t , t e Talo , a d t e ot er F a e Do u e t (ot er t a t e r Law Se ur ty A ree e t a d t e S ott Law Se ur ty A ree e t) a d ( ) a y o - o tra tual obl at o ar out o or o e to w t u do u e t , a d a ord ly a y le al a to or ro eed ar out o or o e to w t t e Bo d , t e Cou o , t e Re e t , t e Talo (a y) a d/or t e F a e Do u e t (ot er t a t e r Law Se ur ty A ree e t a d t e S ott Law Se ur ty A ree e t) ay be brou t u ourt . T e uer a ea o t e F a e Do u e t (ot er t a t e r Law Se ur ty A ree e t a d t e S ott Law Se ur ty A ree e t) to w t a arty rrevo ably ub tted to t e ur d t o o u ourt .

( ) T rd Party R t

No er o all ave a y r t to e or e a y ter or o d t o o t e Bo d or t e Bo d Tru t Deed u der t e Co tra t (R t o T rd Part e) A t 1999 but t doe ot a e t a y r t or re edy o a y er o w ex t or ava lable a art ro t at A t.

(d) R t A a t uer

U der t e Bo d Tru t Deed, er o ow t e re ord o Euro lear a d/or Clear trea , Luxe bour a d/or a y ot er releva t lear y te a be e t tled to tere t t e Bo d w ll (ub e t to t e ter o t e Bo d Tru t Deed) a qu re d re tly a a t t e uer all t o e r t to w t ey would ave bee e t tled , ed ately be ore t e Global Bo d or Global Bo d Cert ate be a e vo d, t ey ad bee t e re tered Holder o Bo d a a re ate r al a ou t equal to t e r al a ou t o Bo d t ey were ow a old t e re ord o Euro lear, Clear trea , Luxe bour or a y ot er releva t lear y te (a t e a e ay be).

(e) Clear Sy te A ou t older

Re ere e t e Co d t o o t e Bo d to "**Bo d older**" are re ere e to t e bearer o t e releva t Global Bo d or t e er o ow t e re ord o t e releva t lear y te a t e older o t e Re tered Bo d.

Ea o t e er o ow t e re ord o Euro lear a d/or Clear trea , Luxe bour a d/or a y ot er releva t lear y te , a t e a e ay be, a be e t tled to a tere t a Global Bo d or a Re tered Bo d (ea a "**A ou t older**") u t look olely to Euro lear a d/or Clear trea , Luxe bour a d/or u ot er releva t lear y te (a t e a e ay be) or u A ou t older' are o ea ay e t ade by t e uer to u A ou t older a d relat o to all ot er r t ar u der t e Global Bo d or Re tered Bo d. T e exte t to w , a d t e a er w , A ou t older ay exer e a y r t ar u der a Global Bo d or Re tered Bo d w ll be deter ed by t e re e t ve rule a d ro edure o Euro lear a d Clear trea , Luxe bour a d a y ot er releva t lear y te (a t e a e ay be) ro t e to t e. For o lo a t e releva t Bo d are re re e ted by a Global Bo d or Re tered Bo d, A ou t older all ave o la d re tly a a t t e uer re e t o ay e t due u der t e Bo d a d u obl at o o t e uer w ll be d ar ed by ay e t to t e bearer o t e Global Bo d or t e re tered older o t e Re tered Bo d, a t e a e ay be.

FORMS OF THE BONDS

Bo d ay, ub e t to all a l able le al a d re ulatory requ re e t , be ued Ser e o r e t er Bo d bearer or (“**Bearer Bo d** ”) or Bo d re tered or (“**Re tered Bo d** ”), a e ed t e releva t F al Ter . Ea Ser e o r e a le la . T e Bo d ay o r e o e or ore Tra e .

Bearer Bo d

Ea Tra e o Bo d t ally ued bearer or w ll be ued e t er a a te orary lobal bo d (t e “**Te orary Global Bo d**”), w t out Re e t , Cou o or Talo atta ed, or a er a e t lobal bo d (t e “**Per a e t Global Bo d**”), w t out Re e t , Cou o or Talo atta ed, ea a e a e ed t e releva t F al Ter . Ea Te orary Global Bo d or, a t e a e ay be, Per a e t Global Bo d (ea a “**Global Bo d**”) w ot te ded to be ued ew lobal ote (“**NGN**”) or , a e ed t e releva t F al Ter , w ll be del vered o or r or to t e ue Date o t e releva t Tra e o t e Bo d to a o o de o tary or Euro lear a d/or Clear trea , Luxe bour a d/or a y ot er releva t Clear Sy te o or about t e ue Date o t e releva t Tra e. Ea Global Bo d w te ded to be ued NGN or , a e ed t e releva t F al Ter , w ll be del vered o or r or to t e uer Date o t e releva t Tra e o t e Bo d to a o o a ekee er or Euro lear a d/or Clear trea , Luxe bour .

O 13 Ju e 2 6, t e Euro ea Ce tral Ba k (t e “**ESCB**”) a ou ed t at Bo d NGN or are o l a e w t t e “Sta dard or t e u e o EU e ur t e ettle e t y te ECB red t o erat o ” o t e e tral ba k y te or t e euro (t e “**Euro y te** ”), rov ded t at erta ot er r ter a are ul lled. At t e a e t e t e ECB al o a ou ed t at arra e e t or Bo d NGN or w ll be o ered by Euro lear a d Clear trea , Luxe bour a o 3 Ju e 2 6 a d t at debt e ur t e lobal bearer or ued t rou Euro lear a d Clear trea , Luxe bour a ter 31 De e ber 2 6 w ll o ly be el ble a ollateral or Euro y te o erat o t e NGN or u ed.

T e releva t F al Ter w ll al o e y w et er U ted State Trea ury Re ulat o §1.163-5( )(2)( )(C) (t e “**TEFRA C Rule** ”) or U ted State Trea ury Re ulat o §1.163-5( )(2)( )(D) (t e “**TEFRA D Rule** ”) are a l able relat o to t e Bo d .

Te orary Global Bo d ex a eable or Per a e t Global Bo d

t e releva t F al Ter e y t e or o Bo d a be re re e ted by “Te orary Global Bo d ex a eable or a Per a e t Global Bo d”, t e t e Bo d w ll t ally be t e or o a Te orary Global Bo d w w ll be ex a eable, w ole or art, or tere t a Per a e t Global Bo d, w t out Re e t , Cou o or Talo atta ed, ot earl er t a 4 day a ter t e ue Date o t e releva t Tra e o t e Bo d u o ert at o a to o -U.S. be e al ow er . No ay e t w ll be ade u der t e Te orary Global Bo d u le ex a e or tere t t e Per a e t Global Bo d ro erly w t eld or re u ed. add t o , ay e t o tere t re e t o t e Bo d a ot be olle ted w t out u ert at o o o -U.S. be e al ow er .

W e ever a y tere t a Te orary Global Bo d to be ex a ed or a tere t a Per a e t Global Bo d, t e uer all ro ure (t e a e o r t ex a e) t e ro t del very (ree o ar e to t e bearer) o u Per a e t Global Bo d, duly aut e t ated, to t e bearer o t e Te orary Global Bo d or (t e a e o a y ub eque t ex a e) a rea e t e r al a ou t o t e Per a e t Global Bo d a orda e w t t ter a a t:

- re e tat o a d (t e a e o al ex a e) urre der o t e Te orary Global Bo d at t e e ed o e o t e Pr al Pay A e t; a d

- re e t by t e Pr al Pay A e t o a ert ate or ert ate o o - U.S. be e al ow er ued by Euro lear a d/or Clear trea , Luxe bour a d/or a y ot er releva t Clear Sy te ,

w t eve day o t e bearer reque t u ex a e.

T e r al a ou t o t e Per a e t Global Bo d all be equal to t e a re ate o t e r al a ou t e ed t e ert ate o o -U.S be e al ow er ; rov ded, owever, t at o r u ta e all t e r al a ou t o t e Per a e t Global Bo d ex eed t e a re ate t al r al a ou t o t e Te orary Global Bo d a d a y Te orary Global Bo d re re e t a u ble Tra e o Bo d w t t e Tra e o Bo d re re e ted by t e r t Te orary Global Bo d.

T e Per a e t Global Bo d w ll be ex a eable w ole, but ot art, or Bo d de t ve or ea , a De t ve Bo d:

- Euro lear or Clear trea , Luxe bour or a y ot er releva t Clear Sy te lo ed or bu e or a o t uou er od o 14 day (ot er t a by rea o o le al ol day) or a ou e a te t o er a e tly to ea e bu e ; or

- a y o t e r u ta e de r bed Co d t o 11(a) (*Eve t o De ault*) o ur .

W e ever t e Per a e t Global Bo d to be ex a ed or De t ve Bo d , t e uer all ro ure t e ro t del very (ree o ar e to t e bearer) o u De t ve Bo d , duly aut e t ated a d w t Re e t , Cou o a d Talo atta ed (o e ed t e releva t F al Ter), a a re ate r al a ou t equal to t e r al a ou t o t e Per a e t Global Bo d to t e bearer o t e Per a e t Global Bo d a a t t e urre der o t e Per a e t Global Bo d at t e S e ed O e o t e Pr al Pay A e t w t 3 day o t e bearer reque t u ex a e but ot earl er t a 4 day a ter t e ue Date o u Bo d .

Te orary Global Bo d ex a eable or De t ve Bo d

t e releva t F al Ter e y t e or o Bo d a be "Te orary Global Bo d ex a eable or De t ve Bo d" a d al o e e t at t e TEFRA C Rule are a l able or t at e t er t e TEFRA C Rule or t e TEFRA D Rule are a l able, t e t e Bo d w ll t ally be t e or o a Te orary Global Bo d

w w ll be ex a eable, w ole but ot art, or De t ve Bo d ot earl er t a 4 day a ter t e ue Date o t e releva t Tra e o t e Bo d .

t e releva t F al Ter e e t e or o Bo d a be "Te orary Global Bo d ex a eable or De t ve Bo d" a d al o e e t at t e TEFRA D Rule are a l able, t e t e Bo d w ll t ally be t e or o a Te orary Global Bo d w w ll be ex a eable, w ole or art, or De t ve Bo d ot earl er t a 4 day a ter t e ue Date o t e releva t Tra e o t e Bo d u o ert at o a to o -U.S. be e al ow er . tere t ay e t re e t o t e Bo d a ot be olle ted w t out u ert at o o o -U.S. be e al ow er .

W e ever t e Te orary Global Bo d to be ex a ed or De t ve Bo d , t e uer all ro ure t e ro t del very (ree o ar e to t e bearer) o u De t ve Bo d , duly aut e t ated a d w t Re e t , Cou o a d Talo atta ed (o e ed t e releva t F al Ter), a a re ate r al a ou t equal to t e r al a ou t o t e Te orary Global Bo d o ex a ed to t e bearer o t e Te orary Global Bo d a a t t e re e tat o (a d t e a e o al ex a e, urre der) o t e Te orary Global Bo d at t e S e ed O e o t e Pr al Pay A e t w t 3 day o t e bearer reque t u ex a e but ot earl er t a 4 day a ter t e ue o u Bo d .

t e releva t F al Ter e y t e or o Bo d a be "Te orary Global Bo d ex a eable or De t ve Bo d", u De t ve Bo d ay o ly be ued de o at o equal to t e S e ed De o at o a d te ral ult le t ereo .

Per a e t Global Bo d ex a eable or De t ve Bo d

t e releva t F al Ter e e t e or o Bo d a be "Per a e t Global Bo d ex a eable or De t ve Bo d" a d al o e e t at t e TEFRA C Rule are a l able or t at TEFRA doe ot a ly, t e t e Bo d w ll t ally be t e or o a Per a e t Global Bo d w w ll be ex a eable w ole, but ot art, or De t ve Bo d :

- Euro lear or Clear trea , Luxe bour or a y ot er releva t Clear Sy te lo ed or bu e or a o t uou er od o 14 day (ot er t a by rea o o le al ol day) or a ou e a te t o er a e tly to ea e bu e ; or

- a y o t e r u ta e de r bed Co d t o 11(a) (*Eve t o De ault*) o ur .

W e ever t e Per a e t Global Bo d to be ex a ed or De t ve Bo d , t e uer all ro ure t e ro t del very (ree o ar e to t e bearer) o u De t ve Bo d , duly aut e t ated a d w t Re e t , Cou o a d Talo atta ed (o e ed t e releva t F al Ter), a a re ate r al a ou t equal to t e r al a ou t o t e Per a e t Global Bo d to t e bearer o t e Per a e t Global Bo d a a t t e urre der o t e Per a e t Global Bo d at t e S e ed O e o t e Pr al Pay A e t w t 3 day o t e bearer reque t u ex a e but ot earl er t a 4 day a ter t e ue Date o u Bo d .

t e eve t t at a Global Bo d ex a ed or De t ve Bo d , u De t ve Bo d all be ued S e ed De o at o ( ) o ly. Bo d older w o old Bo d t e releva t Clear Sy te a ou t t at are ot te ral ult le o a S e ed De o at o ay eed to ur a e or ell, o or be ore t e releva t date o ex a e, a r al a ou t o Bo d u t at t e r old a te ral ult le o a S e ed De o at o .

Co d t o a l able to t e Bo d

T e Co d t o a l able to a y De t ve Bo d w ll be e dor ed o t at Bo d a d w ll o t o t e Co d t o et out u der "*Ter a d Co d t o o t e Bo d*" above a d t e rov o o t e releva t F al Ter w u le e t, a e d, vary a d/or re la e t o e Co d t o .

T e Co d t o a l able to a y Global Bo d w ll d er ro t o e Co d t o w would a ly to t e De t ve Bo d to t e exte t de r bed u der "*Prov o Relat to t e Bo d w le Global For* ".

Le e d o er U ted State er o

Global Bo d a d De t ve Bo d av a atur ty o ore t a 365 day a d a y Re e t , Cou o a d Talo a erta t ereto w ll bear a le e d to t e ollow e e t u le t e releva t F al Ter e e t at t e TEFRA C Rule are a l able or t at TEFRA doe ot a ly:

> "A y U ted State er o w o old t obl at o w ll be ub e t to l tat o u der t e U ted State o e tax law , lud t e l tat o rov ded e t o 165( ) a d 1287(a) o t e ter al Reve ue Code."

T e e t o re erred to u le e d rov de t at a U ted State er o w o old a Bo d, Re e t, Cou o or Talo w ll e erally ot be allowed to dedu t a y lo real ed o t e ale, ex a e or rede t o o u Bo d, Re e t, Cou o or Talo a d a y a (w t ot erw e be ara ter ed a a tal a) re o ed o u ale, ex a e or rede t o w ll be treated a ord ary o e.

Re tered Bo d

A y Re tered Bo d w ll be re re e ted o ue by o e or ore lobal ert ate o ea Tra e ully re tered or w t out tere t ou o or r al re e t atta ed (ea a "**Global Bo d Cert ate**").

Ea Global Bo d Cert ate w ll be de o ted o or about t e uer Date w t e t er: (a) a o o de o tary or Euro lear a d Clear trea , Luxe bour a d/or a y ot er releva t lear y te , t e a e o a Global Bo d Cert ate w w ll ot be eld u der t e ew a ekee tru ture ("**New Sa ekee Stru ture**" or "**NSS**"), a d re tered t e a e or a o ee o Euro lear a d/or Clear trea Luxe bour a d/or a y ot er releva t lear y te ; or (b) a o o a ekee er or Euro lear a d/or Clear trea Luxe bour , t e a e o a Global Bo d Cert ate to be eld u der t e New Sa ekee Stru ture, a d re tered t e a e o a o ee o t e o o a ekee er.

Be e al tere t a Global Bo d Cert ate ay be eld o ly t rou Euro lear or Clear trea , Luxe bour or t e r art a t at a y t e. See "*Book-E try Cleara e Pro edure*".

Be e al tere t Global Bo d Cert ate w ll be ub e t to erta re tr t o o tra er et out ere , t e releva t F al Ter , a d t e A e y A ree e t, a d u Global Bo d Cert ate w ll bear t e a l able le e d re ard t e re tr t o et out t e releva t F al Ter .

Ex e t t e l ted r u ta e de r bed below, ow er o be e al tere t Global Bo d Cert ate w ll ot be e t tled to re e ve y al del very o ert ated Bo d .

Ex a e or d v dual Bo d Cert ate

Ea Global Bo d Cert ate w ll be ex a eable, ree o ar e to t e older, o or a ter t d v dual Ex a e Date (a de ed below), w ole but ot art, or d v dual bo d ert ate ully re tered or ("**d v dual Bo d Cert ate**"):

- a Global Bo d Cert ate eld (d re tly or d re tly) o be al o Euro lear a d/or Clear trea , Luxe bour or a alter at ve Clear Sy te a d a y u Clear Sy te lo ed or bu e or a o t uou er od o 14 day (ot er t a by rea o o le al ol day , tatutory or ot erw e) or a ou e t at t er a e tly to ea e bu e or doe a t do o; or

- a y o t e r u ta e de r bed Co d t o 11(a) (*Eve t o De ault*) o ur .

T e Re trar w ll ot re ter t e tra er o , or ex a e o tere t , a Global Bo d Cert ate or d v dual Bo d Cert ate or a er od o 15 ale dar day e d o t e date or a y ay e t o r al or tere t re e t o t e releva t Tra e o Bo d .

o ly o e o t e Global Bo d Cert ate (t e "**Ex a ed Global Bo d Cert ate**") be o e ex a eable or d v dual Bo d Cert ate a orda e w t t e above ara ra , tra er o Bo d ay ot take la e betwee , o t e o e a d, er o old d v dual Bo d Cert ate ued ex a e or be e al tere t t e Ex a ed Global Bo d Cert ate a d o t e ot er a d, er o w to ur a e be e al tere t t e ot er Global Bo d Cert ate.

"**d v dual Ex a e Date**" ea a day all ot le t a 3 day a ter t at o w t e ot e requ r ex a e ve a d o w ba k are o e or bu e t e ty w t e e ed o e o t e Re trar a d a y Tra er A e t lo ated.

u r u ta e , t e releva t Global Bo d Cert ate all be ex a ed ull or d v dual Bo d Cert ate a d t e uer w ll, at t e o t o t e uer (but a a t u de ty a t e Re trar or a y releva t Tra er A e t ay requ re re e t o a y tax or ot er duty o w atever ature w ay be lev ed or o ed

o e t o w t u ex a e), au e u e t d v dual Bo d Cert ate to be exe uted a d del vered to t e Re trar or o let o , aut e t at o a d d at to t e releva t Bo d older . A er o av a tere t a Global Bo d Cert ate u t rov de t e Re trar w t a wr tte order o ta tru t o a d u ot er or at o a t e uer a d t e Re trar ay requ re to o lete, exe ute a d del ver u d v dual Bo d Cert ate .

Le e d a d Tra er

T e older o a d v dual Bo d Cert ate ay tra er t e Bo d re re e ted t ereby w ole or art t e a l able u de o at o by urre der t at t e e ed o e o t e Re trar or a y Tra er A e t, to et er w t t e o leted or o tra er t ereo . U o t e tra er, ex a e or re la e e t o a d v dual Bo d Cert ate or u o e reque t or re oval o t e le e d o a d v dual Bo d Cert ate, t e uer w ll del ver o ly d v dual Bo d Cert ate t at bear u le e d, or w ll re u e to re ove u le e d, a t e a e ay be, u le t ere del vered to t e uer a d t e Re trar u at a tory ev de e, w ay lude a o o o ou el, a ay rea o ably be requ red by t e uer t at e t er t e le e d or t e re tr t o o tra er et out t ere are requ red to e ure o l a e w t t e rov o o t e Se ur t e A t a d t e ve t e t Co a y A t.

Prov o Relat to t e Bo d w le Global For

Global Bo d a d Global Bo d Cert ate w ll o ta rov o t at a ly to t e Bo d w t ey re re e t, o e o w od y t e e e t o t e Co d t o o t e Bo d a et out t Pro e tu . T e ollow a u ary o erta o t o e rov o :

- *Meet* : T e older o a Global Bo d or Global Bo d Cert ate all be treated a be two er o or t e ur o e o a y quoru requ re e t o a eet o Bo d older a d, at a y u eet , t e older o a Global Bo d or Global Bo d Cert ate all be treated a av o e vote re e t o ea u de o at o o Bo d or w u Global Bo d or Global Bo d Cert ate ay be ex a ed.

- *Ca ellat o* : Ca ellat o o a y Bo d re re e ted by a Global Bo d or Global Bo d Cert ate t at requ red by t e Co d t o to be a elled (ot er t a u o t rede t o) w ll be e e ted by redu t o t e r al a ou t o t e releva t Global Bo d or Global Bo d Cert ate.

- *Not e* : So lo a a y Bo d are re re e ted by a Global Bo d or Global Bo d Cert ate a d u Global Bo d or Global Bo d Cert ate eld o be al o Euro lear, Clear trea , Luxe bour or a y ot er releva t Clear Sy te , ot e to t e Bo d older ay be ve , ub e t alway to l t requ re e t , by del very o t e releva t ot e to Euro lear, Clear trea , Luxe bour or a y ot er releva t Clear Sy te or o u at o by t to e t tled A ou t older ub t tut o or ubl at o a rov ded t e Co d t o . Su ot e all be dee ed to ave bee re e ved by t e Bo d older o t e date o del very to u lear y te .

- *Rede t o at t e O t o o t e uer:* For o lo a all o t e Bo d are re re e ted by o e or bot o t e Global Bo d a d u Global Bo d( ) /are eld o be al o Euro lear a d/or Clear trea , Luxe bour , o ele t o o Bo d to be redee ed w ll be requ red u der Co d t o 8(d) t e eve t t at t e uer exer e t o t o ur ua t to Co d t o (d) re e t o le t a t e a re ate r al a ou t o t e Bo d out ta d at u t e. u eve t, t e art al rede t o w ll be e e ted *ro rata* a orda e w t t e rule a d ro edure o Euro lear a d/or Clear trea , Luxe bour .

BOOK-ENTRY CLEARANCE PROCEDURE

*T e or at o et out below a bee obta ed ro t e Clear Sy te (a de ed ere) a d t e uer bel eve t at u our e are rel able, but ro e t ve ve tor are adv ed to ake t e r ow e qu r e a to u ro edure . T e uer a e t re o b l ty or t e a urate re rodu t o o u or at o ro ubl ly ava lable or at o . art ular, u or at o ub e t to a y a e or re ter retat o o t e rule , re ulat o a d ro edure o Euro lear or Clear trea , Luxe bour (to et er, t e "**Clear Sy te** ") urre tly e e t a d ve tor w to u e t e a l t e o a y o t e Clear Sy te are t ere ore adv ed to o r t e o t ued a l ab l ty o t e rule , re ulat o a d ro edure o t e releva t Clear Sy te .*

Euro lear a d Clear trea , Luxe bour

Cu tod al a d de o tary l k ave bee e tabl ed betwee Euro lear a d Clear trea , Luxe bour to a l tate t e t al ue o ea Ser e o t e Bo d a d ro - arket tra er o t e Bo d a o ated w t e o dary arket trad . Euro lear a d Clear trea , Luxe bour ea old e ur t e or t e r u to er a d a l tate t e leara e a d ettle e t o e ur t e tra a t o t rou ele tro book-e try tra er betwee t e r re e t ve a ou t older . d re t a e to Euro lear a d Clear trea , Luxe bour ava lable to ot er t tut o w lear t rou or a ta a u tod al relat o w t a a ou t older o e t er y te . ve tor ay old t e r tere t Global Bo d a d Global Bo d Cert ate d re tly t rou Euro lear or Clear trea , Luxe bour t ey are a ou t older ("**D re t Part a t** ") or d re tly ("**d re t Part a t** " a d to et er w t D re t Part a t , "**Part a t** ") t rou or a at o w are a ou t older t ere .

Book-e try ow er

Ea Global Bo d w ll ave a S N a d a o o ode a d w ll be de o ted w t a o o de o tary o be al o Euro lear a d Clear trea , Luxe bour . Ea Global Bo d Cert ate w ll ave a S N a d a o o ode a d w ll be re tered t e a e o a o o de o tary o be al o Euro lear a d Clear trea , Luxe bour .

Pay e t a d relat o o art a t w t Clear Sy te

Ea o t e er o ow t e re ord o Euro lear or Clear trea , Luxe bour a t e older o a Bo d re re e ted by a Global Bo d or a Global Bo d Cert ate u t look olely to Euro lear or Clear trea , Luxe bour (a t e a e ay be) or are o ea ay e t ade by t e uer to t e older o u Global Bo d or Global Bo d Cert ate a d relat o to all ot er r t ar u der t e Global Bo d or Global Bo d Cert ate, ub e t to a d a orda e w t t e re e t ve rule a d ro edure o Euro lear or Clear trea , Luxe bour . T e uer ex e t t at, u o re e t o a y ay e t re e t o Bo d re re e ted by a Global Bo d or a Global Bo d Cert ate, t e o o de o tary by w o u Bo d eld, or o ee w o e a e t re tered, w ll ed ately red t t e releva t art a t ' or a ou t older ' a ou t t e releva t Clear Sy te w t

ay e t a ou t ro ort o ate to t e r re e t ve be e al tere t t e r al a ou t o t e releva t Global Bo d or Global Bo d Cert ate (a t e a e ay be) a ow o t e re ord o t e releva t Clear Sy te or t o ee. T e uer al o ex e t t at ay e t by D re t Part a t a y Clear Sy te to ow er o be e al tere t a y Global Bo d or Global Bo d Cert ate eld t rou u D re t Part a t a y Clear Sy te w ll be over ed by ta d tru t o a d u to ary ra t e . Save a a ore a d, u er o all ave o la d re tly a a t t e uer re e t o ay e t due o t e Bo d or o lo a t e Bo d are re re e ted by u Global Bo d or Global Bo d Cert ate a d t e obl at o o t e uer w ll be d ar ed by ay e t to t e re tered older, a t e a e ay be, o u Global Bo d or Global Bo d Cert ate re e t o ea a ou t o a d.

Settle e t a d tra er o Bo d

Sub e t to t e rule a d ro edure o ea a l able Clear Sy te , ur a e o Bo d eld w t a Clear Sy te u t be ade by or t rou D re t Part a t , w w ll re e ve a red t or u Bo d o t e Clear Sy te ' re ord . T e ow er tere t o ea a tual ur a er o ea u Bo d (t e "**Be e al Ow er**") w ll tur be re orded o t e D re t Part a t a d d re t Part a t' re ord . Tra er o ow er tere t Bo d eld w t t e Clear Sy te w ll be e e ted by e tr e ade o t e book o Part a t a t o be al o Be e al Ow er . Be e al ow er w ll ot re e ve ert ate re re e t t e r ow er tere t u Bo d , u le a d u t l tere t a y Global Bo d or Global Bo d Cert ate eld w t a Clear Sy te are ex a ed or De t ve Bo d or d v dual Bo d Cert ate .

Rede t o at t e O t o o t e uer

For o lo a all o t e Bo d are re re e ted by o e or bot o t e Global Bo d a d u Global Bo d( ) /are eld o be al o Euro lear a d/or Clear trea , Luxe bour , o ele t o o Bo d to be redeed ed w ll be requ red u der Co d t o 8(d) t e eve t t at t e uer exer e t o t o ur ua t to Co d t o (d) re e t o le t a t e a re ate r al a ou t o t e Bo d out ta d at u t e. u eve t, t e art al rede t o w ll be e e ted *ro rata* a orda e w t t e rule a d ro edure o Euro lear a d/or Clear trea , Luxe bour .

PRO FORMA F NAL TERMS

Set out below t e or o F al Ter w w ll be o leted or ea Tra e o Bo d ued u der t e Pro ra e.

F al Ter dated ●

Ever olt F a e l

ue o Tra e –[● (delete a a ro r ate) A re ate No al A ou t o Tra e

T tle o Bo d

u der t e Pro ra e

T e Bo d ave ot bee a d w ll ot be re tered u der t e U ted State Se ur t e A t o 1933, a a e ded (t e "**Se ur t e A t**") a d ay ot be o ered or old t e U ted State or to U.S. Per o (a de ed Re ulat o S u der t e Se ur t e A t) u le a exe t o ro t e re trat o requ re e t o t e Se ur t e A t ava lable. See "*Sub r t o a d Sale*" t e a o a y Pro e tu .

PART A – CONTRACTUAL TERMS

Ter u ed ere all be dee ed to be de ed a u or t e ur o e o t e o d t o et ort t e Pro e tu dated ● a d t e u le e tal or drawdow Pro e tu dated ● w to et er o t tute a ba e ro e tu or t e ur o e o t e Pro e tu D re t ve (D re t ve 2 3/71/EC) (t e "**Pro e tu D re t ve**"). T do u e t o t tute t e F al Ter o t e Bo d de r bed ere or t e ur o e o Art le 5.4 o t e Pro e tu D re t ve L t Rule 4.2.3 o t e L t Rule a d u t be read o u t o w t u Pro e tu a o u le e ted . Full or at o o t e uer a d t e o er o t e Bo d o ly ava lable o t e ba o t e o b at o o t e e F al Ter a d t e Pro e tu . T e Pro e tu a d t e u le e tal/drawdow Pro e tu are ava lable or v ew at ● .

T e ollow alter at ve la ua e a l e t e r t tra e o a ue w be rea ed wa ued u der a Pro e tu w t a earl er date.

Ter u ed ere all be dee ed to be de ed a u or t e ur o e o t e Co d t o (t e "**Co d t o** ") et ort t e Pro e tu dated or al date a d t e u le e tal/drawdow Pro e tu dated ● . T do u e t o t tute t e F al Ter o t e Bo d de r bed ere or t e ur o e o Art le 5.4 o t e Pro e tu D re t ve (D re t ve 2 3/71/EC) (t e "**Pro e tu D re t ve**")[5] a d L t Rule 4.2.3 o t e L t Rule o t e F a al Serv e Aut or ty (t e "**L t Rule** ")[6] a d u t be read o u t o w t t e Pro e tu dated urre t date a d t e

[5] Delete word quare bra ket t e Bo d are to be l ted o t e Lo do Sto k Ex a e' Pro e o al Se ur t e Market.

[6] Delete word quare bra ket t e Bo d are to be l ted o t e Lo do Sto k Ex a e' G lt-Ed ed a d F xed tere t Market.

u le e tal/drawdow Pro e tu dated ●, w to et er o t tute a ba e ro e tu or t e ur o e o t e Pro e tu D re t ve a d l t art ular or t e ur o e o L t Rule 2.2.11 o t e L t Rule , ave re e t o t e Co d t o w are extra ted ro t e Pro e tu dated or al date a d t e u le e tal/drawdow Pro e tu dated ● a d are atta ed ereto. Full or at o o t e uer a d t e o er o t e Bo d o ly ava lable o t e ba o t e o b at o o t e e F al Ter a d t e Pro e tu e dated or al date a d urre t date a d t e u le e tal/drawdow Pro e tu e dated ● a d ●. T e Pro e tu e a d t e u le e tal/drawdow Pro e tu e are ava lable or v ew at ● .

Arra er or t e Pro ra e
HSBC Ba k Pl

Dealer

HSBC	**Lloyd TSB Cor orate Market**
RBC Ca tal Market	**T e Royal Ba k o S otla d**

W e o let F al Ter or add a y ot er al ter or or at o , o derat o ould be ve a to w et er u ter or or at o o t tute ( ) (t e a e o a a l at o to l t t e Bo d o t e Lo do Sto k Ex a e – Re ulated Market) " a t ew a tor " a d o eque tly tr er t e eed or a u le e tary or drawdow Pro e tu u der Art le 16 o t e Pro e tu D re t ve or ( ) (t e a e o a a l at o to l t t e Bo d o t e Lo do Sto k Ex a e' Pro e o al Se ur t e Market) "a a t a e" a d o eque tly tr er t e eed or a u le e t to t e Pro e tu u der e t o 81 o t e FSMA.

lude w ever o t e ollow a ly or e y a "Not A l able" (N/A). Note t at t e u ber ould re a a et out below, eve "Not A l able" d ated or d v dual ara ra or ub- ara ra . tal de ote d re t o or o let t e F al Ter .

1	( )	uer	Ever olt Fu d l
	( )	Guara tor :	Euro ea Ra l F a e Hold L ted, Euro ea Ra l F a e L ted, Euro ea Ra l F a e (GB) L ted, Ever olt Ra l Hold (UK) L ted, Ever olt Ra l (UK) L ted, Ever olt De ot F a e (UK) L ted, Ever olt Ra l (38) L ted, Ever olt F a e Hold L ted, B dCo
2	( )	Ser e Nu ber	[●
	(v)	Tra e Nu ber *(u ble w t a ex t Tra e, deta l o t at Tra e, lud t e date o w t e Bo d be o e u ble.)*	[●
3	Releva t Curre y or Curre e :		●
4	A re ate No al A ou t o Bo d ad tted to trad :		
	( )	Ser e :	[●

	( )	Tra e:	[● er e t. o t e A re ate No al A ou t lu a rued tere t ro ert date (*t e a e o u ble ue o ly, a l able*)
5	( )	ue Pr e:	[●
	( )	Net ro eed (requ red o ly or l ted ue):	[●
6	( )	S e ed De o at o :	€£1 , a d te ral ult le o [€£1, ex e t ereo u to a d lud €£199, . No Bo d de t ve or w ll be ued w t a de o at o o te ral ult le above [€£199, .
	( )	Cal ulat o A ou t:	[● *(To avo d erta o o re ort obl at o u der t e Tra are y D re t ve a d to all w t t e w ole ale debt e ur t e re e, t e u de o at o ould be €5 , (or, ollow t e le e tat o o a e d e t to t e Pro e tu D re t ve, €1 ,) or equ vale t Bo d to be l ted o a EU re ulated arket. t e a e o Re tered Bo d , t ea t e u te ral a ou t w tra er a be ade). Bo d (lud Bo d de o ated Sterl) re e t o w t e ue ro eed are to be a e ted by t e uer t e UK or w o e ue ot erw e o t tute a o trave t o o e t o 19 FSMA a d w ave a atur ty o le t a o e year u t ave a u rede t o value o £1 , (or t equ vale t ot er urre e).)*
7	( )	ue Date:	[●
	( )	tere t Co e e e t Date (d ere t ro t e ue Date):	[●
8	( )	S eduled Rede t o Date:	Not A l able/ *e y*
	( )	Matur ty Date:	[●
9		tal e t Date:	Not A l able/ *e y*
1		tere t Ba :	● er e t. F xed Rate

		e y re ere e +/- ● er e t. Float Rate ero Cou o dex L ked tere t e y ot er
11	Rede t o /Pay e t Ba :	Rede t o at ar dex L ked Rede t o Partly Pa d tal e t Dual Curre y e y ot er
12	C a e o tere t or Rede t o /Pay e t Ba :	*S e y deta l o a y rov o or o vert b l ty o Bo d to a ot er tere t or rede t o / ay e t ba*
13	Put/Call O t o :	uer Call O t o (urt er art ular e ed below)
14	( ) Statu a d Ra k :	*Bo d* T e Bo d ra k *ar a u* a o ea ot er ter o tere t a d r al ay e t a d ra k.
	Date Board a roval or ua e o Bo d obta ed:	[● a d ● re e t vely *(N.B. O ly releva t w ere Board (or lar) aut or at o requ red or t e art ular tra e o Bo d)*
15	L t :	*Lo do a d ot er ex a e a a l able*
16	Met od o d tr but o :	Sy d ated/No - y d ated

PRO S ONS RELAT NG TO NTEREST (F ANY) PAYABLE

17	F xed Rate Bo d Prov o :	A l able/Not A l able *(ot a l able, delete t e re a ub- ara ra o t ara ra)*
	( ) tere t Rate:	[● er e t. er a u ayable a ually/ e - a ually/quarterly/ o t ly arrear *Float rate rov o to be e ed or tere t ayable ollow S eduled Rede t o Date*

( ) S ree Rate Deter at o :

– Releva t Rate: [●

– tere t Deter at o Date( ): [●

– Pa e: [●

– Releva t T e: *lo al t e w e Releva t Rate et*

SDA Deter at o :

– Float Rate O t o : [●

– De ated Matur ty: [●

– S e ed Durat o : *ot er t a t e releva t tere t Per od*

– Re et Date: [●

( ) Ste -U F xed Fee Rate: ● er e t. er a u

(v) tere t Deter at o Date: [● *ea year (ert re ular tere t ay e t date , or ue date or atur ty date t e a e o a lo or ort r t or la t ou o – o ly releva t w ere day ou t ra t o A tual/A tual (CMA))*

(v) tere t Pay e t Date( ): ● ea year ad u ted a orda e w t *e y Bu e Day Co ve t o a d a l able Bu e Ce tre( ) or t e de t o o "Bu e Day"* / ot ad u ted

(v) F r t tere t Pay e t Date: [●

(v) F xed Cou o A ou t ( ) : [● er Cal ulat o A ou t

(v) Broke A ou t( ): *ert art ular o a y t al or al broke tere t a ou t w do ot orre o d w t t e F xed Cou o A ou t ( )*

(x) Day Cou t Fra t o : A tual/A tual (CMA) A tual/365 or A tual/A tual A tual/365 F xed A tual/36 3 /36 or 36 /36 or bo d ba 3 E/36 or Eurobo d Ba

	(x)	Ot er ter relat to t e et od o al ulat tere t or F xed Rate Bo d :	Not A l able/ *ve deta l*
	(x)	Re ere e G lt:	t e a e o bullet bo d ert releva t G lt. t e a e o a a or t bo d ert "T e Trea ury Sto k w o e od ed durat o o t lo ely at e t at o t e Bo d o t e Re ere e Date w t t e adv e o t ree er o o erat t e lt-ed ed arket (ele ted by t e uer a d a roved by t e Bo d Tru tee)"
	(x)	Co arable Ger a Bu d ue:	t e a e o bullet bo d ert releva t Ger a Bu d. t e a e o a a or t bo d ert "T e Ger a Bu d w o e od ed durat o o t lo ely at e t at o t e Bo d o t e Re ere e Date w t t e adv e o t ree er o o erat t e Ger a Bu d arket (ele ted by t e uer a d a roved by t e Bo d Tru tee)"
	(x)	Alter at ve Rede t o A ou t:	Not A l able/ *ve deta l*
		– Reuter S ree :	[●
18	Float Rate Bo d Prov o :		A l able/Not A l able *(ot a l able, delete t e re a ub- ara ra o t ara ra)*
	( )	S e ed Per od( )/S e ed tere t Pay e t Date :	[●
	( )	S e ed tere t Pay e t Date	[●
	( )	F r t tere t Pay e t Date	[●
	(v)	Bu e Day Co ve t o :	Follow Bu e Day Co ve t o /Mod ed Follow Bu e Day Co ve t o /Pre ed Bu e Day Co ve t o /ot er (*ve deta l*)
	(v)	Bu e Ce tre( ):	[●

(v)	Ma er w t e Rate( ) o tere t /are to be deter ed:	S ree Rate Deter at o / SDA Deter at o /ot er (*ve deta l*)
(v)	Party re o ble or al ulat t e Rate( ) o tere t, tere t A ou t( ) a d Rede t o A ou t(ot t e A e t Ba k):	Not A l able/Cal ulat o A e t
(v)	S ree Rate Deter at o :	
	– Releva t Rate:	[●
	– tere t Deter at o Date( ):	[●
	– Pa e:	[●
	– Releva t T e:	*lo al t e w e Releva t Rate et*
(x)	SDA Deter at o :	
	– Float Rate O t o :	[●
	– De ated Matur ty:	[●
	– S e ed Durat o :	*ot er t a t e releva t tere t Per od*
	– Re et Date:	[●
(x)	Mar ( ):	+/- ● er e t. er a u
(x)	Ste -U Float Fee Rate:	[● er e t. er a u
(x)	M u Rate o tere t:	Not A l able
(x)	Max u Rate o tere t:	Not A l able
(x v)	Day Cou t Fra t o :	A tual/A tual (CMA) A tual/365 or A tual/A tual A tual/365 F xed A tual/36 3 /36 or 36 /36 or Bo d Ba 3 E/36 or Eurobo d Ba
(xv)	Add t o al Bu e Ce tre( ):	[●

	(xxv) Fall ba k rov o , rou d rov o , de o ator a d a y ot er ter relat to t e et od o al ulat tere t o Float Rate Bo d , d ere t ro t o e et out t e Co d t o :	[●
	(xv) Releva t F a al Ce tre:	●
	(xv) Re re e tat ve A ou t:	[●
	(x x) Re ere e Ba k :	*o e e ed, our a or ba k ele ted by A e t Ba k/Cal ulat o A e t*
19	ero Cou o Bo d Prov o :	A l able/Not A l able (*ot a l able, delete t e re a ub ara ra o t ara ra*)
	( ) A rual Y eld:	[● er e t. er a u
	( ) Re ere e Pr e:	[●
	( ) A y ot er or ula/ba o deter a ou t ayable:	[●
	(v) Day Cou t Fra t o relat o to Early Rede t o A ou t a d late ay e t:	Co d t o 8(e)/ e y ot er (*Co der a l able day ou t ra t o ot U.S. dollar de o ated*)
2	dexed Bo d Prov o :	A l able/Not A l able (*ot a l able, delete t e re a ub ara ra o t ara ra*)
	( ) dex/For ula:	UK Reta l Pr e dex
	( ) tere t Rate:	[● *Float rate rov o to be e ed or tere t ayable ollow S eduled Rede t o Date*
	( ) S ree Rate Deter at o :	
	– Releva t Rate:	[●
	– tere t Deter at o Date( ):	[●
	– Pa e:	[●

–	Releva t T e:	*lo al t e w e Releva t Rate et*
SDA Deter at o :		
–	Float Rate	[●
O t o :		
–	De ated	[●
Matur ty:		
–	S e ed	*ot er t a t e releva t tere t*
Durat o :		*Per od*
–	Re et Date:	[●
(v)	Ste -U F xed Fee Rate:	● er e t. er a u
(v)	Party re o ble or al ulat t e Rate( ) o tere t, tere t A ou t a d Rede t o A ou t( ) (ot t e A e t Ba k):	Not A l able/Cal ulat o A e t
(v)	Prov o or deter Cou o t e eve t o a e r u ta e , d ru t o , e at o or u da e tal a e to t e dex:	A l able – Co d t o 7( ) a d 7(e)
(v)	tere t or al ulat o er od( ):	[●
(v)	tere t Pay e t Date :	[●
(x)	F r t tere t Pay e t Date:	[●
(x)	Bu e Day Co ve t o :	Follow Bu e Day Co ve t o /Mod ed Follow Bu e Day Co ve t o /Pre ed Bu e Day Co ve t o /ot er (*ve deta l*)
(x)	Bu e Ce tre:	[●
(x)	M u dexat o Fa tor:	Not A l able/ *e y*
(x)	Max u dexat o Fa tor:	Not A l able/ *e y*
(x v)	Ba e dex F ure:	[●
(xv)	L ted dexat o Mo t ( ):	[●
(xv)	Re ere e G lt:	[●

	(xv) Day Cou t Fra t o :	A tual/A tual (CMA) A tual/365 or A tual/A tual A tual/365 F xed A tual/36 3 /36 or 36 /36 or Bo d Ba 3 E/36 or Eurobo d Ba
	(xv) Alter at ve Rede t o A ou t:	Not A l able/ *ve deta l*
	– Reuter S ree :	[●
21	Dual Curre y Bo d Prov o :	A l able/Not A l able *ot a l able, delete t e re a ub- ara ra o t ara ra*
	( ) Rate o Ex a e/ et od o al ulat Rate o Ex a e:	*G ve deta l*
	( ) Party re o ble or al ulat t e Rate( ) o tere t, tere t A ou t a d Rede t o A ou t( ) (ot t e A e t Ba k):	Not A l able/Cal ulat o A e t
	( ) Prov o a l able w ere al ulat o by re ere e to Rate o Ex a e o ble or ra t able:	[●
	(v) Per o at w o e o t o S e ed Curre y(e) /are ayable:	[●
22	tere t Rate ub e t to ad u t e t a orda e w t t e tere t Rat et:	Not A l able/A l able w t a tere t Ra et Mar o • er e t.

PRO S ONS RELAT NG TO REDEMPT ON

23	uer Call O t o :	A l able a orda e w t Co d t o 8(d)
	( ) O t o al Rede t o Date( ):	A y tere t Pay e t Date all o or a ter ● a d at a re u o ● (delete or o -Float Rate Bo d).
	( ) O t o al Rede t o A ou t( ) a d et od, a y, o al ulat o o u a ou t( ):	[● er Cal ulat o A ou t
	( ) redee able art:	
	(v) M u Rede t o A ou t:	Not A l able

	(v)	Max u Rede t o A ou t:	Not A l able
	(v)	Not e er od (ot er t a a et out t e Co d t o):	Not A l able
24	C a e o Co trol Put O t o :		Not A l able
25	F al Rede t o A ou t o ea Bo d a e w ere t e Rede t o A ou t dex-L ked or ot er var able-l ked:		[● er Cal ulat o A ou t
	( )	dex/For ula/var able:	*ve or a ex deta l*
	( )	Party re o ble or al ulat t e F al Rede t o A ou t(ot t e A e t):	[●
	( )	Prov o or deter F al Rede t o A ou t w ere al ulated by re ere e to dex a d/or For ula a d/or ot er var able:	[●
	(v)	Deter at o Date( ):	[●
	(v)	Prov o or deter F al Rede t o A ou t w ere al ulat o by re ere e to dex a d/or For ula a d/or ot er var able o ble or ra t able or ot erw e d ru ted:	
	(v)	Pay e t Date:	[●
	(v)	M u F al Rede t o A ou t:	[● er Cal ulat o A ou t
	(v)	Max u F al Rede t o A ou t:	[● er Cal ulat o A ou t
25	**Early Rede t o A ou t:**		

	Early Rede t o A ou t( ) er Cal ulat o A ou t ayable o rede t o or taxat o rea o or o eve t o de ault or ot er early rede t o a d/or t e et od o al ulat t e a e (requ red or d ere t ro t at et out t e Co d t o);	

GENERAL PRO S ONS APPL CABLE TO THE BONDS

27	**For o Bo d :**	Bearer/Re tered
	( ) ued Bearer or :	Te orary Global Bo d ex a eable or a Per a e t Global Bo d w ex a eable or De t ve Bo d t e l ted r u ta e e ed t e Per a e t Global Bo d. Te orary Global Bo d ex a eable or De t ve Bo d o ● day ' ot e. *(Te orary Global Bo d are ex a eable or De t ve Bo d u o ot e, t e u De t ve Bo d ay o ly be ued de o at o equal to €1 , (or equ vale t to €1 ,) a d te ral ult le t ereo .)* *(A Te orary Global Bo d requ red u le TEFRA C Rule a ly or TEFRA ot a l able.)* Per a e t Global Bo d ex a eable or De t ve Bo d t e l ted r u ta e e ed t e Per a e t Global Bo d.
	( ) Re tered Bo d :	Re tered Global Bo d re tered t e a e o a o ee or a o o de o tary or Euro lear a d Clear trea , Luxe bour /a o o a ekee er or Euro lear a d Clear trea , Luxe bour ex a eable or d v dual Bo d Cert ate o ● day ' ot e t e r u ta e e ed t e Re tered Bo d
28	New Global Note:	Ye No
29	Releva t F a al Ce tre( ) or ot er e al rov o relat to Pay e t Date :	Not A l able/ *ve deta l .*

3	Talo or uture Cou o or Re e t to be atta ed to De t ve Bo d (a d date o w u Talo ature):	Ye /No. *ye , ve deta l*
31	Deta l relat to Partly Pa d Bo d : a ou t o ea ay e t o r t e ue Pr e a d date o w ea ay e t to be ade a d o eque e (a y) o a lure to ay, lud a y r t o t e uer to or e t t e Bo d a d tere t due o late ay e t:	Not A l able/ *ve deta l*
32	Deta l relat to tal e t Bo d :	Not A l able/ *ve deta l*
	( ) tal e t Date:	[●
	( ) tal e t A ou t:	[●
33	Rede o at o , re o al at o a d re o ve t o rov o :	Not A l able/T e rov o Co d t o 2 /a exed to t F al Ter a ly
34	Co ol dat o rov o :	Not A l able/T e rov o a exed to t F al Ter a ly
35	Ot er al ter :	Not A l able/ ve deta l (*W e add a y ot er al ter o derat o ould be ve a to w et er u ter o t tute a " a t ew a tor" a d o eque tly tr er t e eed or a u le e t to t e Pro e tu u der Art le 16 o t e Pro e tu D re t ve.*)
36	TEFRA rule :	TEFRA C/TEFRA D/Not A l able

D STR BUT ON

37	( ) y d ated, a e o Ma a er :	Not A l able/ *ve a e*
	( ) Stab l Ma a er (a y):	Not A l able/ *ve a e*
38	o - y d ated, a e o Dealer:	Not A l able/ *ve a e*
39	Add t o al ell a d tra er re tr t o :	Not A l able/ ve deta l

L ST NG AND ADM SS ON TO TRAD NG APPL CAT ON

T e e F al Ter o r e t e al ter requ red to l t a d ave ad tted to trad t e ue o Bo d de r bed ere ur ua t to t e l t o t e Pro ra e or t e ua e o u to £ ● o Bo d .

RESPONS B L TY

T e uer a d ea Obl or a e t re o b l ty or t e or at o o ta ed t e e F al Ter .

Releva t t rd arty or at o a bee extra ted ro *e y our e* . T e uer a d ea Obl or o r t at u or at o a bee a urately re rodu ed a d t at, o ar a t aware, a d able to a erta ro or at o ubl ed by *e y our e* , o a t ave bee o tted w would re der t e re rodu ed or at o a urate or lead .*

S ed o be al o t e uer:

By:

Duly aut or ed

* Delete a a l able.

PART B – OTHER NFORMAT ON

1 L ST NG

( )	L t	Lo do /Luxe bour /ot er (e y)/No e
( )	Ad o to trad :	A l at o a bee ade or t e Bo d to be ad tted to trad o ● w t e e t ro ●. Not A l able.
( )	E t ate o total ex e e related to ad o to trad :	[●

2 RAT NGS

Rat :	T e Bo d to be ued ave bee rated: S&P: ● F t : ● Moody' ● *(T e above d lo ure ould re le t t e rat allo ated to Bo d o t e ty e be ued u der t e Pro ra e e erally or, w ere t e ue a bee e ally rated, t at rat .)*

3 NOT F CAT ON

T e UK L t Aut or ty a bee reque ted to rov de/ a rov ded – lude r t alter at ve or a ue w o te ora eou w t t e e tabl e t or u date o t e Pro ra e a d t e e o d alter at ve or ub eque t ue t e lude a e o o ete t aut or t e o o t Me ber State w t a ert ate o a roval atte t t at t e Pro e tu a bee draw u a orda e w t t e Pro e tu D re t ve.

4 NTERESTS OF NATURAL AND LEGAL PERSONS N OL ED N THE SSUE/OFFER

Need to lude a de r t o o a y tere t, lud o l t o e , t at ater al to t e ue/o er, deta l t e er o volved a d t e ature o t e tere t. May be at ed by t e lu o o t e ollow tate e t:

"Save a d u ed "*Sub r t o a d Sale*", o ar a t e uer aware, o er o volved t e o er o t e Bo d a a tere t ater al to t e o er."

5 REASONS FOR THE OFFER, EST MATED NET PROCEEDS AND TOTAL EXPENSES

( )	Rea o or t e o er:	[● *(rea o or o er d ere t ro ak*

		ro t a d/or ed erta r k w ll eed to lude t o e rea o ere.)
( )	E t ated et ro eed :	●
		(ro eed are te ded or ore t a o e u e w ll eed to l t out a d re e t order o r or ty. ro eed u e t to u d all ro o ed u e tate a ou t a d our e o ot er u d)
( )	E t ated total ex e e :	● (*lude breakdow o ex e e* .)
		(O ly e e ary to lude d lo ure o et ro eed a d total ex e e at ( ) a d ( ) above w ere d lo ure luded at ( ) above). [7]
6	F xed Rate Bo d o ly – Y ELD	
	d at o o y eld:	[●
		T e y eld al ulated at t e ue Date o t e ba o t e ue Pr e. t ot a d at o o uture y eld.

7 dex-L ked or ot er var able-l ked Bo d o ly – PERFORMANCE OF NDEX/FORMULA/OTHER AR ABLE AND OTHER NFORMAT ON CONCERN NG THE UNDERLY NG

Need to lude deta l o w ere a t a d uture er or a e a d volat l ty o t e dex/ or ula/ot er var able a be obta ed. W ere t e u derly a dex eed to lude t e a e o t e dex a d a de r t o o o ed by t e uer a d t e dex ot o o ed by t e uer eed to lude deta l o w ere t e or at o about t e dex a be obta ed. W ere t e u derly ot a dex eed to lude equ vale t or at o . lude ot er or at o o er t e u derly requ red by Para ra 4.2 o A ex X o t e Pro e tu D re t ve Re ulat o [8]

8 Dual urre y Bo d o ly – PERFORMANCE OF RATE S OF EXCHANGE

Need to lude deta l o w ere a t a d uture er or a e a d volat l ty o t e releva t rate a be obta ed. [9]

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[7] Requ red or der vat ve e ur t e .

[8] Requ red or der vat ve e ur t e .

[9] Requ red or der vat ve e ur t e .

9 OPERAT ONAL NFORMAT ON

A y lear y te ( ) ot er t a Euro lear Ba k S.A./N. . a d Clear trea Ba k So été A o y e a d t e releva t de t at o u ber( ):	Not A l able/ *ve a e( ) a d e ber( ) a d addre (e)*
Del very:	Del very a a t/ ree o ay e t
Na e a d addre e o add t o al Pay A e t( ) (a y):	[●
S N Code:	[●
Co o Code:	[●
te ded to be eld a a er w would allow Euro y te el b l ty:	Ye No Note t at t e de at o ”ye ” ly ea t at t e Bo d are te ded u o ue to be de o ted w t o e o t e CSD a o o a ekee er , a d re tered t e a e o a o ee o o e o t e CSD a t a o o a ekee er, *lude t text or re tered bo d* a d doe ot e e ar ly ea t at t e Bo d w ll be re o ed a el ble ollateral or Euro y te o etary ol y a d tra-day red t o erat o by t e Euro y te e t er u o ue or at a y or all t e dur t e r l e. Su re o t o w ll de e d u o t e ECN be at ed t at Euro y te el b l ty r ter a ave bee et. *lude t text “ye ” ele ted, w a e bearer Bo d u t be ued NGN or*

DESCR PT ON OF HEDGE COUNTERPART ES

Créd t A r ole Cor orate a d ve t e t Ba k – or orated Fra e. 9 qua du Pré de t Paul Dou er, 9292 Par la Dé e e Cedex (Fra e)

Créd t A r ole C B a l ted l ab l ty o a y or orated Fra e a a *" o été a o y e"* over ed by a Board o D re tor re tered at t e *Re tre du Co er e et de So été Na terre* u der t e re ere e S REN 3 4 187 7 1. t re tered o e at 9 qua du Pré de t Paul Dou er, 9292 Par La Dé e e Cedex, Par , Fra e.

A a Fre or orat o av l ted l ab l ty, Créd t A r ole C B ub e t to Art le L.225-1 a d ollow o Book 2 o t e *Code de o er e.* A a a al t tut o , Créd t A r ole C B ub e t to Art le L.511-1 *et. eq.* a d L.531-1 *et. eq.* o t e *Code o éta re et a er.*

U le ub e t to w d u ro eed or a exte o o t ter , Créd t A r ole C B' ter o or orat o w ll ex re o 25 Nove ber 2 64 a rov ded or t o t tut o al do u e t .

Créd t A r ole C B d re tly ow ed by ore t a 95 er e t. by Créd t A r ole S.A. a d t e or orate a d ve t e t ba k ar o t e Créd t A r ole Grou .

2 9, Créd t A r ole C B ad a avera e ta o 14,333 t ully o ol dated o a e . T ey are lo ated a ly Euro e but al o t rou out Créd t A r ole C B' ter at o al etwork, otably t e M ddle Ea t, A a, t e U ted State a d A r a.

NG Ba k N. ., or orated t e Net erla d , NG Hou e, A telvee ewe 5 , 1 81 KL A terda , a t t rou t o e at B l er le 888, 11 2 MG, A terda u d-Oo t, T e Net erla d .

NG Ba k N. . t e l er e t. ow ed, o -l ted ub d ary o NG Groe N. . NG Groe N. . wa or orated a a *Naa loze e oot a* (ubl l ted l ab l ty o a y) u der t e law o t e Net erla d o 21 Ja uary 1991 to e e t t e er er betwee Nat o ale-Nederla de , w wa t e lar e t urer t e Net erla d , a d NMB Po tba k Grou , w wa o e o t e lar e t ba k t e Net erla d , by way o a ubl o er or t e are o t e latter o a e . T ubl o er wa u e ully o leted o 4 Mar 1991. NG Groe N. . re tered a u ber 33231 73 t e Dut Co a y Re try a d t Art le o A o at o are ava lable t e Net erla d . NG Groe N. . o erate u der everal o er al a e , lud " NG Groe N. .", " NG Groe ", " NG Grou " a d " NG". NG Groe a t tatutory a d ead o e A terda , t e Net erla d a d o erate u der Dut law. S are NG Groe are traded o t e A terda Ex a e a d t e New York Sto k Ex a e.

NG Groe a lobal a al t tut o o er ba k , ve t e t , l e ura e a d ret re e t rodu t a d erv e . A o 3 Ju e 2 1 , NG Groe erved ore t a 85 ll o r vate, or orate a d t tut o al l e t ore t a 4 ou tr e Euro e, Nort a d Lat A er a, A a a d Au tral a, a d ad total a et o EUR 1,272 b ll o a d are older ' equ ty o EUR 42 b ll o . NG Groe a a e or u e ured debt rat o A1 by Moody' , A ro S&P, a d A ro F t . W t a d ver e work or e o about 1 5, eo le, NG ded ated to ett t e ta dard el t e r l e t a a e t e r a al uture.

Lloyd TSB Ba k l – or orated E la d a d Wale
25 Gre a Street, Lo do EC2 7HN

Lloyd TSB Ba k l (t e "**Ba k**") a d t ub d ary u dertak ("**Lloyd TSB Ba k Grou** ") a lead UK-ba ed a al erv e rou rov d a w de ra e o ba k a d a al erv e , r ar ly t e UK, to er o al a d or orate u to er . t a bu e a t v t e are reta l, o er al a d or orate ba k , e eral ura e, a d l e, e o a d ve t e t rov o .

T e tory o Lloyd TSB Ba k Grou a be tra ed ba k to t e 18t e tury w e t e ba k art er o Taylor a d Lloyd wa e tabl ed B r a , E la d. Lloyd Ba k Pl wa or orated 1865 a d dur t e late 19t a d early 2 t e tur e e tered to a u ber o a qu t o a d er er , a tly rea t e u ber o ba k o e t e UK. 1995, Lloyd TSB Ba k Grou o t ued to ex a d w t t e a qu t o o C elte a a d Glou e ter Bu ld So ety ("**C&G**").

TSB Grou l be a e o erat o al 1986 w e , ollow Gover e t le lat o , t e o erat o o our Tru tee Sav Ba k a d ot er related o a e were tra erred to TSB Grou l a d t ew ba k ub d ar e . By 1995, t e TSB Grou ad, e t er t rou or a rowt or a qu t o , develo ed l e a d e eral ura e o erat o , ve t e t a a e e t a t v t e , a d a otor ve le re ur a e a d lea o erat o to u le e t t reta l ba k a t v t e .

1995, TSB Grou l er ed w t Lloyd Ba k Pl . U der t e ter o t e er er, t e TSB a d Lloyd Ba k rou were o b ed u der TSB Grou l , w wa re a ed Lloyd TSB Grou l a d w t Lloyd Ba k Pl , t e r al ub d ary. 1999, Lloyd Ba k Pl a ed t a e to Lloyd TSB Ba k l a d t e bu e e , a et a d l ab l t e o TSB Ba k l , t e r al ba k ub d ary o TSB Grou r or to t e er er, a d t ub d ary H ll Sa uel Ba k L ted were ve ted t e Ba k, a d 2 , t e Ba k a qu red S ott W dow . add t o to already be o e o t e lead rov der o ba k erv e t e UK, t tra a t o al o o t o ed Lloyd TSB Ba k Grou a o e o t e lead rov der o lo -ter av a d rote t o rodu t t e UK.

O 18 Se te ber 2 8, w t t e u ort o t e UK Gover e t, t e board o Lloyd TSB Grou l a d HBOS l a ou ed t at t ey ad rea ed a ree e t o t e ter o a re o e ded a qu t o by Lloyd TSB Grou l o HBOS l . T e are older o Lloyd TSB Grou l a roved t e a qu t o at t e o a y'

e eral eet o 19 Nove ber 2 8 a d t e a qu t o wa o leted o 16 Ja uary 2 9. Follow t e a qu t o , Lloyd TSB Grou l a ed t a e to Lloyd Ba k Grou l (“**Lloyd Ba k Grou** ”) a d ub eque t to a a e to Lloyd Ba k Grou ’ or orate tru ture o 1 Ja uary 2 1 ow o erate t bu e t rou Lloyd TSB Ba k Grou .

T e Lloyd TSB Ba k Grou ow o erate t rou a u ber o a t bra d lud Lloyd TSB, Hal ax, Ba k o S otla d, S ott W dow , Cler al Med al a d C&G.

T e Ba k’ re tered o e at 25 Gre a Street, Lo do EC2 7HN. T e Ba k a w olly ow ed d re t ub d ary o Lloyd Ba k Grou .

T e ort ter e or u e ured a d u uara teed obl at o o t e Ba k are urre tly rated P-1 by Moody’ , A-1 by S&P a d F1+ by F t a d t e lo -ter e or, u e ured a d u uara teed obl at o o t e Ba k are urre tly rated Aa3 by Moody’ , A+ by S&P a d AA- by F t .

Pur ua t to two la a d o e o er w were o leted by Lloyd Ba k Grou Ja uary a d Ju e 2 9 a d t e r t ue o leted De e ber 2 9, t e UK Gover e t a qu red 43.4 er e t. o Lloyd Ba k Grou ’ ued ord ary are a tal. Follow urt er ue o ord ary are , t e UK Gover e t’ old a bee redu ed to a rox ately 4 .6 er e t.

Royal Ba k o Ca ada
Re tered E la d a d Wale : BR 548 71 Quee tor a Street, Lo do EC4 4DE
or orated Ca ada 1869 w t L ted L ab l ty
Cor orate Headquarter : 1 Pla e lle Mar e, Mo treal, Quebe , Ca ada

Royal Ba k o Ca ada (“**RBC**”) a d t ub d ar e o erate u der t e a terbra d a e RBC. RBC o e o Nort A er a’ lead d ver ed a al erv e o a e o erat o e 53 ou tr e arou d t e world. RBC’ Euro ea o erat o are e tred Lo do , o erat t rou a bra o t e Royal Ba k o Ca ada a d t rou Royal Ba k o Ca ada Euro e L ted. T e ort-ter u e ured obl at o o RBC are urre tly rated A-1+ by S&P, P-1 by Moody’ a d F1+ by F t , a d t e lo -ter obl at o o RBC are urre tly rated Aaa (o wat or dow rade) by Moody’ , AA- by S&P a d AA by F t .

T e Royal Ba k o S otla d l , or orated (a d re tered) S otla d
36 St A drew Square, Ed bur EH2 2YB, a t t rou t o e at 135 B o ate, Lo do EC2M 3UR

T e Royal Ba k o S otla d Grou l (“**RBSG**”, a d to et er w t t ub d ar e , t e “**Grou** ”) t e old o a y o a lar e lobal ba k a d a al erv e rou . Headquartered Ed bur , t e Grou o erate t e U ted K do , t e U ted State a d ter at o ally t rou t t ree r al ub d ar e , T e Royal

Ba k o S otla d l (t e "**Royal Ba k**"), Nat o al We t ter Ba k Pl ("**NatWe t**") a d T e Royal Ba k o S otla d N. .. Bot t e Royal Ba k a d NatWe t are a or U ted K do lear ba k . T e Royal Ba k o S otla d N. . a ba k re ulated by t e Dut Ce tral Ba k. t e U ted State , t e Grou ' ub d ary C t ze F a al Grou , . a lar e o er al ba k or a at o . T e Grou a a lar e a d d ver ed u to er ba e a d rov de a w de ra e o rodu t a d erv e to er o al, o er al a d lar e or orate a d t tut o al u to er .

T e Grou ad total a et o £1,582.1 b ll o a d ow er ' equ ty o £76.8 b ll o a at 3 Ju e 2 1 . T e Grou ' a tal rat o at t at date, w luded t e equ ty or ty tere t o t e State o t e Net erla d a d Ba o Sa ta der S.A. RBS Hold N. ., were a total a tal rat o o 13.9 er e t., a Core T er 1 a tal rat o o 1 .5 er e t. a d a T er 1 a tal rat o o 12.8 er e t.

HM Trea ury urre tly old 68.4 er e t. o t e ued ord ary are a tal o RBSG. T wa redu ed ro 7 .3 er e t ollow o let o o t e re ere e are o ver o o 31 Mar 2 1 . O 22 De e ber 2 9, RBSG ued £25.5 b ll o o B are t e are a tal o RBSG ("**B S are** ") to HM Trea ury. T e B S are are o vert ble, at t e o t o o t e older at a y t e, to ord ary are t e are a tal o RBSG ("**Ord ary S are** "). HM Trea ury a a reed t at t all ot exer e r t o o ver o re e t o t e B S are a d to t e exte t t at ollow a y u o ver o t would old ore t a 75 er e t. o t e total ued are RBSG. Furt er ore, HM Trea ury a a reed t at t all ot be e t tled to vote re e t o t e B S are or t e a o ated er e 1 d v de d a e are t e a tal o RBSG eld by t to t e exte t t at vote a t o u are , to et er w t a y ot er vote w HM Trea ury e t tled to a t re e t o a y ot er are eld by or o be al o HM Trea ury, would ex eed 75 er e t. o t e total vote el ble to be a t o a re olut o ro o ed at a e eral eet o RBSG.

O 22 De e ber 2 9, t e Grou e tered to t e U ted K do Gover e t A et Prote t o S e e.

T e ort-ter u e ured a d u uara teed debt obl at o o t e Royal Ba k are urre tly rated A-1 by S&P, P-1 by Moody' a d F1+ by F t . T e lo -ter e or u e ured a d u uara teed debt obl at o o t e Royal Ba k are urre tly rated A+ by S&P, Aa3 by Moody' a d AA- by F t .

So été Gé érale, Lo do Bra , or orated Fra e
29 Boulevard Hau a 75 9 Par , a t t rou t o e at Tour So été Gé érale, 17, Cour al y, 92987 Par La De e e 7 Cedex

So été Gé érale a Fre l ted l ab l ty o a y (*o été a o y e*) av t e tatu o a ba k a d re tered Fra e t e Co er al Re ter u der u ber 55212 222. t a t re tered o e at 29 Boulevard Hau a , 75 9 Par , Fra e a d t ead o e at Tour S.G., 17, Cour al y, 97972 Par La-Dé e e.

So été Gé érale erve or orate , a al t tut o , ve tor a d d v dual over 83 ou tr e a ro Euro e, t e A er a a d A a. Co b ovat o a d qual ty o exe ut o , So été Gé érale rov de value-added te rated a al olut o a d a re ere e ba k t ve ore bu e e : Fre etwork / ter at o al Reta l Ba k / S e al ed F a a d A ura e / Pr vate Ba k , Global ve t e t Ma a e e t a d Serv e / Cor orate a d ve t e t Ba k .

So été Gé érale wa or orated by deed a roved by t e de ree o 4 May 1864. So été Gé érale are older ' equ ty tood at Euro 46.8 b ll o at 31 t De e ber 2 9. T e total a et o So été Gé érale a d t ub d ar e (t e "**So été Gé érale Grou** ") were Euro 1, 23.7 b ll o a o 31 De e ber 2 9.

A o today, So ete Ge erale' lo -ter rat wa Aa2 at Moody' , A+ at F t a d A+ at S&P.

T e or at o o ta ed t e t o relate to So été Gé érale a d a bee obta ed ro t. T e del very o t Pro e tu all ot reate a y l at o t at t ere a bee o a e t e a a r o So été Gé érale e t e date ereo , or t at t e or at o o ta ed or re erred to ere orre t a o a y t e ub eque t to u date.

T de r t o o t e Hed e Cou ter arty doe ot ur ort to be a u ary o , a d t ere ore ub e t to, a d qual ed t e t rety by re ere e to, t e deta led rov o o t e F a e Do u e t .

T e del very o t Pro e tu w ll ot reate a y l at o t at t ere a bee o a e t e a a r o t e Hed e Cou ter arty e t e date ereo , or t at t e or at o o ta ed or re erred to t e t o orre t a o a y t e ub eque t to t date.

SMBC Ca tal Market L ted, a t t rou t re tered o e at 99 Quee tor a Street, Lo do EC4 4EH

SMBC Ca tal Market L ted a w olly-ow ed ub d ary o Su to o M t u Ba k Cor orat o ("**SMBC**") a d or orated E la d a d Wale . A o e o t e rou der vat ve ub d ar e o SMBC, t ba bu e tra a t a d arra tere t rate a d urre y wa a d o t o tra a t o w t ou ter art e Euro e, A r a, M ddle Ea t a d A a.

A ro 1 O tober 2 1 t w ll a e t a e to SMBC N kko Ca tal Market L ted, a d e ter to a bu e oo erat o a ree e t w t N kko Cord al Se ur t e . (al o a w olly-ow ed ub d ary o SMBC) to over erta e ur t e - related a t v t e t e UK.

relat o to t tra a t o , t trade w t t e ex l t a d ull uara tee o SMBC (a t t rou t Tokyo Head O e).

Su to o M t u Ba k Cor orat o (SMBC) a o t to k or orat o w t l ted l ab l ty (*Kabu k Ka a*) u der t e law o Ja a . t re tered ead o e lo ated at 1-2, Yuraku o 1- o e, C yoda-ku, Tokyo 1 - 6, Ja a . A ro 18 O tober 2 1 t re tered ead o e w ll be 1-2 Maru ou 1- o e, C yoda-ku, Tokyo 1 - 5, Ja a .

t rede e or or a at o , al o alled SMBC, wa e tabl ed A r l 2 1 t rou t e er er o two lead ba k Ja a : T e Sakura Ba k, L ted (or ed 199 t rou t e er er o T e M t u Ba k, L ted a d T e Ta yo Kobe Ba k, L ted), a d T e Su to o Ba k, L ted (e tabl ed 1895).

Su to o M t u F a al Grou , ., ("**SMFG**") wa e tabl ed De e ber 2 2 t rou a to k tra er a a ba k old o a y; Mar 2 3, t e or er SMBC er ed w t T e Waka o Ba k, Ltd. a d t e urre t tru ture o SMBC a a w olly ow ed ub d ary o SMFG wa e tabl ed. SMFG are are l ted o t e Tokyo, O aka a d Na oya Sto k Ex a e .

SMBC rov de a exte ve ra e o w ole ale a d reta l ba k erv e Ja a a d over ea . SMBC, a a ore e ber o SMFG, work to et er w t ot er e ber o t e Grou to o er u to er ly o t ated, o re e ve a al erv e .

T e ort ter e or u e ured a d u uara teed obl at o o SMBC are urre tly rated P-1 by Moody' , A-1 by S&P a d F1 by F t , a d t e lo ter e or u e ured a d u uara teed obl at o o SMBC are urre tly rated Aa2 by Moody' , A+ by S&P a d A by F t .

SMBC Ca tal Market L ted aut or ed a d re ulated by t e F a al Serv e Aut or ty.

TAX CONS DERAT ONS

UN TED K NGDOM TAXAT ON

T e ollow a u ary o t e UK w t old taxat o treat e t relat o to ay e t o tere t re e t o t e Bo d a d o erta or at o rov o requ re e t , ea a e, a att e date o t Pro e tu . T e o e t do ot deal w t ot er UK tax a e t o a qu r , old or d o o t e Bo d (lud , or ta e, o e tax, a tal a tax, or orat o tax or ta duty). T e o e t are ba ed o urre t law a d HM Reve ue & Cu to ("HMRC") ra t e, w ay be ub e t to a e, o et e w t retro e t ve e e t, a d relate o ly to t e o t o o er o w o are ab olute be e al ow er o t e Bo d . T e u ary et out below a e eral u de a d ould be treated w t a ro r ate aut o . Pro e t ve ur a er ould be aware t at t e art ular ter o ue o a y Ser e o Bo d a e ed t e releva t F al Ter ay a e t t e tax treat e t o t at a d ot er Ser e o Bo d . Pro e t ve ur a er w o are a y doubt a to t e r tax o t o or w o ay be ub e t to tax a ur d t o ot er t a t e UK ould o ult t e r ro e o al adv or . art ular, Bo d older ould be aware t at t ey ay be l able to taxat o u der t e law o t e UK (by d re t a e e t) or ot er ur d t o relat o to ay e t re e t o t e Bo d eve u ay e t ay be ade w t out w t old or dedu t o or or o a ou t o taxat o u der t e law o t e UK.

UK W t old Tax o UK our e tere t

T e Bo d ued by t e uer w ll o t tute "quoted Eurobo d " w t t e ea o e t o 987 o t e o e Tax A t 2 7 rov ded t ey are a d o t ue to be l ted o a re o ed to k ex a e w t t e ea o e t o 1 5 o t e o e Tax A t 2 7. T e Lo do Sto k Ex a e a bee de ated a a re o ed to k ex a e or t e e ur o e . T e Bo d w ll be treated a l ted o t e Lo do Sto k Ex a e t ey are ad tted to t e O al L t o t e UK L t Aut or ty a d are ad tted to trad o t e Lo do Sto k Ex a e. W le t e Bo d are a d o t ue to be quoted Eurobo d , ay e t o tere t o t e Bo d ay be ade w t out w t old or dedu t o or or o a ou t o UK o e tax.

all a e all out de t e exe t o de r bed above, ay e t re e t o tere t o t e Bo d w ll be a d u der dedu t o o UK o e tax at t e ba rate (urre tly 2 er e t.) ub e t to u rel e a ay be ava lable u der t e rov o o a y a l able double taxat o treaty or, erta r u ta e , w ere a exe t o o ta ed e t o 93 o t e o e Tax A t 2 7 a l e (lud art ular a exe t o or ay e t to erta UK o a e a d art er).

However, t obl at o to w t old o a ou t o UK o e tax w ll ot a ly t e releva t tere t a d o Bo d w t a atur ty o le t a o e year ro t e date o ue a d w are ot ued u der arra e e t t e e e t o w to re der u Bo d art o a borrow w t a total ter o a year or ore.

UK w t old tax o ed, t e t e uer w ll be requ red to ay add t o al a ou t re e t o t e Bo d ub e t to erta ex e t o et out Co d t o l (*Taxat o*).

Prov o o or at o by UK Pay a d Colle t A e t

Per o t e UK ay tere t to or re e v tere t o be al o a ot er er o w o a d v dual (w et er re de t t e UK or el ew ere) ay be requ red to rov de erta or at o to HM Reve ue & Cu to re ard t e ay e t a d t e de t ty o t e ayee or er o e t tled to t e tere t a d, erta r u ta e u or at o ay be ex a ed w t tax aut or t e ot er ou tr e .

T e rov o re erred to above ay al o a ly, erta r u ta e , to ay e t ade o rede t o o a y Bo d w were ot ued at a d ou t but w ere t e a ou t ayable o rede t o reater t a t e ue r e o t e Bo d .

T ey ay al o a ly to ay e t o a ou t due o rede t o o a y Bo d w o t tute dee ly d ou ted e ur t e a de ed C a ter 8 o Part 4 o t e o e Tax (Trad a d Ot er o e) A t 2 5. However, HM Reve ue & Cu to ubl ed ra t e d ate t at t ey w ll ot requ re or at o to be rov ded re e t o u rede t o a ou t a d or re e ved o or be ore 5 A r l 2 11.

For t e ur o e o t e ara ra above deal w t t e rov o o or at o by UK ay a d olle t o a e t , re ere e to ay e t ade o t e Bo d ould be take , or ra t al ur o e , a lud ay e t ade by a Guara tor re e t o t e Bo d .

Ot er Rule relat to UK W t old Tax

Bo d ay be ued at a ue r e o le t a l er e t. o t e r r al a ou t. A y d ou t ele e t o a y u Bo d w ll ot be ub e t to a y UK w t old tax ur ua t to t e rov o e t o ed "*UK W t old Tax o UK our e tere t*" above, but ay be ub e t to re ort requ re e t a outl ed "*Prov o o or at o by UK Pay a d Colle t A e t* " above.

W ere Bo d are ued w t a rede t o re u , a o o ed to be ued at a d ou t, t e a y ele e t o u re u ay o t tute a ay e t o tere t. Pay e t o tere t are ub e t to UK w t old tax a d re ort requ re e t a outl ed above.

W ere tere t a bee a d u der dedu t o o UK o e tax, Bo d older w o are ot re de t t e UK ay be able to re over all or art o t e tax dedu ted t ere a a ro r ate rov o a y a l able double taxat o treaty.

T e re ere e to " tere t" above ea " tere t" a u der tood UK tax law. T e tate e t above do ot take a y a ou t o a y d ere t de t o o " tere t" or " r al" w ay reva l u der a y ot er law or w ay be reated by t e ter a d o d t o o t e Bo d or a y related do u e tat o .

T e above de r t o o t e UK w t old tax o t o a u e t at t ere w ll be o ub t tut o o t e uer ur ua t to Co d t o 16( ) (*Meet o Bo d older , Mod at o , Wa ver a d Sub t tut o*) o t e Bo d a d doe ot o der t e tax o eque e o a y u ub t tut o .

Guara tee ay e t

a Guara tor ake a y ay e t re e t o tere t o t e Bo d (or ot er a ou t due u der t e Bo d) u ay e t ay all to be a d u der dedu t o o UK o e tax at t e ba rate (urre tly 2 er e t.) ub e t to u rel e a ay be ava lable u der t e rov o o a y a l able double taxat o treaty or to a y ot er rel e t at ay a ly. Su ay e t by t e Guara tor ay ot be el ble or a y o t e o -treaty exe t o e t o ed "*UK W t old Tax o UK our e tere t*" above.

EU Sav D re t ve

T e Euro ea U o ("**EU**") a ado ted Cou l D re t ve 2 3/48/EC (t e "**D re t ve**") re ard t e taxat o o av o e. T e D re t ve requ re e ber tate o t e EU ("**Me ber State** ") to rov de to t e tax aut or t e o a ot er Me ber State deta l o ay e t o tere t a d ot er lar o e a d by a er o to, or olle ted or, a d v dual or erta ot er er o t at ot er Me ber State, ex e t t at Luxe bour a d Au tr a are tead requ red to o e a w t old y te (ub e t to a ro edure w ereby, o eet erta o d t o , t e be e al ow er o t e tere t or ot er o e ay reque t o tax be w t eld) or a tra t o al er od u le dur u er od t ey ele t ot erw e. A u ber o t rd ou tr e a d terr tor e lud Sw tzerla d ave ado ted lar ea ure to t o e requ red by t e D re t ve. add t o , t e Me ber State ave e tered to rov o o or at o or tra t o al w t old arra e e t w t erta de e de t or a o ated terr tor e relat o to ay e t ade by a er o a Me ber State to or olle ted or a d v dual or erta ot er er o u a terr tory.

T e Euro ea Co o , t e Cou l o t e Euro ea U o a d t e Euro ea Parl a e t are o der a u ber o ro o ed a e to t e D re t ve. a y o t o e ro o ed a e are ade relat o to t e D re t ve, t ey ay a e d or broade t e o e o t e requ re e t de r bed above. ve tor w o are a y doubt a to t e r o t o ould o ta t t e r ro e o al adv er .

SUBSCR PT ON AND SALE

Dealer A ree e t

Bo d ay be old ro t e to t e by t e uer to a y o e or ore o HSBC Ba k l , Lloyd TSB Ba k l , T e Royal Ba k o S otla d l , a d Royal Ba k o Ca ada Euro e L ted a d a y ot er dealer a o ted ro t e to t e (t e "**Dealer** ") ea a e a t a r al or to ub r ber ro w o ub r to ave bee ro ured by t e Dealer , ea a e ur ua t to t e dealer a ree e t dated o or arou d t e S Date ade betwee , a o t ot er , t e uer, t e Guara tor , t e Arra er a d t e Dealer (t e "**Dealer A ree e t**"). T e arra e e t u der w a art ular Tra e o Bo d ay ro t e to t e be a reed to be old by t e uer to, a d ur a ed by, Dealer or ub r ber are et out t e Dealer A ree e t a d t e Sub r to A ree e t relat to ea Tra e o Bo d . A y u a ree e t w ll, *ter al a*, ake rov o or t e r e at w u Bo d w ll be ur a ed by t e Dealer or ub r ber a d t e o o or ot er a reed dedu t ble (a y) ayable or allowable by t e uer re e t o u ur a e. T e Dealer A ree e t ake rov o or t e re at o or ter at o a o t e to ex t Dealer a d or t e a o t e t o add t o al or ot er Dealer e t er e erally re e t o t e Pro ra e or relat o to a art ular Ser e or Tra e o Bo d .

t e Dealer A ree e t, t e uer, a l w o t e Guara tor , ave ea a reed to re bur e t e Dealer or erta o t e r ex e e o e to w t t e e tabl e t a d a te a e o t e Pro ra e a d t e ue o Bo d u der t e Dealer A ree e t a d ea o t e Obl or a a reed to de y t e Dealer a a t erta l ab l t e urred by t e o e to t erew t .

U ted State o A er a

T e Bo d a d a y uara tee re e t t ereo ave ot bee a d w ll ot be re tered u der t e Se ur t e A t or t e e ur t e law o a y ot er ur d to a d ay ot be o ered or old w t t e U ted State or to, or or t e a ou t or be e t o , U.S. er o ex e t erta tra a t o exe t ro , or ot ub e t to, t e re trat o requ re e t o t e Se ur t e A t a d, ea a e, r u ta e t at w ll ot requ re t e uer to re ter u der t e ve t e t Co a y A t 194 . Ter u ed t ara ra ave t e ea ve to t e Re ulat o S.

Bearer Bo d are ub e t to U.S. tax law requ re e t a d ay ot be o ered, old or del vered w t t e U ted State or t o e o or to a U ted State er o , ex e t erta tra a t o er tted by U.S. tax re ulat o . Ter u ed t ara ra ave t e ea ve to t e by t e U.S. ter al Reve ue Code a d re ulat o t ereu der.

T e Bo d w ll be o ered, old a d del vered o ly out de t e U ted State , to er o w o are ot U.S. er o , o ore tra a t o rel a e o Re ulat o S.

Ea Dealer a a reed t at t a o ered a d old, a d t w ll o er a d ell, Bo d o a y Ser e ( ) a art o t e r d tr but o at a y t e a d ( ) ot erw e u t l 4 day

a ter t e o let o o t e d tr but o o a de t able tra e o w u Bo d are a art, a deter ed a d ert ed to t e Pr al Pay A e t by t e releva t Dealer (or t e a e o a ale o a de t able tra e o Bo d to or t rou ore t a o e releva t Dealer, by ea o u releva t Dealer a to t e Bo d o u de t able tra e ur a ed by or t rou t, w a e t e Pr al Pay A e t all ot y ea u releva t Dealer w e all u releva t Dealer ave o ert ed), o ly a orda e w t Rule 9 3 o Re ulat o S. A ord ly, e t er t, t a l ate or a y er o a t o t or t er be al ave e a ed or w ll e a e a y d re ted ell e ort t e U ted State w t re e t to Bo d , a d t a d t ey ave o l ed a d w ll o ly w t t e o er re tr t o requ re e t o Re ulat o S. Ea Dealer a d t a l ate w ll al o a ree t at, at or r or to o r at o o ale o Bo d to a d tr butor, dealer or er o re e v a ell o e o , ee or ot er re u erat o t at ur a e Bo d ro t dur t e d tr but o o l a e er od t w ll e d to u ur a er a o r at o or ot e tat t at u ur a er ub e t to t e ore o re tr t o o o er a d ale . Ter u ed t ara ra ave t e ea ve to t e by Re ulat o S.

U t l 4 day a ter t e o e e e to t e o er o a y er e o Bo d , a y o er or ale o u Bo d w t t e U ted State by a y dealer (w et er or ot art at t e o er) ay v olate t e re trat o requ re e t o t e Se ur t e A t u o er or ale ade ot erw e t a a orda e w t a ava lable exe t o ro re trat o u der t e Se ur t e A t.

Ea ua e o dex-l ked or dual urre y bo d all be ub e t to u add t o al U.S. ell re tr t o a t e uer a d t e releva t Dealer ay a ree a a ter o t e ua e a d ur a e o u Bo d , w add t o al ell re tr t o all be et out t e a l able F al Ter .

Due to t e re tr t o et ort above a d t e releva t F al Ter , ur a er o t e Bo d are adv ed to o ult le al ou el r or to ak a o er to ur a e or to re- ell, led e or ot erw e tra er t e Bo d .

Euro ea E o o Area

relat o to ea Me ber State o t e Euro ea E o o Area w a le e ted t e Pro e tu D re t ve (ea , a "**Releva t Me ber State**"), ea Dealer a re re e ted, warra ted a d a reed, a d ea urt er Dealer a o ted u der t e Pro ra e w ll be requ red to re re e t, warra t a d a ree, t at w t e e t ro a d lud t e date o w t e Pro e tu D re t ve le e ted t at Releva t Me ber State (t e "**Releva t le e tat o Date**") t a ot ade a d w ll ot ake a o er o Bo d to t e ubl t at Releva t Me ber State ex e t t at t ay, w t e e t ro a d lud t e Releva t le e tat o Date, ake a o er o Bo d to t e ubl t at Releva t Me ber State:

(a) (or Ger a y, w ere t e o er tart w t) t e er od be o t e date o ubl at o a ro e tu relat o to t o e Bo d w a bee a roved by t e o ete t aut or ty t at Releva t Me ber State or, w ere a ro r ate, a roved a ot er Releva t Me ber State a d ot ed to t e o ete t aut or ty t at Releva t Me ber State, all a orda e w t t e

Pro e tu D re t ve a d e d o t e date w 12 o t a ter t e date o u ubl at o ;

(b) at a y t e to le al e t t e w are aut or ed or re ulated to o erate t e a al arket or, ot o aut or ed or re ulated, w o e or orate ur o e olely to ve t e ur t e ;

( ) at a y t e to a y le al e t ty w a two or ore o (1) a avera e o at lea t 25 e loyee dur t e la t a al year; (2) a total bala e eet o ore t a €43, , a d (3) a a ual et tur over o ore t a €5 , , , a ow t la t a ual or o ol dated a ou t ; or

(d) at a y t e a y ot er r u ta e w do ot requ re t e ubl at o by t e uer o a ro e tu ur ua t to Art le 3 o t e Pro e tu D re t ve.

For t e ur o e o t rov o , t e ex re o a "o er o Bo d to t e ubl " relat o to a y Bo d a y Releva t Me ber State ea t e o u at o a y or a d by a y ea o u e t or at o o t e ter o t e o er a d t e Bo d to be o ered o a to e able a ve tor to de de to ur a e or ub r be t e Bo d , a t e a e ay be var ed t at Me ber State by a y ea ure le e t t e Pro e tu D re t ve t at Me ber State a d t e ex re o "Pro e tu D re t ve" ea D re t ve 2 3/71/EC a d lude a y releva t le e t ea ure ea Releva t Me ber State.

U ted K do

Ea Dealer a re re e ted, warra ted a d a reed t at:

(a) ***No de o t-tak*** : relat o to a y Bo d av a atur ty o le t a o e year:

( ) t a er o w o e ord ary a t v t e volve t a qu r , old , a a or d o o ve t e t (a r al or a e t) or t e ur o e o t bu e ; a d

( ) t a ot o ered or old a d w ll ot o er or ell a y Bo d ot er t a to er o :

(A) w o e ord ary a t v t e volve t e a qu r , old , a a or d o o ve t e t (a r al or a e t) or t e ur o e o t e r bu e e ; or

(B) w o t rea o able to ex e t w ll a qu re, old, a a e or d o e o ve t e t (a r al or a e t) or t e ur o e o t e r bu e e ,

w ere t e ue o t e Bo d would ot erw e o t tute a o trave t o o e t o 19 o t e FSMA by t e uer;

(b) ***F a al Pro ot o*** : t a o ly o u ated or au ed to be o u ated a d w ll o ly o u ate or au e to be o u ated a y v tat o or du e e t to e a e ve t e t a t v ty (w t t e ea o e t o 21 o t e FSMA) re e ved by t o e t o w t t e ue or ale o a y Bo d r u ta e w e t o 21(1) o t e FSMA doe ot a ly to t e uer; a d

( ) ***Ge eral Co l a e***: t a o l ed a d w ll o ly w t all a l able rov o o t e FSMA w t re e t to a yt do e by t relat o to a y Bo d , ro or ot erw e volv t e U ted K do .

Ge eral

Ea Dealer a a k owled ed t at ot er t a av obta ed t e a roval o t e Pro e tu by t e UKLA a orda e w t Part o t e FSMA or t e Bo d to be ad tted to l t o t e O al L t o t e UKLA a d to trad o t e Market or t e Pro e o al Se ur t e Market o t e Lo do Sto k Ex a e o a t o a bee or w ll be take a y ur d t o by t e uer or a y o t e ot er art e t at would er t a ubl o er o Bo d , or o e o or d tr but o o t e Pro e tu or a y ot er o er ater al, a y ur d t o w ere a t o or t at ur o e requ red. Ea Dealer all to t e be t o t k owled e o ly w t all a l able law a d re ulat o ea ur d t o or ro w t ey ur a e, o er, ell or del ver Bo d or ave t e r o e o or d tr bute t e Pro e tu or a y ot er o er ater al, all a e at t e r ow ex e e.

T e Dealer A ree e t rov de t at t e Dealer all ot be bou d by a y o t e re tr t o relat to a y e ou try or ur d t o (et out above) to t e exte t t at u re tr t o all, a a re ult o a e( ) t e o al ter retat o , a ter t e date o t e Dealer A ree e t, o a l able law a d re ulat o , o lo er be a l able but w t out re ud e to t e obl at o o t e Dealer de r bed t e ara ra above.

Sell re tr t o ay be u le e ted or od ed w t t e a ree e t o t e uer. A y u u le e t or od at o w ll be et out t e releva t F al Ter (t e a e o a u le e t or od at o releva t o ly to a art ular Tra e o Bo d) or (a y ot er a e) a u le e t to t Pro e tu .

GENERAL NFORMAT ON

Aut or at o

T e e tabl e t o t e Pro ra e a d t e ue o Bo d t ereu der ave bee duly aut or ed by re olut o o t e Board o D re tor o t e uer a ed at a eet o t e Board eld o 31 O tober 2 1 a d t e v o t e Guara tee a bee duly aut or ed by re olut o o t e Board o D re tor o ea o t e Guara tor o or arou d 31 O tober 2 1 . T e uer a obta ed or w ll obta ro t e to t e all e e ary o e t , a roval a d aut or at o o e t o w t t e ue a d er or a e o t e Bo d a d ea Guara tor a obta ed or w ll obta ro t e to t e all e e ary o e t , a roval a d aut or at o o e t o w t t er or a e u der t e Guara tee.

L t o Bo d

t ex e ted t at ea Tra e o Bo d w to be ad tted to t e O al L t a d to trad o t e Market w ll be ad tted e arately a a d w e ued, ub e t o ly to t e ue o a Global Bo d or Bo d t ally re re e t t e Bo d o u Tra e. T e l t o t e Pro ra e re e t o u Bo d ex e ted to be ra ted o or arou d 23 Nove ber 2 1 .

However, Bo d ay al o be ued ur ua t to t e Pro ra e w w ll ot be l ted o t e Market or a y ot er to k ex a e or w w ll be l ted o u to k ex a e a t e uer a d t e releva t Dealer( ) ay a ree.

Do u e t Ava lable

For o lo a t e Pro ra e re a e e t or a y Bo d all be out ta d , o e o t e ollow do u e t ay (w e ubl ed) be e ted dur or al bu e our (t e a e o Bearer Bo d) at t e e ed o e o t e Pr al Pay A e t, (t e a e o Re tered Bo d) at t e e ed o e o t e Re trar a d t e Tra er A e t a d (all a e) at t e re tered o e o t e Bo d Tru tee:

(a) t e Me ora du a d Art le o A o at o o ea o t e uer a d t e Guara tor ;

(b) a o y o t Pro e tu ;

( ) ea F al Ter relat to Bo d w are ad tted to l t , trad a d/or quotat o by a y l t aut or ty, to k ex a e a d/or quotat o y te . (t e a e o a y Bo d w are ot ad tted to l t , trad a d/or quotat o by a y l t aut or ty, to k ex a e a d/or quotat o y te , o e o t e releva t F al Ter w ll o ly be ava lable or e t o by t e releva t Bo d older .);

(d) ea ve tor Re ort; a d

(e) t e Bo d Tru t Deed, t e A e y A ree e t, t e Co o Ter A ree e t, t e Se ur ty Tru t a d ter red tor Deed a d t e or o t e Global Bo d , t e Global Bo d Cert ate , t e Bo d de t ve or , t e Re e t , t e Cou o a d t e Talo .

Clear Sy te

T e Bo d ave bee a e ted or leara e t rou Euro lear a d Clear trea , Luxe bour a e ed t e releva t F al Ter . T e a ro r ate Co o Code a d S N or ea Tra e o Bo d allo ated by Euro lear a d Clear trea , Luxe bour w ll be e ed t e a l able F al Ter . t e Bo d are to lear t rou a add t o al or alter at ve lear y te (lud S ova) t e a ro r ate or at o w ll be e ed t e a l able F al Ter .

T e addre o Euro lear 1 Boulevard du Ro Albert , B-121 Bru el , Bel u a d t e addre o Clear trea , Luxe bour 42 Ave ue JF Ke edy L-1855 Luxe bour . T e addre o a y alter at ve lear y te w ll be e ed t e a l able F al Ter .

S a t or Mater al C a e

T ere a bee o a t a e t e a al or trad o t o o t e uer e t date o or orat o a d t ere a bee o ater al adver e a e t e a al o t o or ro e t o t e uer e t date o or orat o .

T ere a bee o a t a e t e a al or trad o t o o t e Guara tor or a y o t er ub d ar e (ot er t a a e ed below) e 31 De e ber 2 9 a d t ere a bee o ater al adver e a e t e a al o t o or ro e t o t e Guara tor or a y o t er ub d ar e e 31 De e ber 2 9. t e a e o Ma tCo, F Co Pare t a d B dCo, t ere a bee o a t a e t er a al or trad o t o e t e r date o or orat o a d t ere a bee o ater al adver e a e t e r a al o t o or ro e t e t e r date o or orat o .

L t at o

T e uer ot or a ot bee volved a y over e tal, le al or arb trat o ro eed (lud a y u ro eed w are e d or t reate ed o w t e uer aware) w t t e er od ro t date o or orat o to t e date o t Pro e tu w ay ave, or ave ad t e re e t a t, a a te e t o t e a al o t o or ro tab l ty o t e uer.

Ne t er t e Guara tor or a y o t er ub d ar e (ot er t a a e ed below) are or ave bee volved a y over e tal, le al or arb trat o ro eed (lud a y u ro eed w are e d or t reate ed o w t e Guara tor or a y o t ub d ar e are aware) w t a er od o 12 o t re ed t e date o t Pro e tu w ay ave, or ave ad t e re e t a t, a a te e to t e a al o t o or ro tab l ty o t e Guara tor or a y o t ub d ar e . t e a e o Ma tCo, F Co Pare t, B dCo a d t e uer, t ey are ot or ave t ey bee volved a y over e tal, le al or arb trat o ro eed

(lud a y u ro eed w are e d or t reate ed o w Ma tCo, F Co Pare t, B dCo or t e uer are aware) w t t e er od ro t e r date o or orat o to t e date o t Pro e tu w ay ave, or ay ave ad t e re e t a t, a a te e to t e r a al o t o or ro tab l ty.

Ava lab l ty o F a al State e t

T e aud ted a ual a al tate e t o t e uer a d ea Guara tor w ll be re ared a o 31 De e ber ea year. T e uer, Ma tCo, B dCo a d F Co Pare t are ewly or ed o a e a d ave ot rodu ed a y a al tate e t e t e date o t e r or orat o a at t e date o t Pro e tu . T e uer a ot ubl ed a d doe ot te d to ubl a y ter a al or at o , but ea Guara tor all rov de e -a ual u aud ted a al or at o to var ou art e u der t e ter o t e Co o Ter A ree e t. T e u aud ted ter a al or at o o ea Guara tor w ll be re ared a o 3 Ju e ea year. All uture aud ted a ual a al tate e t (a d a y ubl ed ter a al or at o) o t e uer a d ea Guara tor w ll be ava lable ree o ar e a orda e w t "*– Do u e t Ava lable*" above.

Aud tor

T e aud tor o t e uer a d t e Guara tor are KPMG LLP, artered a ou ta t , o 3rd Floor, 15 Ca ada Square, Lo do E14 5GL, w o ave aud ted ea Guara tor'[1] a ou t , w t out qual at o , a orda e w t e erally a e ted aud t ta dard t e UK or ea o t e a al year e ded 31 De e ber 2 9 a d 31 De e ber 2 8 (bot a e ex e t or De otCo) a d (or De otCo o ly) t e 9 o t e ded 31 De e ber 2 9 a d t e year e ded 31 Mar 2 9 a d t e year e ded 31 Mar 2 8.

Le e d

Bearer Bo d , Re e t , Talo a d Cou o a erta t ereto w ll bear a le e d ub ta t ally to t e ollow e e t: "A y U ted State er o w o old t obl at o w ll be ub e t to l tat o u der t e U ted State o e tax law , lud t e l tat o rov ded e t o 165( ) a d 1287(a) o t e ter al Reve ue Code." T e e t o re erred to u le e d rov de t at a U ted State er o w o old a Bearer Bo d, Cou o , Re e t or Talo e erally w ll ot be allowed to dedu t a y lo real ed o t e ale, ex a e or rede t o o u Bearer Bo d, Cou o , Re e t or Talo a d a y a (w t ot erw e be ara ter ed a a tal a) re o ed o u ale, ex a e or rede t o w ll be treated a ord ary o e.

or at o re e t o t e Bo d

T e ue r e a d t e a ou t o t e releva t Bo d w ll be deter ed, be ore l o t e releva t F al Ter o ea Tra e, ba ed o t e reva l arket

[1] Ever olt Ra l (UK) L ted, t e uer, a d Ever olt F a e Hold L ted a d B dCo are ewly or ed o a e a d ave ot rodu ed a y a al tate e t e t e date o t e r or orat o a at t e date o t Pro e tu .

o d t o . T e uer doe ot te d to rov de a y o t- ua e or at o relat o to a y ue o Bo d .

T rd arty or at o

T rd arty or at o re erred to t e e t o e t tled "*Bu e* " a bee a urately re rodu ed a d a ar a t e uer aware a d able to a erta ro or at o ubl ed by t at t rd arty, o a t ave bee o tted w would re der t e re rodu ed or at o a urate or lead .

Fu ded No -Obl or or at o

A y or at o d lo ed re ard Fu ded No -Obl or a bee a urately re rodu ed ro or at o ubl ed by u Fu ded No -Obl or . So ar a t e uer aware a d able to a erta ro or at o ubl ed by t e Fu ded No -Obl or o a t ave bee o tted w would re der t e re rodu ed or at o a urate or lead .

GLOSSARY OF TERMS

2 21 Debt	ea t e r t o t e 2 21 Debt Prov der to re e ve ro ERFL GB 2 21 a a ou t o £5, , lu tere t ro 3 Nove ber 2 9 at a rate o tere t equal to L BOR lu o e er e t. er a u .
2 21 Debt Do u e t	ea t e do u e t re e t o t e 2 21 Debt.
2 21 Debt Prov der	ea HSBC Ba k l .
365Co	ea Ever olt Ra l (365) L ted, a o a y or orated E la d a d Wale w t l ted l ab l ty (re tered u ber 5229687).
365Co Loa	ea a o -de a d loa a a ou t ot to ex eed £3 , , w t a zero er e t. rate o tere t er a u betwee 365Co a le der a d Ma tCo a borrower.
38 Co	ea Ever olt Ra l (38) L ted.
38 Co O erat A ou t	ea a a ou t w t t e A ou t Ba k t e a e o t e 38 Co, de ated a t e 38 Co o erat a ou t.
38 Co S edule 1 Tax C ar e	ea a S edule 1 Tax C ar e ar 38 Co o a d a a d re t o eque e o t e A qu t o a a ou t ot ex eed £8,5 , .
38 Fleet	t e t rty-e t la 38 u t o roll to k a u a tured by S e e l ur ua t to a a u a ture a d u ly a ree e t betwee , a o t ot er , S e e l a d A et a e De e ber (B) L ted (a o a y t at a ed t a e to Ever olt Ra l (38) L ted o 15 February 2 1) dated 28 July 2 1 .
38 Fleet D o al	ea t e ote t al d o al o t e 38 Fleet ur ua t to t e 38 Fleet F a e a d Pre-Del very Ter at o A ree e t.
38 Fleet F a e a d Pre-Del very Ter at o A ree e t	ea t e a a d re-del very ter at o a ree e t dated 28 July 2 8 betwee , a o t ot er , F r t S otRa l

	L ted a d A et a e De e ber (B) L ted (a o a y t at a ed t a e to Ever olt Ra l (38) L ted o 15 February 2 1), o e t o w t arra e e t or t e ote t al re a o t e ve t e t bala e re e t o t e 38 Fleet.
A e table Ba k	ea a ba k or a al t tut o w a a rat or t lo -ter u e ured a d o red t-e a ed debt obl at o o A+ or er by S&P or F t , or A1 or er by Moody' , or a o arable rat ro a ter at o ally re o ed red t rat a e y.
A ou t Ba k	ea HSBC Ba k l or a y u e or a ou t ba k a o ted ur ua t to t e A ou t Ba k A ree e t.
A ou t Ba k A ree e t	ea t e a ou t ba k a ree e t dated o or about t e S Date betwee , a o ot er , t e A ou t Ba k a d t e Se ur ty Tru tee.
A ou t Pr le	ea FRS.
A ou t Re ere e Date	ea , ub e t to ad u t e t a orda e w t t e Co o Ter A ree e t (a de r bed "*Su ary o t e F a A ree e t – Co o Ter A ree e t – Ge eral Cove a t – (v)*"), t e la t day o t e a ual a ou t er od o t e Obl or , w ea a e 31 De e ber.
A ou t	ea t e Lo k-U A ou t, t e Bo d De ea a e A ou t, t e D o al Pro eed A ou t, t e ura e Pro eed A ou t a d/or t e A qu t o Pro eed A ou t.
A qu t o	ea t e a qu t o o t e are ERFL Hold ur ua t to t e ter o t e A qu t o A ree e t.
A qu t o A ree e t	ea t e ale a d ur a e a ree e t e tered or to be e tered to relat to t e ale a d ur a e o are ERFL Hold , Ra l HoldCo a d F Co Pare t a d ade betwee HAF a d B dCo.

A qu t o Ca tal Ex e d ture

ea Ca tal Ex e d ture or t e ur a e o Ra lway A et or u e o e t o w t t e Per tted Bu e t at w ll be ba ed t e U ted K do , a d, w t re e t to t e ur a e o Ra lway A et all w t l b (a) o t e de t o o Ra lway A et a d u ed or aul a e er , or w (at t e t e o t e urre e o t e Ca tal Ex e d ture or, t e a e o re a o u Ca tal Ex e d ture, at t e t e o u re a) a o tra t w t a tra o erat o a y or, t e a e o a S adow Lea e, t e releva t over e tal aut or ty a bee ed re e t o a O erat Lea e or a S adow Lea e o u Ra lway A et r or to t e ut l at o date o t e releva t Aut or ed Cred t Fa l ty u ed to u d u A qu t o Ca tal Ex e d ture a d u O erat Lea e or S adow Lea e (a t e a e ay be) a a out ta d ter o :

(a) ot le t a 3 year ro del very o u Ra lway A et ; or

(b) to et er w t t e er od o u ort u der a u dertak ur ua t to e t o 54 o t e Ra lway A t 1993 ra ted by t e Se retary o State or Tra ort or S ott ter re e t o t e releva t Ra lway A et , ot le t a t ree year ro del very o u Ra lway A et .

A qu t o Cla A ou t

ea a a ou t w t t e A ou t Ba k t e a e o Ma tCo (a d a y related u tody a ou t o u a ou t o e ed to old Aut or ed ve t e t a d/or Ca Equ vale t ve t e t), de ated a t e a qu t o la a ou t.

A qu t o Cla Pro eed

ea a y ro eed re e ved by a y e ber o t e Se ur ty Grou re e t o a y la a a t a y er o u der or o e t o w t t e A qu t o A ree e t or a y due d l e e re ort o e t o t erew t a ter dedu t o o :

(a) a y rea o able ex e e (lud le al ee) w are urred by a y e ber o t e Se ur ty Grou w t re e t to t at la to er o w o are ot e ber o t e B dCo Grou ; a d

(b) a y Tax urred a d requ red to be a d or re erved or by a y e ber o t e Se ur ty Grou w t re e t to t at la ,

but ex lud a y ro eed o a la :

( ) a l ed or to be a l ed ay e t to HAF ur ua t to t e A qu t o A ree e t ad u t e t to t e ur a e r e o t e A qu t o (ex e t to t e exte t relat to a work a tal ad u t e t);

(d) a l ed or to be a l ed to at y a l ab l ty o a e ber o t e Se ur ty Grou ar a a re ult o t e releva t la w t 12 o t o t e re e t o u ro eed by a e ber o t e Se ur ty Grou ;

(e) a l ed or to be a l ed re tate e t o a y a et o t e Se ur ty Grou or a el orat o o a y lo o t e Se ur ty Grou t at t e ub e t o t e releva t la w t 12 o t o t e re e t o u ro eed by a e ber o t e Se ur ty Grou ;

( ) u der ara ra 3 o S edule 7 to t e A qu t o A ree e t; a d;

( ) re e t o e loyee bo u e a d/or e o l ab l t e .

A qu t o Co t ea all ee , o t a d ex e e , ta , re trat o a d ot er Taxe urred, d re tly or d re tly (lud to t e t al ve tor or t e t al ve tor A l ate), by a y e ber o t e B dCo Grou o e t o w t t e A qu t o or t e F a e Do u e t a d/or t e PPS S are .

A qu t o Do u e t ea

(a) t e A qu t o A ree e t; a d

(b) t e D lo ure Letter (a re erred to t e A qu t o A ree e t).

Add t o al Co tr but o ea :

(a) a y loa ade by a Subord ated tra rou Cred tor to a e ber o t e Se ur ty Grou a d w w ll u o t e ak o u loa o t tute a Subord ated tra rou L ab l ty or a y ot er debt t at ot erw e ubord ated o ter at a tory to t e Se ur ty Tru tee; a d

(b) t e a ro eed o a y ub r t o or are ued by a y e ber o t e Se ur ty Grou to a Subord ated tra rou Cred tor.

Add t o al Debt ea Ca tal Ex e d ture debted e , Work Ca tal debted e , Ot er debted e or Re a debted e urred by a y Obl or ur ua t to o e or ore a l t e or bo d ue .

Add t o al Se ured Cred tor ea a y er o ot already a Se ured Cred tor w be o e a Se ured Cred tor ur ua t to t e rov o o t e ST D.

Add t o al Subord ated Debt Cred tor ea a y er o ot already a Subord ated Debt Cred tor w be o e a Subord ated Debt Cred tor ur ua t to t e rov o o ST D.

A l ate ea a Sub d ary or a Hold Co a y o a er o or a y ot er Sub d ary o t at Hold Co a y.

A e y A ree e t ea t e a ree e t dated o or about t e t al ue Date betwee t e uer a d t e A e t re erred to t ere u der w , a o t ot er t , t e Pr al Pay A e t a o ted a u a e t, r al ay a e t a d a e t ba k or t e ur o e o t e Pro ra e.

A e t Ba k ea HSBC Ba k l .

A e t ea t e A e t Ba k, t e Pr al Pay A e t, t e Re trar, t e Tra er A e t a d a y ot er a e t a o ted by t e uer ur ua t to t e A e y A ree e t.

A l able A ou t Pr le ea , t e a e o a y F a al State e t or or at o relat to a y Obl or ot er t a t e r Obl or , a ou t r le, ta dard a d ra t e e erally a e ted t e UK or, re e to t e r Obl or , t e Re ubl o rela d a a l ed ro t e to t e a d ak u ad u t e t (a y) a t e Aud tor ay o der a ro r ate ar out o a e to a l able a ou t r le or ot erw e ro t e to t e.

A ed Co tra t ea :

(a) all re e t a d uture O erat Lea e ;

(b) all S adow Lea e e tered to ro t e to t e;

( ) all re e t a d uture Roll Sto k Se t o 54 U dertak ;

(d) all re e t a d uture Mater al Su ly Co tra t ;

(e) t e York Fleet Head Lea e;

( ) t e A qu t o Do u e t ; a d

( ) all Hed A ree e t e tered to ro t e to t e.

A o ate ea , relat o to a er o , a er o w o a o ate a d t e que t o o w et er a er o a a o ate o a ot er w ll be deter ed a orda e w t e t o 435 o t e olve y A t.

Aud tor ea KPMG or u ot er r o a ou ta t o ter at o al re ute a ay be a o ted by t e Obl or a orda e w t t e Co o Ter A ree e t a t e Aud tor or t e Se ur ty Grou .

Aut or at o ea all re e t a d uture aut or at o (tatutory or ot erw e), o e t , a roval ,

re olut o , l e e , exe t o , l , otar at o or re trat o eld o e t o w t t e bu e o a y o t e C ar or or t e u e o a y C ar ed A et .

Aut or ed Cred t Fa l ty

ea a y a l ty, a ree e t or F a e Lea e e tered to by a Obl or or Se or Debt a er tted by a d a orda e w t t e ter o t e Co o Ter A ree e t a d t e ST D, t e rov der o w (or a y a e t or tru tee o t e r be al) are art e to or ave a eded to t e ST D a d t e Co o Ter A ree e t, a d lude :

(a) t e Bo d Tru t Deed a d t e Bo d ;

(b) t e t al Fa l ty A ree e t;

( ) t e Hed A ree e t ;

(d) ea F a e Lea e; a d

(e) t e O erat o al Hed A ree e t ;

a d:

A. a y ee letter, o t e t letter or ert ate e tered to o e t o w t t e ore o a l t e or a ree e t or t e tra a t o o te lated t e ore o a l t e ; a d

B. a y ot er do u e t (ot be a Co o Do u e t) t at a bee e tered to o e t o w t t e ore o a l t e or a ree e t or t e tra a t o o te lated t ereby t at a bee de ated a a Aut or ed Cred t Fa l ty or t e ur o e o t de t o by t e art e t ereto (or a y a e t or tru tee o t e r be al) (lud at lea t o e Obl or or t e Se ur ty Grou A e t o t be al);

For t e avo da e o doubt, o Subord ated Debt or Subord ated tra rou L ab l t e all be o dered a urred ur ua t to a Aut or ed Cred t Fa l ty.

Aut or ed Cred t Prov der ea a le der or ot er rov der o red t or a al a o odat o u der a y Aut or ed Cred t Fa l ty.

Aut or ed ve t e t ea :

(a) e ur t e ued by t e over e to t e UK; or

(b) de a d or t e de o t , ert ate o de o t a d ort-ter u e ured debt obl at o , lud o er al a er, rov ded t at t e u e t ty or, u ve t e t uara teed, t e uara tee e t ty, rated t e M u S ort-ter Rat ; or

( ) a y ot er obl at o , rov ded t at ea a e t e releva t ve t e t a t e M u S ort-ter Rat a d e t er de o ated Sterl or (ollow t e date o w t e UK be o e a Part at Me ber State) euro or a bee ed ed a orda e w t t e Hed Pol y; or a y o ey arket u d or equ vale t ve t e t w ave a rat o at lea t AAA by S&P, AAA by F t /S&P or Aaa by Moody' ;

For t e avo da e o doubt, Aut or ed ve t e t all ot lude:

( ) a y tru tured or a et-ba ked e ur t e or tru e t , lud CDO , e ur t e or tru e t ba ked by ort a e , ort a e-related tru e t , o e equ ty loa , red t ard re e vable , auto ob le re e vable , tude t loa or ot er e ur t e or a et ;

( ) a y der vat ve , ed tru e t , red t l ked ote or lar tru e t ; a y e ur t e or tru e t ued by a y tru tured ve le, lud a y tru tured ve t e t ve le or l ted ur o e o a y e erally or ed or t e ur o e o u dertak arb tra e a t v t e by ur a o tly ed u a d lo -ter a et a d u d t el w t o tly ort-ter e ur t e or tru e t u a o er al a er a d ed u -ter ote ; or

( ) ve t e t a y o ey arket or l qu d ty u d t at tar et ve t e t or old a y u e ur t e or tru e t re ere ed ara ra ( ) or ( ) above (or t e avo da e o doubt, o ey arket a d l qu d ty u d t at tar et ve t e t or old u e ur t e or tru e t re ere ed ara ra (a), (b) or ( ) above are Aut or ed ve t e t).

Ba k Fa l ty ea a y Aut or ed Cred t Fa l ty w a ba k a l ty.

Ba e Ca e Model ea t e a al odel lud ro t a d lo , bala e eet a d a low ro e t o relat to t e Se ur ty Grou (or t e e ur o e a u o let o o t e A qu t o) a reed or re ared by Rot ld, w a bee ub e t to a a reed u o ro edure rev ew by KPMG a d t alled by Ma tCo a d t e Se ur ty Tru tee or t e ur o e o de t at o .

Ba e Curre y ea Sterl .

B dCo Grou ea , r or to Co let o , F Co Pare t, Ra l HoldCo a d ERFL Hold a d t e r re e t ve Sub d ar e ro t e to t e a d ollow Co let o , B dCo a d t Sub d ar e ro t e to t e.

B dCo Hold o Subord ated ea t e Subord ated tra rou Loa

Loa adva ed by B dCo HoldCo to B dCo dated o or arou d Co let o .

Bo d De ea a e A ou t a a ou t w t t e A ou t Ba k t e a e o Ma tCo (a d a y related u tody a ou t o u a ou t o e ed to old Aut or ed ve t e t a d/or Ca Equ vale t ve t e t), de ated a t e bo d de ea a e a ou t.

Bo d Tra a t o Do u e t ea , re e t o a Tra e o Bo d , t e Bo d a d a y F al Ter relat to t e Bo d , t e Bo d Tru t Deed, t e Dealer A ree e t, ea Releva t Sub r t o A ree e t, t e A e y A ree e t a d t e Cal ulat o A e y A ree e t.

Bo d Tru t Deed ea t e bo d tru t deed dated o or about t e date o t e Co o Ter A ree e t betwee , a o ot er , t e uer a d t e Bo d Tru tee, u der w Bo d w ll, o ue, be o t tuted a d a y bo d tru t deed u le e tal t ereto.

Bo d Tru tee ea , re e t o a Tra e o Bo d , T e Law Debe ture Tru t Cor orat o .l. . or a y u e or tru tee a o ted ur ua t to t e Bo d Tru t Deed, or a d o be al o t e releva t Bo d older , t e Re e t older a d t e Cou o older .

Bo d older ea t e older ro t e to t e o a Tra e o Bo d .

Book Debt o a C ar or ea all book a d ot er debt o a y ature, a d all ot er r t to re e ve o ey (ex lud Se ur ty Grou A ou t), ow or t e uture due, ow or ayable to t a d t e be e t o all related e ot able tru e t , r t , Se ur ty tere t , uara tee a d de t e o a y k d.

Borrower ea a y Obl or w o a borrower, uer, ed e ou ter arty, le ee or equ vale t ur ua t to a Aut or ed Cred t Fa l ty a d **Borrower** ea all o t e .

Bu e Day ea :

(a) relat o to a y u ayable terl , a day o w o er al ba k a d ore ex a e arket ettle ay e t Lo do ;

(b) relat o to a y u ayable euro, a TARGET Settle e t Day;

( ) relat o to a y u ayable a urre y ot er t a terl a d euro, a day o w o er al ba k a d ore ex a e arket ettle ay e t t e r al a al e tre o t e urre y w u a al debted e de o ated (w t e a e o a ay e t US dollar all be New York); a d

(d) ot erw e, a day (ot er t a a Saturday or a Su day) o w ba k are o e or e eral bu e Lo do .

CAGR ea o ou d a ual rowt rate.

Cal ulat o A e y A ree e t relat o to t e Bo d o a y Tra e, ea a a ree e t or ub ta t ally t e or a e ded to t e A e y A ree e t.

Cal ulat o Date ea , ub e t to t e Co o Ter A ree e t, 3 Ju e a d 31 De e ber ea year tart o 31 De e ber 2 1 .

Ca tal Ex e d ture ea a y ex e d ture or obl at o w , a orda e w t t e A l able A ou t Pr le , treated a a tal ex e d ture.

Ca tal Ex e d ture debted e ea a y F a al debted e urred or t e ur o e o or order to re a e A qu t o Ca tal Ex e d ture or Re urb e t Ca tal Ex e d ture.

Ca ea , at a y t e, a de o ated Sterl , euro or US$ a d or at ba k a d (t e latter a e) red ted to a a ou t t e a e o a e ber o t e Se ur ty Grou w t a A e table Ba k a d to w a e ber o t e Se ur ty Grou alo e (or to et er w t ot er e ber o t e Se ur ty Grou) be e ally e t tled a d or o lo

a :

(a) t at a re ayable w t 9 day a ter t e releva t date o al ulat o ;

(b) re ay e t o t at a ot o t e t o t e at a t o o a y o d t o (or t e avo da e o doubt, a u ed to ollateral e a y F a al debted e all o t tute Ca or t e ur o e o t de t o);

( ) t ere o e ur ty over t at a ex e t or Se ur ty or a y Per tted Se ur ty tere t o t tuted by a ett or et-o arra e e t e tered to by e ber o t e Se ur ty Grou t e ord ary our e o t e r ba k arra e e t ; a d

(d) t e a reely a d (ex e t a e t o ed ara ra (a) or ( ) above) ed ately ava lable to be a l ed re ay e t or re ay e t o Se or Debt (ub e t to t e ter t ereo).

Ca Ava lable or D tr but o ea , re e t o a Se -A ual Per od, a a ou t equal to t e a re ate o ( ) Ex e Ca low le a y a ou t a dator ly a l ed re ay e t o t e Fa l ty A a d Fa l ty B a d t e Swee Fa l t e ur ua t to t e Co o Ter A ree e t (a de r bed "*Su ary o t e F a A ree e t – Co o Ter A ree e t – Cove a t – Tr er Eve t Co eque e – Lo k-U a d Ma datory Pre ay e t*") or t at Se -A ual Per od a d ( ) a y Reta ed Ex e Ca low.

Ca Equ vale t ve t e t ea at a y t e:

(a) ert ate o de o t atur o ore t a o e year a ter t e releva t date o al ulat o a d ued by a A e table Ba k;

(b) a y ve t e t arketable debt obl at o ued or uara teed by t e over e t o t e U ted State o A er a, t e U ted K do , a y e ber tate o t e Euro ea E o o

Area or a y Part at Me ber State rated at lea t A- by S&P or a equ vale t red t rat ro F t or Moody' or by a tru e tal ty or a e y o a y o t e av a equ vale t red t rat , atur o ore t a o e year a ter t e releva t date o al ulat o a d ot o vert ble or ex a eable to a y ot er e ur ty;

( ) o er al a er ot o vert ble or ex a eable to a y ot er e ur ty:

( ) or w a re o ed trad arket ex t ;

( ) ued by a uer or orated t e U ted State o A er a, t e U ted K do , a y e ber tate o t e Euro ea E o o Area or a y Part at Me ber State;

( ) w ature o ore t a o e year a ter t e releva t date o al ulat o ; a d

(v) w a a red t rat o e t er A-1 or er by S&P or F1 or er by F t or P-1 or er by Moody' , or, o rat ava lable re e t o t e o er al a er, t e uer o w a , re e t o t lo - ter u e ured a d o - red t e a ed debt obl at o , a equ vale t rat ;

(d) a y ve t e t o ey arket u d w ( ) ave a red t rat o e t er A-1 or er by S&P or F1 or er by F t or P-1 or er by Moody' , ( ) w ve t ub ta t ally all t e r a et e ur t e o t e ty e de r bed ara ra (a) to ( ) above a d ( ) a be tur ed to a o ot ore t a 3 day ' ot e; or

(e) a y ot er debt e ur ty a roved by t e Se ur ty Tru tee (a t a orda e w t tru t o re e ved u der t e ST D

or (w t out obl at o) t ab olute d ret o),

ea a e, de o ated Sterl , euro or US$ a d to w a y e ber o t e Se ur ty Grou alo e (or to et er w t ot er e ber o t e Se ur ty Grou) be e ally e t tled at t at t e a d w ot ued or uara teed by a y e ber o t e Se ur ty Grou or ub e t to a y Se ur ty (ot er t a Se ur ty ar u der t e Se ur ty Do u e t).

CC ea t e UK Co et t o Co o .

C alle e Not e ea , re e t o a C alle e, a wr tte ot e e t by t e Se ur ty Tru tee or t e t al Fa l ty A e t (a t e a e ay be).

C alle e Per od ea t e er od tart o , but ot lud , t e Po t Date o a Co l a e Cert ate a d e d o , a d lud , t e date all 3 day ro u date.

C ar ed Pro erty ea t e ro erty, a et , r t a d u dertak o ea Obl or t at are t e ub e t o t e e ur ty tere t reated or ur ua t to t e Se ur ty Do u e t a d lude , or t e avo da e o doubt, ea Obl or' r t to or tere t a y o e a t o , t e Se ur ty S are a d ea Obl or' r t u der t e Hed A ree e t .

C ar eable Real Pro erty ea :

(a) a y ree old, lea e old, de t able or ovable ro erty, ea a e w t a value ex e o £25, , ; a d

(b) a y bu ld , xture , tt , xed la t or a ery ro t e to t e tuated o or or art o t at ree old, lea e old, de t able or ovable ro erty.

C ar ed A et ea t e a et ro t e to t e ub e t, or ex re ed to be ub e t, to t e C ar e or a y art o t o e a et .

C ar e ea all or a y o t e Se ur ty tere t reated or ex re ed to be reated by or ur ua t to t e E l Law Se ur ty A ree e t.

C ar or ea ea o t e Obl or . For t e avo da e o doubt, B dCo all ot be a C ar or u t l Co let o .

Clea -u Date t e date all our o t a ter t e date o t e A qu t o .

Clear Sy te ea Euro lear a d Clear trea , Luxe bour .

Clear trea , Luxe bour ea Clear trea Ba k , o été a o y e, Luxe bour .

Code o Pra t e ea ea o t e ROSCO requ red to ave a Code o Pra t e t at lude a et o o t e t t at over t e ROSCO' relat o w t ex t a d ro e t ve u to er . Code o Pra t e were trodu ed ollow a rev ew o t e roll to k arket by t e ORR 1998. Ea ROSCO a ubl ed t ow ode, w d er l tly ro o e a ot er.

Co t e t Per od ea :

(a) relat o to t e Ter Loa Fa l t e , t e er od ro t e S Date u t l t e earl er o ( ) t e date o w t e uer ot e t e t al Fa l ty A e t t at B dCo doe ot te d to ro eed w t t e A qu t o a d ( ) t e date t at 9 day a ter t e S Date;

(b) relat o to Fa l ty C, t e er od ro t e S Date u t l t e earl er o ( ) t e date o w t e uer ot e t e t al Fa l ty A e t t at B dCo doe ot te d to ro eed w t t e A qu t o a d ( ) t e date t at o e Mo t r or to t e F al Matur ty Date re e t o Fa l ty C;

( ) relat o to Fa l ty D, t e er od ro t e S Date u t l t e earl er o ( ) t e date o w t e uer ot e t e

t al Fa l ty A e t t at B dCo doe ot te d to ro eed w t t e A qu t o a d ( ) t e date t at o e Mo t r or to t e F al Matur ty Date re e t o Fa l ty D.

Co o Do u e t ea t e Se ur ty Do u e t , t e Co o Ter A ree e t, t e Ma ter De t o A ree e t, t e A ou t Ba k A ree e t a d t e CP A ree e t.

Co o Ter A ree e t ea t e o o ter a ree e t to be e tered to betwee , a o ot er , t e Obl or , t e uer a d t e Se ur ty Tru tee to be dated o or about t e S Date.

Co let o ea t e o let o o t e A qu t o a orda e w t t e A qu t o A ree e t.

Co l a e Cert ate ea a ert ate, ub ta t ally t e or a e ded to t e Co o Ter A ree e t (a d de r bed "*Su ary o t e F a A ree e t – Co o Ter A ree e t*") (a d u ter all lude a y rev ed Co l a e Cert ate del vered by, or o be al o , t e Obl or).

Co d t o ea t e ter a d o d t o o t e Bo d a d **Co d t o** ea a y o t e .

Co r ed Cert ate ea a re ort ade by t e de e de t Ex ert t at t e tate e t t e Co l a e Cert ate are a urate all re e t .

Co ol dated Ad u ted EB TDA ea , re e t o a y Releva t Per od or Releva t Forward Per od:

(a) Co ol dated EB TDA;

lu

(b) t e a ou t o a y a a tually re e ved by a y e ber o t e Se ur ty Grou ro a y Tax Aut or ty dur u Releva t Per od or due to be re e ved u Releva t Forward Per od (a t e a e ay be) re e t o a y rebate or red t re e t o Taxe o o e;

le

( ) t e a ou t o a y a a tually a d by a y e ber o t e Se ur ty Grou to a y Tax Aut or ty or to a y ot er er o (ot er t a a e ber o t e Se ur ty Grou) re e t o urre der o lo e or ot er Tax rel e a d/or by way o o tr but o or re bur e e t ur ua t to a Grou Pay e t Arra e e t dur u Releva t Per od or due to be a d t e Releva t Forward Per od (a t e a e ay be) re e t o a y Taxe o o e.

Co ol dated EB TDA

ea , re e t o a y Releva t Per od or Releva t Forward Per od, t e o ol dated o erat ro t (w all lude, w t out double ou t , a y a ou t re e t o a e lea e o e, w et er a tal or tere t ature) o t e Se ur ty Grou :

be ore

(a) dedu t a y a ou t o tax o ro t , a or o e a d or ayable by a y e ber o t e Se ur ty Grou or a y l ab l t e or or o a ou t o tax ayable by a e ber o t e Se ur ty Grou ur ua t to a Grou Pay e t Arra e e t w a Per tted Tax Grou or to a re re e tat ve e ber o a AT Grou w a Per tted Tax Grou or a y ay e t ade or urre der o Grou Rel e ;

(b) dedu t a y F a e C ar e , lud tere t a d o t o Subord ated Debt a d Subord ated tra rou L ab l t e ;

( ) tak to a ou t a y o e-o or Ex e t o al te ;

(d) dedu t a y A qu t o Co t a d Re a Co t ;

(e) tak to a ou t a y u real ed or real ed a or lo e o a y a al tru e t a d a y a o e relat

to O erat o al Hed A ree e t ;

( ) tak to a ou t a y a or lo ar ro a u ward or dow ward revaluat o or o d o al o a y a et (ot er t a trad to k);

( ) tak to a ou t a y Pe o te ;

a ter

( ) add ba k t e ro eed o a y lo o ro t or bu e terru t o ura e re e ved by t e Se ur ty Grou ;

( ) add ba k a y a ou t attr butable to t e a ort at o (ot er t a a ort at o o oodw ll or ta ble a et), de re at o or a r e t o a et o e ber o t e Se ur ty Grou ; a d

( ) add ba k a y t al e arat o a d te rat o o t urred r or to t e r t a ver ary o t e Clo Date o lo a t e a re ate a ou t o t e e arat o a d te rat o o t doe ot ex eed £1 , , ;

ex lud

(k) a y o t or rov o relat to a y are o t o or lar e e,

rov ded t at or t e ur o e o t a d t e Co ol dated Ad u ted EB TDA de t o o ly but ot or t e ur o e o al ulat Ex e Ca low, a y o a y or bu e (a **A qu red Bu e**) w (a er tted by t e Ma ter De t o A ree e t) o ed or be a e art o t e Se ur ty Grou dur t e Releva t Per od, all be dee ed to ave bee a e ber or art o t e Se ur ty Grou or t e 12 o t e d o t e Releva t Per od a d t e Co ol dated EB TDA all be ad u ted to lude t e a tual EB TDA e erated by t e A qu red Bu e t e 12 o t e d o t e Releva t Per od, but ex lud a y a qu t o o t relat to t, o t at o a ou t w ll be added (or dedu ted) ore t a o e a d ea a e, to t e exte t

added, dedu ted or take to a ou t a t e a e ay be or t e ur o e o deter o erat ro t o t e Se ur ty Grou be ore taxat o .

Co ol dated Net Debt

ea : (a) or t e ur o e o t e NP Te t a d t e H tor al Rat o , a at a y Cal ulat o Date, t e t e urre t r al a ou t out ta d o all Se or Debt o a y e ber o t e Se ur ty Grou , or (b) or t e ur o e o t e Forward Rat o , a at a y Cal ulat o Date, t e ore a t r al a ou t out ta d o all Se or Debt, ea a e:

lud (or t e avo da e o doubt o ly)

(a) a y Se or Debt or F a al debted e ra k e or to or *ar a u* w t t e Se or Debt eld by a y A l ate o a y e ber o t e Se ur ty Grou (ot er t a a e ber o t e Se ur ty Grou);

(b) a ret o by dexat o to t e ot o al a ou t u der a y dex-l ked Hed A ree e t ;

ex lud

( ) a y u obl at o ow to a y ot er e ber o t e Se ur ty Grou ;

(d) a y u real ed a or lo e o a y der vat ve tru e t ;

(e) a y Pe o L ab l t e ;

dedu t

( ) t e a re ate a ou t o Ca a d Ca Equ vale t ve t e t eld by a y e ber o t e Se ur ty Grou (ot er t a Ca or Ca Equ vale t ve t e t re e t o t e A qu t o Cla A ou t);

( ) all a eld t e Lo k-U A ou t, t e Bo d De ea a e A ou t, t e ura e Pro eed A ou t a d t e D o al

Pro eed A ou t,

a d o t at o a ou t w ll be added or dedu ted ore t a o e.

Cou o older ea t e everal er o w o are, or t e t e be , older o t e Cou o .

CP A ree e t ea t e o d t o re ede t a ree e t to be e tered to betwee , a o ot er , t e Bo d Tru tee, t e Se ur ty Tru tee a d t e Obl or o t e S Date.

CRD ea t e EU Ca tal Requ re e t D re t ve (D re t ve u ber 2 6/48/EC a d 2 6/49/EEU, a a e ded).

Cred t Dow rade Tr er Eve t ea t e o urre e o a Cred t Rat Dow rade a orda e w t t e t al Fa l ty A ree e t.

Cred t Rat Dow rade ea :

( ) or o lo a a y Bo d are out ta d , t at t e lo ter rat o t e Bo d by a y Rat A e y below BBB- or equ vale t;

( ) u t l t e r t Bo d u der t e Pro ra e ave bee ued, t at t e lo ter rat o t e ter Ba k Fa l t e by a Rat A e y or e t er or bot o t e Take Out Rat below BBB- or equ vale t.

Curre t A ou t Pr le ea t e A l able A ou t Pr le t at were urre t a att e S Date.

Dealer ea HSBC Ba k l , Lloyd TSB Ba k l , Royal Ba k o Ca ada Euro e L ted a d T e Royal Ba k o S otla d l a d a y ot er e t ty w t e uer a d t e Obl or ay a o t a a Dealer a d ot e o w o e a o t e t a bee ve to t e Pr al Pay A e t a d t e Bo d Tru tee by t e uer a orda e w t t e rov o o t e Dealer A ree e t but ex lud a y e t ty w o e a o t e t a bee ter ated a orda e w t t e rov o o t e Dealer A ree e t a d ot e o u

ter at o a bee ve to t e Pr al Pay A e t a d t e Bo d Tru tee by t e uer a orda e w t t e rov o o t e Dealer A ree e t a d re ere e to a **Releva t Dealer** or t e **Releva t Dealer( )** ea , relat o to a y Tra e o Bo d , t e Dealer or Dealer w t w o t e uer a a reed t e ue o t e Bo d o u Tra e a d **Dealer** ea a y o e o t e .

Dealer A ree e t ea t e a ree e t dated o or about t e S Date betwee t e Obl or a d t e Dealer a ed t ere (or dee ed a ed t ere) o er t e ur a e o Bo d to be ued ur ua t to t e Pro ra e to et er w t a y a ree e t or t e t e be or e a e d , re la , ovat or od y u a ree e t a d a y a e o letter a d/or a ree e t u le e tal t ereto.

Debt urre e Cert ate ea a ert ate ub ta t ally t e or a e ded to t e t al Fa l ty A ree e t.

De o Per od ea t e er od o t e w t w t e a roval o t e Se ur ty Tru tee ou t a e ed relat o to ea ty e o vot atter t e ST D.

De ault ea :

(a) a Eve t o De ault; or

(b) a Pote t al Eve t o De ault.

De t ve Bo d ea a Bearer Bo d de t ve or ued by t e uer a orda e w t t e rov o o t e Dealer A ree e t or a y ot er a ree e t betwee t e uer a d t e releva t Dealer( ), t e A e y A ree e t a d t e Bo d Tru t Deed ex a e or e t er a Te orary Global Bo d or art t ereo or a Per a e t Global Bo d (all a d ated t e a l able F al Ter), u Bearer Bo d de t ve or be t e or or ub ta t ally t e or a e ded to t e Bo d Tru t Deed a d av t e Co d t o e dor ed t ereo a d av t e releva t or at o u le e t , re la or od y t e Co d t o a ear t e

	a l able F al Ter e dor ed t ereo or atta ed t ereto a d (ex e t t e a e o a ero Cou o Bo d bearer or) av Cou o a d, w ere a ro r ate, Re e t a d/or Talo atta ed t ereto o ue.
De otCo	ea Ever olt De ot F a e (UK) L ted.
De otCo O erat A ou t	ea a a ou t w t t e A ou t Ba k t e a e o t e De otCo, de ated a t e De otCo o erat a ou t.
De ated Web te	ea a ele tro web te (w t out a word rote t o) de ated by t e Obl or or t e ur o e o del ver a y or at o u der t e Co o Ter A ree e t to a Se ured Cred tor (lud Bo d older) by o t t o to u a web te.
D T	ea t e De art e t or Tra ort. T e D T t e UK Gover e t de art e t re o ble or tra ort. Tra ort or S otla d a d S ott M ter ave re o b l ty or tra ort or S otla d a d or t e award o uture S otra l ra e .
D T W te Pa er	ea t e W te Pa er ubl ed by t e D T July 2 7 o t e uture o t e UK a la d ra lway alled "Del ver a Su ta able Ra lway".
D re t A ree e t	ea ea d re t a ree e t betwee t e releva t over e t e t ty a d t e a l able le or relat o to ea O erat Lea e re e t o Ra lway A et or t e ur o e o arry or aul a e er .
D re t o Not e	ea , re e t o a y atter w ot t e ub e t o a ST D Pro o al, a E or e e t tru t o Not e or a Furt er E or e e t tru t o Not e or a tru t o Not e, a reque t ade by t e Se ur ty Tru tee or a tru t o ro t e Qual y Se ured Cred tor a to w et er t e Se ur ty Tru tee ould a ree to a o e t, wa ver or od at o or exer e a r t or d ret o or ake a y deter at o u der or ur ua t to t e F a e Do u e t

a d/or t e Prote t o Do u e t a d t e a er w t ould do o.

D lo ure Letter ea t e d lo ure letter dated o or arou d t e S Date ro Ma tCo to t e Se ur ty Tru tee rov d d lo ure a a t erta rov o o ta ed t e Co o Ter A ree e t.

D ret o Matter ea a atter w t e Se ur ty Tru tee ay exer e t d ret o to a rove a y reque t ade a ST D Pro o al w t out a y requ re e t to eek t e a roval o a y Se ured Cred tor or a y o t e r re re e tat ve .

D o al Pro eed A ou t ea a a ou t w t t e A ou t Ba k t e a e o Ma tCo (a d a y related u tody a ou t o u a ou t o e ed to old Aut or ed ve t e t a d/or Ca Equ vale t ve t e t), de ated a t e d o al ro eed a ou t.

D v de d ea all re e t a d uture:

(a) d v de d a d d tr but o o a y k d a d a y ot er u re e ved or re e vable re e t o a y o t e Se ur ty S are or ve t e t (a a l able);

(b) r t , are , o ey or ot er a et a ru or o ered by way o rede t o , bo u , o t o or ot erw e re e t o a y o t e Se ur ty S are or ve t e t (a a l able);

( ) allot e t , o er a d r t a ru or o ered re e t o a y o t e Se ur ty S are ; a d

(d) ot er r t a d a et atta to, der v ro or exer able by v rtue o t e ow er o , a y o t e Se ur ty S are or ve t e t (a a l able).

DMU ea D e el Mult le U t . A ult le u t tra o t o ult le arr a e owered by o e or ore o -board d e el e e .

Dry Lea e ea a ty e o lea e ur ua t to w a ROSCO rov de roll to k to a TOC/FOC a d al o re e ve a a te a e re erve re tal al ulated to rov de t e ROSCO w t a u table u d o ex ry o t e lea e toward t e o t o eavy a te a e u dertake a ter t e e d o t e lea e.

ECB ea t e Euro ea Ce tral Ba k.

EMU ea Ele tr Mult le U t . A ult le u t tra o t o a y arr a e u ele tr ty a t e ot ve ower, w t tra t o equ e t ea u t.

E or e e t A t o ea a y te (ot er t a t e exer e o a y r t o e t o o a y a et or ot er ater al a t o take u der a y F a e Lea e) t at t e Se ur ty Tru tee (o be al o a Se ured Cred tor) e t tled or a Se ured Cred tor would ot erw e be e t tled to take to e or e or exer e t r t a a t or relat o to a Obl or u der a F a e Do u e t, lud :

(a) t e de larat o o a Eve t o De ault (or t e avo da e o doubt t e ot at o o t e Se ur ty Tru tee t at a Eve t o De ault a o urred a requ red by t e ST D all ot o t tute E or e e t A t o);

(b) t e t tut o o ro eed ;

( ) t e ak o a de a d or ay e t u der a uara tee or a y F a e Do u e t;

(d) t e ak o a de a d or a ollateral u der a uara tee;

(e) t e a elerat o o Se ured L ab l t e or de lar a y Se ured L ab l t e due a d ayable a a re ult o a eve t o de ault;

( ) t e lo out or ter at o o a y Per tted Trea ury Tra a t o ;

( ) t e exer e or er or a e or e or e e t by or o be al or to t e

order o t e Se ur ty Tru tee o a y r t, r v le e, be e t, dut e or obl at o u der or ur ua t to a y D re t A ree e t or a y ot er Prote t o Do u e t;

( ) t e exer e or e or e e t o a y Se ur ty;

( ) t e a o t e t o, or requ re e t to a o t a Re e ver; a d

( ) t e ry tall at o o, or t e requ re e t to ry tall e, a y loat ar e u der (a d ur ua t to t e ter o) a y Se ur ty Do u e t.

E or e e t Per od ea a y er od ro a d lud t e date o t e del very o a E or e e t Not e to a d ex lud t e earl er o t e date o w t e Se ured L ab l t e ave bee d ar ed ull a d t e date o w t e Se ur ty Tru tee, a t a orda e w t t e tru t o o t e releva t Se ured Cred tor ur ua t to t e ST D, ot e t e Obl or t at t e E or e e t Per od a e ded.

E l Law Se ur ty A ree e t ea t e deed o ar e a d uara tee over ed by E l law exe uted avour o t e Se ur ty Tru tee by ea o t e Obl or o or about t e S Date a d a y ot er deed o ar e u le e tal t ereto.

E l Obl or ea t e Obl or or orated E la d a d Wale a d **E l Obl or** ea a y o e o t e .

E tre ed R t ea atter w :

(a) would ave t e e e t o adver ely a a y o t e Po t-E or e e t Pr or ty o Pay e t or a l at o t ereo re e t o a Se ured Cred tor or ot erw e adver ely a e t t e ra k o t e Se ured Cred tor;

(b) re e t o ea F a e Le or o ly, would ave t e e e t o a or

would relate to:

( ) t e reat o or ub te e o a y e u bra e, l e , ort a e or ot er Se ur ty tere t over a y Equ e t ot er t a avour o t e F a e Le or a d t e Se ured Cred tor or ot erw e er tted to ub t a a Per tted F a al debted e ; or

( ) t e de t o o Per tted F a e Lea e Ter at o ;

( ) would a e or would ave t e e e t o a :

( ) a y o t e ollow de t o :

A. D ret o Matter,

B. E tre ed R t,

C. Extraord ary ot Matter,

D. Ord ary ot Matter,

E. Qual y Se ured Cred tor ,

F. Qual y Se ured Debt,

G. Re erved Matter,

H. Se ured L ab l t e ,

. ST D Pro o al,

J. oted Qual y Se ured Debt;

( ) a y o t e ollow :

A. t e De o Per od,

B. t e Quoru Requ re e t or Ma or ty Requ re e t requ red re e t o a y Ord ary ot Matter,

C. a Extraord ary ot Matter or Ma or ty Requ re e t

requ red re e t o a y Extraord ary ot Matter,

D. a E or e e t tru t o Not e or Furt er E or e e t tru t o Not e;

rov ded t at ara ra ( )(A), (C), (D), (E), (F), ( ), (J) a d ( )(B), (C) a d (D) all ot a ly re e t o t e Pe o Tru tee or HAF;

( ) a y o t e atter t at ve r e to E tre ed R t u der t e ST D; or

(v) lau e 15.1 (*S o e o E tre ed R t*) o t e ST D (a de r bed "*Su ary o t e F a A ree e t – Se ur ty Tru t a d ter red tor Deed*");

(d) re e t o t e Se ured Cred tor ot er t a t e Pe o Tru tee a d HAF would a e or ave t e e e t o a t e rov o o t e ST D relat o to t e et od a d qua tu o vot ;

(e) (ot er t a re e t o t e Pe o Tru tee) would a e or ave t e e e t o a rov o o t e ST D relat to Re erved Matter ;

( ) re e t o a Hed e Cou ter arty a d/or a O erat o al Hed e Cou ter arty o ly, would a e or ave t e e e t o a :

( ) t e Hed Pol y;

( ) t e de t o o Per tted Hed e Ter at o ;

( ) re e t o t e releva t Hed e Cou ter arty o ly, t e ter o a Hed A ree e t; a d/or

(v) re e t o t e releva t O erat o al Hed e Cou ter arty o ly, t e ter o a O erat o al

Hed A ree e t;

( ) would a e or would ave t e e e t o a a y atter w t e ub e t o t e releva t Se ured Cred tor' E tre ed R t;

( ) t e a e o a Tra e o Bo d, o t tute a Ba Ter Mod at o ; a d

( ) re e t o t e Pe o Tru tee:

( ) ay o e ew, rea ed or add t o al obl at o o or redu e t e r t o t e Pe o Tru tee re e t o t e Po t-E or e e t Pr or ty o Pay e t (rov ded, owever, t at w t re ard to a y redu t o o r t relat to t e Po t-E or e e t Pr or t e o Pay e t , t e r t o t e Pe o Tru tee all be to ra k *ar a u* w t t e re ay e t o r al re e t o t e Se or Debt or a a re ate a ou t u to t e Max u Pe o L ab l ty A ou t but t e Po t-E or e e t Pr or t e o Pay e t ay ot erw e be a e ded w t out t e o e t o t e Pe o Tru tee ex e t w ere ub- ara ra (v) o t ara ra ( ) a l e);

( ) would a e d or vary or would ave t e e e t o a e d or vary t e rov o o t e ST D relat to t e Pe o Tru tee;

( ) would re ult t e Pe o Tru tee be e t tled to be a d a a re ate a ou t u der t e ST D o le t a t e Max u Pe o L ab l ty A ou t;

(v) would ave t e e e t o ra t e ur ty to a y er o t at would ra k r or ty to t e e ur ty ra ted to t e Pe o Tru tee ot er t a (a) re e t o t o e la e

o Se ured Cred tor ra k r or ty to t e Pe o Tru tee a at t e Clo Date, or (b) re e t o e ur ty t at a Per tted Se ur ty tere t; or

(v) would a e d or re ult a a e d e t to t ara ra ( ) or a y ot er ara ra o t de t o o E tre ed R t w a l e to t e Pe o Tru tee or would a e or would ave t e e e t o a t e de t o o Pe o L ab l t e , Pe o Do u e t , Pe o S e e or Max u Pe o L ab l ty A ou t or a y de ed ter u ed t o e de t o ; or

(v) would re ult a y Pe o Do u e t be de ated a a F a e Do u e t or a Prote t o Do u e t;

( ) re e t o ea F a e Le or, would ave t e e e t o a or would relate to:

( ) a y ale, tra er or ot er d o al (w et er dee ed or ot erw e) o a y o t e Equ e t w t e ub e t o u F a e Lea e;

( ) a y o t e ove a t or re re e tat o a d warra t e et out t e F a e Do u e t w relate to t e a te a e or o d t o o t e Equ e t; or

( ) a y rov o o ta ed w t t e F a e Do u e t erta to a y da a e, de tru t o or total lo o a y o t e Equ e t.

Equ e t ea , relat o to a F a e Lea e, a y te o equ e t, la t a d/or a ery, y te , a et, o tware l e e, telle tual Pro erty R t, o tware a d a y ot er te lea ed u der t at F a e Lea e.

Equ vale t A ou t	ea t e a ou t que t o ex re ed t e ter o t e Ba e Curre y, al ulated o t e ba o t e Ex a e Rate.
ERFL	ea Euro ea Ra l F a e L ted.
ERFL Euro O erat A ou t	ea a a ou t w t t e A ou t Ba k t e a e o ERFL, de ated a t e ERFL Euro o erat a ou t.
ERFL GB	ea Euro ea Ra l F a e (GB) L ted.
ERFL GB S edule 1 Tax C ar e	ea a S edule 1 Tax C ar e ar ERFL GB a a d re t o eque e o t e ue o t e Releva t PPS S are a a ou t ot ex eed £5 , .
ERFL Hold	ea Euro ea Ra l F a e Hold L ted.
ERFL Hold O erat A ou t	ea a a ou t w t t e A ou t Ba k t e a e o ERFL Hold , de ated a t e ERFL Hold o erat a ou t.
ERFL O erat A ou t 1	ea a a ou t w t t e A ou t Ba k t e a e o ERFL, de ated a t e ERFL o erat a ou t 1.
ERFL O erat A ou t 2	ea a a ou t w t t e A ou t Ba k t e a e o ERFL, de ated a t e ERFL o erat a ou t 2.
EU	ea t e Euro ea U o .
Euro lear	ea Euro lear Ba k S.A./N. . a o erator o t e Euro lear Sy te .
Eve t o De ault	ea eve t e ed a u S edule 4 (*Eve t o De ault*) to t e Co o Ter A ree e t (a de r bed "*Su ary o t e F a A ree e t – Co o Ter A ree e t – Eve t o De ault*") a d/or, ollow del very o a E or e e t Not e a ter t e o urre e o a FA Eve t o De ault or a equ vale t eve t o de ault to a FA Eve t o De ault a Aut or ed Cred t Fa l ty (a de r bed "*Su ary o t e F a A ree e t – Se ur ty Tru t a d ter red tor Deed*").

Ever olt Ra l Grou

ea , r or to Co let o , F Co Pare t, Ra l HoldCo a d ERFL Hold a d t e r re e t ve Sub d ar e ro t e to t e a d ollow Co let o , B dCo a d t Sub d ar e ro t e to t e.

Ex e t o al te

ea a y ater al te o a u u ual or o -re urr ature w re re e t a or lo e lud t o e ar o :

(a) t e re tru tur o t e a t v t e o a e t ty a d rever al o a y rov o or t e o t o re tru tur ;

(b) d o al , revaluat o or a r e t o o - urre t a et ;

( ) d o al o a et a o ated w t d o t ued o erat o ; a d

(d) a y ro t ar ro below ar ur a e o Se or Debt.

Ex e A qu t o Cla Pro eed

ea , re e t o a F a al Year, A qu t o Cla Pro eed w ex eed £3, , (RP dexed).

Ex e Ca low

ea , re e t o a y Se -A ual Per od, Co ol dated Ad u ted EB TDA or t at Se -A ual Per od, a ter:

add (to t e exte t ot already take to a ou t t e al ulat o o Co ol dated Ad u ted EB TDA):

(a) t e a ou t o a y de rea e Work Ca tal (or t at Se -A ual Per od);

(b) t e a ou t o a y a re e t re e t o a y Ex e t o al te (or t at Se - A ual Per od) ot er t a Releva t Pro eed to t e exte t requ red to be a l ed re ay e t or de ea a e o Se or Debt a d related Re ay e t Co t ur ua t to t e Co o Ter A ree e t (a de r bed "*Su ary o t e F a A ree e t – Co o Ter A ree e t – Eve t o De ault*");

( ) t e a ou t o a y d v de d or ot er

ro t d tr but o a tually re e ved a (dur t at Se -A ual Per od) by a y e ber o t e Se ur ty Grou ro a y e t ty w ot a e ber o t e Se ur ty Grou ;

(d) t e a ou t o a y ay e t re e ved by a e ber o t e Se ur ty Grou u o ter at o o a ed arra e e t to t e exte t ot requ red to be a l ed re ay e t o Se or Debt;

dedu t (to t e exte t ot already take to a ou t t e al ulat o o Co ol dated Ad u ted EB TDA);

(a) Net tere t Pa d (dur t at Se - A ual Per od);

(b) t e a re ate o t ve et a ou t (dur t at Se -A ual Per od) o ( ) re ay e t a d adva e ade by t e Se ur ty Grou to all Fu ded No - Obl or ; le ( ) re ay e t a d adva e ade by all Fu ded No - Obl or to t e Se ur ty Grou , ea a e u der a y a arra e e t betwee t e Se ur ty Grou a d a y Fu ded No -Obl or; rov ded t at t e a ou t o dedu ted all ot ex eed £15, , er a u (RP dexed);

( ) t e a ou t o a y rea e Work Ca tal (or t at Se -A ual Per od);

(d) t e a ou t o a y a ay e t re e t o a y Ex e t o al te (or t at Se -A ual Per od);

(e) t e a ou t o a y Ca tal Ex e d ture, or Per tted A qu t o (lud a y a qu t o o t related to t) a tually ade (dur t at Se -A ual Per od) by a y e ber o t e Se ur ty Grou , ex e t to t e exte t u ded by:

( ) Reta ed Ex e Ca low;

( ) Fa l ty C, a y o tted a ex a l ty e tered to by a y Obl or

or a y Ba k Fa l ty ro t e to t e; or

( ) t e ro eed o Add t o al Co tr but o a d/or t e ro eed o Subord ated Debt to a e ber o t e Se ur ty Grou (ot er t a ur ua t to t e exer e o a Cure R t);

(v) a l at o o ro eed o t e Bo d De ea a e A ou t or Ca tal Ex e d ture a orda e w t t e Co o Ter A ree e t (a de r bed "*Su ary o t e F a A ree e t – Co o Ter A ree e t – Bo d De ea a e A ou t*");

(v) a ou t ava lable or re ve t e t a orda e w t t e Co o Ter A ree e t (a de r bed "*Su ary o t e F a A ree e t – Co o Ter A ree e t – A l at o o Ex e Net D o al Pro eed , Ex e A qu t o Cla Pro eed a d Ex e ura e Pro eed* ");

( ) t e a ou t o a y a o t o Pe o te dur t e Se -A ual Per od;

( ) t e a tal ele e t o a y ay e t re e t o F a e Lea e ;

( ) t e a ou t o a y ay e t ade by a e ber o t e Se ur ty Grou u o t e ter at o o a ed arra e e t, to t e exte t ot related to a a datory re ay e t o t e Se or Debt;

( ) (u le a Tr er Eve t a o urred a d o t u ave re e t o a y a ou t a d r or to t e Tr er Eve t) t e a ou t ayable re e t o tere t o Subord ated Debt (dur t at Se -A ual Per od), rov ded t at t e a ou t o dedu ted all ot ex eed £1 , , a y F a al Year (RP dexed);

( ) t e a ou t o all eduled re ay e t (ex lud re ay e t o revolv a l t e , to t e exte t t ey are ava lable or redraw) a d volu tary re ay e t ade re e t o a y Se or Debt (dur t at Se -A ual Per od) ave to t e exte t ade ro t e ro eed o Subord ated Debt a d/or Add t o al Co tr but o ade a ter t e Clo Date; a d

(k) a y ay e t re e t o t e PPS S are or o e t o w t a y uara tee, de ty or e ur ty ve re e t o t e PPS S are a a ou t ot ex eed £3, , a y F a al Year;

(l) 2 21 o ly, a a ou t equal to t e 2 21 Debt,

a d o t at o a ou t all be added or dedu ted ore t a o e.

ot er ad u t e t , ot e v a ed t e de t o o Ex e Ca low above are requ red to e ure t at Ex e Ca low doe ot ex eed t e a e erated by t e Se ur ty Grou t e releva t er od (t e "**Add t o al Ad u t e t** "), t e Add t o al Ad u t e t all be ade to t e de t o o Ex e Ca low to t e exte t t at t ey ( ) are o a o er al ar -le t ba a d ( ) ave bee de r bed by t e Se ur ty Grou A e t rea o able deta l t e releva t Co l a e Cert ate. A y ay e t ade to a y A l ate o t e B dCo Grou (ot er t a a e ber o t e B dCo Grou) w are ot er tted u der t e Co o Do u e t ("**A l ate Pay e t** ") all ot be allowed a Add t o al Ad u t e t , a d o, to t e exte t A l ate Pay e t are ade, t ey u t be u ded t rou Add t o al Co tr but o , Subord ated Debt or Reta ed Ex e Ca low; a d, rov ded urt er t at Ex e Ca low all be al ulated be ore tak to a ou t a y Per tted Sur lu De o t ade by a Obl or. "**Per tted Sur lu De o t**" ea a y a ou t

	de o ted to t e LC Ca Collateral A ou t, w , w e a re ated w t all rev ou de o t to u a ou t re ult t e red t bala e o u a ou t ex eed £26,417,5 (but ot ex eed £3 , ,).
Ex e ura e Pro eed	ea , re e t o a F a al Year, ura e Pro eed w ex eed £5, , (RP dexed).
Ex e Net D o al Pro eed	ea , re e t o a F a al Year, Net D o al Pro eed w ex eed £5, , (RP dexed).
Ex a e Rate	ea t e tr ke rate e ed a y related ro - urre y Hed A ree e t or, a l t at, t e ot rate at w t e No -Ba e Curre y o verted to t e Ba e Curre y a quoted by t e A e t Ba k a at 11. a. .: (a) or t e ur o e o a ST D ot Reque t, o t e date t at t e ST D Pro o al dated; (b) or t e ur o e o t e rov o relat to eet a d vot o t e Bo d Tru t Deed, o t e releva t date deter ed by t e Bo d Tru tee; a d ( ) a y ot er a e, o t e date a o w al ulat o o t e Equ vale t A ou t o t e Out ta d Pr al A ou t requ red, a d, ea a e, a ot ed by t e A e t Ba k to t e Bo d Tru tee.
Ex t F a e Lea e	ea t e lea e re e t o t e ollow de ot: all t at lea e old ro erty k ow a Bed ord L t Ma te a e De ot, Cauldwell Walk, Bed ord re tered w t ab olute lea e old t tle at t e La d Re try u der T tle Nu ber BD24 396.
Extraord ary Re olut o	ea a re olut o re e t o a Extraord ary ot Matter w ay be a ed by 66.67 er e t. o t e oted Qual y Se ured Debt.

Fa l ty	ea :
	(a) a Ter Loa Fa l ty;
	(b) Fa l ty C; or
	( ) Fa l ty D,
	ea a e ade ava lable u der t e t al Fa l ty A ree e t.
Fa l ty A e t	ea a y a l ty a e t u der a y Aut or ed Cred t Fa l ty.
Fa l ty A Loa	ea t e r al a ou t o a ro o ed borrow u der Fa l ty A or t e r al a ou t out ta d o t at borrow .
Fa l ty B Loa	ea t e r al a ou t o a ro o ed borrow u der Fa l ty B or t e r al a ou t out ta d o t at borrow .
Fa l ty C Loa	ea t e r al a ou t o a ro o ed borrow u der Fa l ty C or t e r al a ou t out ta d o t at borrow .
Fa l ty D Loa	ea t e r al a ou t o a ro o ed borrow u der Fa l ty D or t e r al a ou t out ta d o t at borrow .
Fa l ty Prov der	ea a y rov der o a Ba k Fa l ty
Fa led Roll Sto k	ea roll to k t at a ot bee a ta ed a orda e w t t a te a e ro ra e.
F al Ter	ea ea al ter ued relat o to ea Tra e o Bo d a d v deta l o t at Tra e o t e Bo d o t e ba o t e ro or a et out t e Dealer A ree e t or a y ot er ba a ay be a reed betwee t e uer a d t e Releva t Dealer( ) a d, relat o to a y art ular Tra e o t e Bo d , "**releva t F al Ter** " ea t e F al Ter a l able to t at Tra e.
F a e C ar e	ea , or a y a l able Releva t Per od or Releva t Forward Per od, t e a re ate a ou t o t e re urr a rued tere t,

o o , ee , d ou t , re ay e t ee , re u or ar e a d ot er a e ay e t re e t o Se or Debt w et er a d, ayable or a tal ed by a y e ber o t e Se ur ty Grou (al ulated o a o ol dated ba) re e t o t at Releva t Per od or Releva t Forward Per od:

(a) lud a y u ro t ee or o t w are luded a art o t e e e t ve tere t rate ad u t e t ;

(b) a y o t e t or ot er o o a ee re e t o t e Se or Debt;

( ) tak to a ou t a y o o et ay e t re e t o a y der vat ve tru e t;

(d) lud t e tere t (but ot t e a tal) ele e t o ay e t re e t o F a e Lea e ;

(e) lud a y o o , ee , d ou t a d ot er a e ay e t ayable by (a d dedu t a y u a ou t ayable to) a y e ber o t e Se ur ty Grou u der a y Hed A ree e t or ed tere t rate ;

( ) ex lud a y A qu t o Co t ;

( ) tak o a ou t o a y u real ed or real ed a or lo e o a y der vat ve tru e t ; a d

( ) ex lud a y tere t (a tal ed or ot erw e) re e t o a y Subord ated tra rou L ab l t e or Subord ated Debt,

a d o t at o a ou t all be added (or dedu ted) ore t a o e.

F a e Do u e t ea :

(a) t e Co o Do u e t ;

(b) ea Aut or ed Cred t Fa l ty;

( ) ea Bo d Tra a t o Do u e t ot er t a t e Dealer A ree e t a d ea Releva t Sub r t o A ree e t;

(d) ea a ree e t or ot er tru e t betwee a Borrower a d a Add t o al Se ured Cred tor or Add t o al Subord ated Debt Cred tor (a t e a e ay be);

(e) ea Subord ated Debt Guara tee;

( ) t e Sy d at o Strate y S de Letter;

( ) t e A ou t Ba k A ree e t a d a y ee letter a llary t ereto;

( ) a y a e d e t a d/or re tate e t a ree e t relat to a y o t e above do u e t ; a d

( ) a y ot er do u e t de ated a u by t e Se ur ty Tru tee a d t e Se ur ty Grou A e t.

F a e Lea e ea a y a e lea e (a deter ed by t e a l able e erally a e ted a ou t r le) e tered to by a Borrower re e t o w t t e le ee:

(a) re e t o Ra lway A et w o t ow a a a tal ed a ou t ex e o 5 er e t. o Co ol dated EB TDA or w e added to t e a tal ed a ou t o t e t e ex t a e lea e would ex eed a a re ate a tal ed a ou t o 25 er e t. o Co ol dated EB TDA; a d

(b) t e ou ter arty to w a a eded to t e ter o t e ST D a d t e Co o Ter A ree e t a a F a e Le or.

F a e Lea e Do u e t ea ea F a e Lea e e tered to o or a ter t e S Date to et er w t a y related or a llary do u e tat o .

F a e Lea e Out

ea , re e t o Ra lway A et ow ed by a Obl or, a lea e or re ur a e o tra t o u Ra lway A et to a t rd arty le ee o ar ' le t ter t e ord ary our e o bu e w would, a orda e w t t e A l able A ou t Pr le , be treated a a a e or a tal lea e ex e t or t e ollow (w all ot be la ed a F a e Lea e Out otw t ta d t e r ara ter at o a a e lea e u der A ou t Pr le):

(a) a y lea e or re ur a e o tra t o Ra lway A et w t tle to u Ra lway A et reta ed by a Obl or; a d

(b) a y lea e or re ur a e o tra t o Ra lway A et w ere t e le t o u lea e or re ur a e o tra t doe ot ex eed t e ra e er od o t e releva t TOC.

F a e Le or

ea a y er o e ter to a F a e Lea e w t a Borrower, a er tted by t e Co o Ter A ree e t a d t e ST D, w o a ede to t e ST D a d t e Co o Ter A ree e t a a F a e Le or (ea a **F a e Le o**r).

F a al Cove a t Rat o Level

ea :

(a) T e NP Te t a tated t e Co l a e Cert ate rodu ed re e t o a y Cal ulat o Date reater t a 75 er e t., u t l t e FA D ar e Date a d t erea ter 8 %, ub e t ea a e to Cure R t;

(b) T e Levera e Te t a tated t e Co l a e Cert ate rodu ed re e t o t e Releva t Per od reater t a 8. , ub e t to Cure R t; a d/or

( ) T e tere t Cover Te t a tated t e Co l a e Cert ate rodu ed re e t o t e Releva t Per od le t a 1.5 , ub e t to Cure R t.

F a al Cove a t Tr er ea :
Eve t

(a) t e NP Te t a at a y Cal ulat o Date reater t a 7 er e t.;

(b) t e Levera e Te t or a y Releva t Per od or Releva t Forward Per od or ore a t to be reater t a 7. ex e t relat o to t e r t a d e o d Cal ulat o Date , t e Levera e Te t or t e related Releva t Per od reater t a 7.25; or

( ) t e tere t Cover Te t or a y Releva t Per od or Releva t Forward Per od or ore a t to be le t a 1.75.

F a al debted e ea (w t out double- ou t) a y debted e or or re e t o :

(a) o ey borrowed or ra ed;

(b) a y do u e tary or ta dby letter o red t a l ty;

( ) a y a e ta e red t;

(d) a y bo d, ote, debe ture, loa to k or ot er lar tru e t;

(e) a y a e or a tal lea e or re ur a e o tra t w would, a orda e w t A l able A ou t Pr le , be treated a u ;

( ) a y a ou t ra ed ur ua t to a y ue o are w are a able o rede t o , ot er t a re e t o t e PPS S are ;

( ) re e vable old or d ou ted (ot er t a o a o -re our e ba);

( ) t e a ou t o a y l ab l ty re e t o a y adva e or de erred ur a e a ree e t e t er o e o t e r ary rea o or e ter to u a ree e t to ra e a e or t e releva t ay e t adva ed or de erred or a er od

ex e o 18 day or u lo er er od re e t o Ra lway A et a u ual t e o text o t u ly;

( ) a y ter at o a ou t due ro a y e ber o t e Se ur ty Grou re e t o a y Trea ury Tra a t o t at a ter ated;

( ) a y ot er tra a t o (lud a y orward ale or ur a e a ree e t) w a t e o er al e e t o a borrow (ot er t a a y trade red t or de ty ra ted t e ord ary our e o a Borrower' trad a d u o ter u ual or u trade);

(k) a y ou ter- de ty obl at o re e t o a y uara tee, de ty, bo d, letter o red t or a y ot er tru e t ued by a ba k or a al t tut o ; a d

a y uara tee, de ty or lar a ura e a a t a al lo o a y er o re e t o a y te re erred to ara ra (a) to (k) (lu ve) above (ot er t a a y uara tee or de ty ve re e t o obl at o owed by o e e ber o t e Se ur ty Grou to a ot er).

F a al Rat o

ea , t e rat o to be al ulated by re ere e to ea Cal ulat o Date a d a et out ea Co l a e Cert ate are a ollow :

(a) t e NP Te t a at t e Cal ulat o Date;

(b) t e Levera e Te t or t e Releva t Per od ed ately re ed u Cal ulat o Date a d t e Releva t Forward Per od ed ately ollow u Cal ulat o Date; a d

( ) t e tere t Cover Te t ed ately re ed u Cal ulat o Date or t e Releva t Per od a d t e Releva t Forward Per od ed ately ollow u Cal ulat o Date.

F a al State e t	ea , at a y t e, t e a re ated a al tate e t o t e Se ur ty Grou a d t e a al tate e t o a Releva t Obl or o t re e tly del vered to t e Se ur ty Tru tee a d ea Rat A e y ur ua t to t e Co o Ter A ree e t.
F a al Year	ea t e 12 o t e d o 31 De e ber ea year or u ot er er od a ay be a roved by t e Se ur ty Tru tee.
F Co Pare t	ea Ever olt F a e Hold L ted.
F Co Tra a t o A ou t	ea a a ou t w t t e A ou t Ba k t e a e o t e uer de ated a t e F Co Tra a t o A ou t.
F t	ea F t Rat L ted a d a y u e or to t e rat a e y bu e o F t Rat L ted.
FOC	ea Fre t O erat Co a e .
Forward Rat o	ea t e Levera e Te t a d t e tere t Cover Te t a al ulated by re ere e to a y Releva t Forward Per od.
FSMA	ea t e F a al Serv e a d Market A t 2 a a e ded.
Fu ded No -Obl or	ea 365Co a d a y ot er e ber o t e B dCo Grou w ot a Obl or.
Furt er E or e e t tru t o Not e	ea a ot e ro t e Se ur ty Tru tee, ollow re e t by t e Se ur ty Tru tee o a tru t o Not e, reque t a tru t o ro t e Qual y Se ured Cred tor (t rou t e r Se ured Cred tor Re re e tat ve) a to w et er t e Se ur ty Tru tee ould take a y urt er E or e e t A t o .
Global Bo d	ea a Te orary Global Bo d or a Per a e t Global Bo d, a t e a e ay be.
Grou Pay e t Arra e e t	ea a y arra e e t or o e e ber o u arra e e t to d ar e a y l ab l ty o ot er e ber to ay Tax (lud , or t e avo da e o doubt, a y arra e e t o t e ty e re erred to e t o 59F o t e Taxe

	Ma a e e t A t 197).
Grou Rel e	ea a y r t to urre der, allo ate or reallo ate Tax (lud u der e t o 171A o t e Taxat o o C ar eable Ga A t 1992) or rel e , lo e , allowa e , exe t o , et-o , dedu t o or red t o ut or a a t ro t or Tax (lud a ou t el ble or urre der u der e t o 99 o t e Cor orat o Tax A t 2 1 a d e t o 411 o t e Taxe Co ol dat o A t 1997 o rela d) betwee e ber o a rou or o ort u or ot er a o at o or Tax ur o e .
Guara tee	ea , relat o to ea Obl or, t e uara tee o u Obl or ve by t ur ua t to t e E l Law Se ur ty A ree e t.
Guara tor	ea ea Obl or w t re e t to t e Guara tee ve by t.
HAF	ea HSBC A et F a e (UK) L ted.
Hed e Cou ter art e	ea : (a) t e t al Hed e Cou ter art e ; a d (b) a y ou ter arty w a ede a ed e ou ter arty to t e ST D a d Co o Ter A ree e t a ed e ou ter arty a d **Hed e Cou ter arty** ea a y o u art e .
Hed A ree e t	ea a y Trea ury Tra a t o e tered or to be e tered to by a Obl or w t a Hed e Cou ter arty o l a e w t t e Hed Pol y.
H tor al Rat o	ea t e Levera e Te t a d t e tere t Cover Te t a al ulated by re ere e to a y Releva t Per od.
HLOS	ea H Level Out ut S e at o .
HMRC	ea HM Reve ue & Cu to (lud t rede e or , HM la d Reve ue a d HM Cu to & Ex e).

Hold Co a y	ea a old o a y w t e to 1159 o t e Co a e A t or re e to t e r Obl or ea a old o a y w t t e ea o e to 155 o t e r Co a e A t 1963 a a e ded.
HSBCR	ea HSBC Ra l (UK) L ted.
HS	ea H S eed & ter ty.
HST	ea H S eed Tra . T e a e ve to Br t Ra l' terC ty tra , a u a tured t e late 197 .
EP	ea ter ty Ex re Pro ra e.
FA D ar e Date	ea t e date o w Fa l ty A a d Fa l ty B u der t e t al Fa l ty A ree e t ave bee ully a d or d ar ed a d all o t e t o t e le der u der t e t al Fa l ty A ree e t ave ex red or bee a elled.
FA Eve t o De ault	ea ea o t e ollow t e eve t or r u ta e : ( ) a y a e law, or re ulat o , by-law, d re t ve or order or t o al or ud al ter retat o or ad trat o w would re ult a Mater al Adver e E e t; ( ) t e date all 2 day a ter t e Aud tor o t e B dCo Grou qual y t e aud ted a ual o ol dated a al tate e t o B dCo a y re e t w ater ally adver e to t e tere t o t e t al Fa l ty F a e Part e (ex e t re e t o a Aud tor' qual at o a to t e releva t Obl or' ab l ty to re a e a y F a al debted e a d/or to eet a al ove a t); a d ( ) a eve t or r u ta e w a a Mater al Adver e E e t
FA Tr er Eve t	ea a NP Dee ed Tr er Eve t a d/or a Cred t Dow rade Tr er Eve t.

FRS	ea ter at o al a ou t ta dard w t t e ea o AS Re ulat o 16 6/2 2.
de e de t Ex ert	ea o e o : (a) Steer Dav e Gleave (re e t o reve ue ro e t o); (b) KPMG (re e t o a al a u t o); ( ) ter leet (re e t o te al a u t o); or (d) u ot er ex ert a t e Se ur ty Tru tee a d/or t e t al Fa l ty A e t (a t e a e ay be) a d t e Se ur ty Grou A e t ay a ree ro t e to t e ood a t . to u dertake a rev ew o t e releva t Co l a e Cert ate, a d t e a u t o a d or at o o w t e tate e t u Co l a e Cert ate are ade, to deter e w et er t e tate e t ade t e Co l a e Cert ate are a urate all ater al re e t (t e " **ve t at o Ma date**").
d v dual Bo d Cert ate	ea , relat o to a y Tra e o Re ulat o S Bo d w are Re tered Bo d , a d v dual bo d ert ate re re e t t e Re ulat o S Bo d o u Tra e t e or or ub ta t ally t e or et out t e Bo d Tru t Deed.
t al Fa l t e	ea ea loa to be adva ed by t e t al Fa l ty Prov der to t e uer ur ua t to t e t al Fa l ty A ree e t.
t al Fa l ty A e t	ea Créd t A r ole Cor orate a d ve t e t Ba k a a l ty a e t or t e Le der .
t al Fa l ty A ree e t	ea t e a l ty a ree e t dated o or arou d t e S Date betwee , a o t ot er , t e t al Fa l ty Prov der a d t e uer.

t al Fa l ty F a e Part e ea t e t al Fa l ty Prov der a d t e t al Fa l ty A e t.

t al Fa l ty Prov der ea a rov der o o e or ore t al Fa l t e to t e uer ur ua t to t e t al Fa l ty A ree e t.

t al F a al debted e ea :

(a) F a al debted e urred u der a y F a e Do u e t e tered to o or r or to t e Clo Date; a d

(b) t e 365Co Loa .

t al Hed e Cou ter arty ea

( ) Créd t A r ole Cor orate a d ve t e t Ba k;

( ) NG Ba k N. .;

( ) Lloyd TSB Ba k l ;

(v) Royal Ba k o Ca ada;

(v) T e Royal Ba k o S otla d l ;

(v) So été Gé érale ; a d

(v) SMBC N kko Ca tal Market L ted

w t w o t e Obl or (or a y o t e) w ll e ter to t e t al Hed A ree e t a orda e w t t e Hed Pol y o t e t al Hed Date.

t al Hed A ree e t ea t e 1992 SDA Ma ter A ree e t a d t e S edule t ereto e tered to o t e S Date betwee o e or ore Obl or a d t e t al Hed e Cou ter art e .

t al Hed Date ea t e date, ollow t e S Date, o w o r at o are e tered to ur ua t to t e t al Hed A ree e t .

t al ue Date ea t e date u o w t e r t Tra e o Bo d ued by t e uer.

olve y A t ea t e olve y A t 1986

olve y Eve t ea , re e t o a y o a y:

(a) t e re e tat o o a et t o or a l at o or t e ak o a ad trat o order w ro eed are ot be o te ted ood a t a d w ot d ar ed or tru k out w t 6 day o o e e e t or, t e a e o a et t o or ad trat o , o or r or to t e date xed or t e ear t ereo ;

(b) t e v o ot e o a o t e t o a ad trator or t e ak o a ad trat o order or a ad trator be a o ted re e t o u o a y;

( ) t e v o ot e o a o t e t o a exa er or t e ak o a order or exa er be a o ted re e t o u o a y;

(d) a e u bra er tak o e o o t e w ole or a ater al art o t e u dertak or a et o u o a y;

(e) a y d tre , exe ut o , atta e t or ot er ro e be lev ed or e or ed or o ed u o or a a t t e w ole or a y ub ta t al art o t e u dertak or a et o u o a y a d u order, a o t e t, o e o or ro e (a t e a e ay be) ot be d ar ed or ot erw e ea to a ly w t 3 day ;

( ) t e ak o a arra e e t, o o t o , e e o arra e e t, reor a at o w t or o veya e to or a e t or t e red tor o u o a y e erally or t e ak o a a l at o to a ourt o o ete t ur d t o or rote t o ro t e red tor o u o a y e erally;

( ) t e a by u o a y o a e e t ve re olut o or t e ak o a order by a ourt o o ete t ur d t o or t e w d u , ad trat o ,

exa er , l qu dat o or d olut o o u o a y;

( ) t e a o t e t o a olve y O al relat o to u o a y or relat o to t e w ole or a y ub ta t al art o t e u dertak or a et o u o a y;

( ) ave a er tted t e ST D, t e e at o or u e o o ay e t o t debt e erally or a ubl a ou e e t by u o a y o a te t o to do o; or

( ) ave a rov ded t e ST D, a orator u de lared re e t o a y debted e o u o a y.

olve y O al ea , o e t o w t a y olve y Pro eed relat o to a o a y, a l qu dator, rov o al l qu dator, ad trator, ad trat ve re e ver, re e ver, a a er, o ee, u erv or, tru tee, o ervator, uard a , exa er or ot er lar o al re e t o u o a y or re e t o all (or ub ta t ally all) o t e o a y' a et or re e t o a y arra e e t or o o t o w t red tor .

olve y Pro eed ea , re e t o a y o a y, t e w d -u , l qu dat o , d olut o , ad trat o or exa er o u o a y, or a y equ vale t or a alo ou ro eed u der t e law o t e ur d t o w u o a y or orated or o a y ur d t o w u o a y, arr e o bu e .

tru t o Not e ea a ot e ve by a y Qual y Se ured Cred tor w by t el or to et er w t a y ot er Qual y Se ured Cred tor( ) or are owed Qual y Se ured Debt av a a re ate Out ta d Pr al A ou t o at lea t l er e t o t e a re ate Out ta d Pr al A ou t o all Qual y Se ured Debt t e out ta d , to t e Se ur ty Tru tee to tru t t e Se ur ty Tru tee to exer e a y o t e r t ra ted

to t u der t e Co o Do u e t .

ura e Pro eed ea a y ro eed re e t o a y la re e ved by a y e ber o t e Se ur ty Grou u der or ur ua t to a y ura e ol y (or equ vale t) a ter t e S Date, a ter dedu t o o :

(a) a y rea o able ex e e (lud le al ee) w are urred by a y e ber o t e Se ur ty Grou w t re e t to t at la to er o w o are ot e ber or A o ate o t e B dCo Grou ; a d

(b) a y Tax urred a d requ red to be a d or re erved or by a y e ber o t e B dCo Grou w t re e t to t at la ,

but ex lud a y ro eed o a y la :

(a) relat o to t rd arty l ab l t e t at are a tually a l ed or to be a l ed to eet u l ab l t e ;

(b) relat o to o eque t al lo ol e t at are a tually a l ed or to be a l ed to over o erat lo e , lo o ro t or bu e terru t o ;

( ) relat o to y al lo ol e t at are, or are to be, a l ed toward t e re a r, re tate e t or re la e e t o a a et to over, or ot erw e a el orat o o u lo ;

(d) a d d re tly by a y urer to a t rd arty la a t.

ura e Pro eed A ou t ea a a ou t w t t e A ou t Ba k t e a e o Ma tCo (a d a y related u tody a ou t o u a ou t o e ed to old Aut or ed ve t e t a d/or Ca Equ vale t ve t e t), de ated a t e ura e ro eed a ou t.

ura e ea , a t e o text ay requ re, a y or all o t e ura e de r bed or take out ur ua t to t e Co o Ter A ree e t a d a y ot er o tra t or ol y o ura e take out by a Obl or ro t e to t e,

lud ea a e a y uture re ewal or re la e e t o a y u ura e w et er w t t e a e or d ere t urer a d w et er o t e a e or d ere t ter a urt er de ed t e Co o Ter A ree e t.

tere t Cover Te t ea , re e t o a y Releva t Per od or a y Releva t Forward Per od, t e rat o o Co ol dated Ad u ted EB TDA to Net tere t Payable.

tra-Se ur ty Grou Loa ea t e r al a ou t o all adva e ro t e to t e out ta d u der a tra-Se ur ty Grou Loa A ree e t.

tra-Se ur ty Grou Loa A ree e t ea a y loa a ree e t e tered to betwee Obl or .

ve t at o Per od ea , t e eve t t at a C alle e ade, t e er od ro t e date o u C alle e u t l t e earl er o :

(a) t e date o w ve t at o re e t o t at C alle e are o leted to t e rea o able at a t o o t e Se ur ty Tru tee or t e t al Fa l ty A e t (a t e a e ay be);

(b) t e date o w t e de e de t Ex ert a ou e t o lu o re e t o a Co r ed Cert ate; a d

( ) t e date ollow ex ry o t e re- tated C alle e Per od a ter a re- tated Co l a e Cert ate a bee del vered.

ve t e t Co a y A t ea t e ve t e t Co a y A t o 194 o t e USA.

ve t e t ea :

(a) e ur t e a d ve t e t o a y k d (lud are , to k, debe ture , u t , de o tary re e t , bo d , ote , o er al a er a d ert ate o de o t);

(b) warra t , o t o or ot er r t to

ub r be or, ur a e or ot erw e a qu re e ur t e a d ve t e t ;

( ) all r t relat to e ur t e a d ve t e t w are de o ted w t , or re tered t e a e o , a y de o tary, u tod a , o ee, lear ou e or y te , ve t e t a a er, ar ee or ot er lar er o or t e r o ee, ea a e w et er or ot o a u ble ba (lud r t a a t a y u er o); a d

(d) all ot er r t atta or relat to e ur t e or ve t e t a d all a or ot er e ur t e or ve t e t t e uture der v ro ve t e t or u r t ,

ea a e ow or t e uture ow ed by t or (to t e exte t o t tere t) w t ow or t e uture a a tere t (ex lud t e Se ur ty S are).

ve tor Re ort — ea t e re ort del vered to t e Se ur ty Tru tee, t e uer, t e Bo d Tru tee a d ea Rat A e y by t e Se ur ty Grou A e t (o be al o ea Obl or) ur ua t to t e Co o Ter A ree e t.

r Obl or — ea t e Obl or or orated t e Re ubl o rela d a d **r Obl or** ea a y o e o t e .

ue Date — ea t e date o ue o a y Tra e o Bo d or t e date u o w all o d to re ede t to a ut l at o u der a y Aut or ed Cred t Fa l ty ave bee ul lled or wa ved a d t e uer ake a ut l at o o t at a l ty.

uer — ea Ever olt Fu d l .

LC Ca Collateral A ou t — ea a a ou t o a C ar or w t a y ba k or a al t tut o eld o e t o w t ara ra (v) o t e de t o o Per tted Se ur ty tere t.

Levera e Te t — ea , re e t o a y Releva t Per od or a y Releva t Forward Per od, t e rat o o

Co ol dated Net Debt to Co ol dated EB TDA.

L t ea a l t o a y ve t e t ex a e or a y ot er ale or ue by way o lotat o or ubl o er or a y equ vale t r u ta e relat o to a y e ber o t e Se ur ty Grou or a y old o a y o a y e ber o t e Se ur ty Grou a y ur d t o or ou try.

Lo k-U A ou t ea a a ou t w t t e A ou t Ba k t e a e o Ma tCo (a d a y related u tody a ou t o u a ou t o e ed to old Aut or ed ve t e t or Ca Equ vale t ve t e t), de ated a t e lo ku a ou t by t e Se ur ty Grou A e t a d t e Se ur ty Tru tee.

Lo do Sto k Ex a e ea T e Lo do Sto k Ex a e l .

Ma tCo ea Ever olt Ra l (UK) L ted.

Ma te a e Pro ure e t Co tra t ea t e a te a e a d ro ure e t o tra t l ted at S edule l o t e E l Law Se ur ty A ree e t a d a y a te a e ro ure e t o tra t e tered to a ter t e date ereo w t tra o erat o a e or re t o erat o a e w ereby a y e ber o t e Se ur ty Grou a ree to ro ure eavy a te a e relat o to Roll Sto k, ea a e, a ay be a e ded ro t e to t e.

Ma or ty Le der ea a Le der or Le der w o e Total Co t e t a re ate ore t a 66⅔ er e t. o t e Total Co t e t (or, t e Total Co t e t ave bee redu ed to zero, a re ated ore t a 66⅔ er e t. o t e Total Co t e t ed ately r or to t at redu t o).

Ma or ty Requ re e t ea :

(a) re e t o a Ord ary ot Matter, a le a or ty o t e oted Qual y Se ured Debt;

(b) re e t o a Extraord ary ot Matter, at lea t 66.67 er e t o t e oted Qual y Se ured Debt;

( ) re e t o a E or e e t tru t o Not e or Furt er E or e e t tru t o Not e:

( ) at lea t 66.67 er e t o t e oted Qual y Se ured Debt, re e t o a y E or e e t tru t o Not e or Furt er E or e e t tru t o Not e del vered r or to 6 o t ro t e date o t e o urre e o t e u re ed ed Eve t o De ault;

( ) 5 er e t. o t e oted Qual y Se ured Debt re e t o a y E or e e t tru t o Not e or Furt er E or e e t tru t o Not e del vered o or a ter 6 o t but r or to 12 o t ro t e date o t e o urre e o t e u re ed ed Eve t o De ault; or

( ) 2 er e t. o t e oted Qual y Se ured Debt re e t o a y E or e e t tru t o Not e or Furt er E or e e t tru t o Not e del vered o or a ter 12 o t ro t e date o t e o urre e o t e u re ed ed Eve t o De ault, a t e a e ay be,

	rov ded t at, ea a e, a oo a t e Se ur ty Tru tee a re e ved vote avour o a ST D Pro o al re e t o a E or e e t tru t o Not e or Furt er E or e e t tru t o Not e ro t e Qual y Se ured Cred tor re re e t t e u a or ty er e ta e o t e a re ate Out ta d Pr al A ou t o all Qual y Se ured Debt a e ed t ub- lau e, o urt er vote w ll be ou ted by t e Se ur ty Tru tee or take to a ou t otw t ta d t e a t t at t e Se ur ty Tru tee a yet to re e ve vote ro all Qual y Se ured Cred tor (t rou t e r Se ured Cred tor Re re e tat ve) re e t o t e releva t Qual y Se ured Debt.
Ma datory Pre ay e t A ou t Led er	ea t e led er o t e Bo d De ea a e A ou t e t tled "Ma datory Pre ay e t A ou t" to w a ou t are red ted/deb ted a orda e w t t e Co o Ter A ree e t (a de r bed t e "*Su ary o t e F a A ree e t – Co o Ter A ree e t*".
Ma u a tur a d Su ly A ree e t	ea t e a u a tur a d u ly a ree e t l ted at S edule l o t e E l Law Se ur ty A ree e t a d a y a u a tur a d u ly a ree e t e tered to a ter t e date ereo re e t o t e a u a ture o ew Roll Sto k a qu red or to be a qu red by t e Se ur ty Grou a d related tra erv e a ree e t , ea a e, a ay be a e ded ro t e to t e.
Mater al Adver e E e t	ea t e e e t o a y eve t or r u ta e w ater ally adver e to: (a) t e bu e , a et or a al o d t o o t e Se ur ty Grou take a a w ole; or (b) (tak to a ou t t e re our e ava lable to t ro ot er e ber o t e Se ur ty Grou) t e ab l ty o a Obl or to er or t ay e t obl at o u der a y F a e Do u e t or to o ly w t t e F a al Cove a t Rat o Level ; or

( ) t e le al ty, val d ty or e or eab l ty (ub e t to t e Re ervat o) o a y F a e Do u e t a a er w re ud al a y ater al re e t to t e tere t o t e Se ured Cred tor .

rov ded t at, to t e exte t t e Se ur ty Tru tee tru ted to take a y a t o ur ua t to a ST D Pro o al or Extraord ary ot Matter or Ord ary ot Matter a d a y u a t o requ re t e deter at o o w et er a eve t or o urre e av a Mater al Adver e E e t, t e Se ur ty Tru tee all ave o duty to e qu re or at y t el a t e ex te e o a eve t or o urre e a a Mater al Adver e E e t a d all be e t tled to rely o lu vely u o u tru t o re ard t e a e (ub e t alway to t e rov o o t e ST D).

Mater al Ma te a e Co tra t ea a y a ree e t or t e u ly o eavy a te a e erv e to a y e ber o t e Se ur ty Grou w (a) are e e ary order to e able a y e ber o t e Se ur ty Grou to er or t obl at o u der O erat Lea e or Ma te a e Pro ure e t Co tra t to ro ure eavy a te a e relat o to Roll Sto k a d (b) u der w t e total o tra t value ex e o £1 , , .

Mater al Su ly Co tra t ea :

(a) a y Ma te a e Pro ure e t Co tra t;

(b) a y Ma u a tur a d Su ly A ree e t; a d

( ) a y Mater al Ma te a e Co tra t.

Max u Pe o L ab l ty A ou t ea t e a re ate a ou t ayable to t e Pe o Tru tee ro t e ro eed o real at o or e or e e t o all or art o t e Se ur ty w all ot ex eed £2 , , .

Me ber State ea t e e ber tate o t e EU.

M u S ort-ter Rat ea , re e t o a y er o , u er o ' ort-ter u e ured debt obl at o be

rated, t e a e o S&P, “A-2”, t e a e o Moody’ , “P-1” a d t e a e o F t , “F1” or at lea t a y two o t e above.

Mo t ea a er od tart o o e day a ale dar o t a d e d o t e u er ally orre o d day t e ext ale dar o t , ex e t t at:

(a) ub e t to ara ra ( ) below, t e u er ally orre o d day ot a Bu e Day, t at er od all e d o t e ext Bu e Day t at ale dar o t w t at er od to e d t ere o e, or t ere ot, o t e ed ately re ed Bu e Day;

(b) t ere o u er ally orre o d day t e ale dar o t w t at er od to e d, t at er od all e d o t e la t Bu e Day t at ale dar o t ; a d

( ) a tere t Per od be o t e la t Bu e Day o a ale dar o t , t at tere t Per od all e d o t e la t Bu e Day t e ale dar o t w t at tere t Per od to e d.

Moody’ ea Moody’ ve tor Serv e L ted a d a y u e or to t e rat a e y bu e o Moody’ ve tor Serv e L ted.

Network Ra l ea Network Ra l, t e or a at o ow a d a a t e xed a et (tra k , al , tat o et .) o t e ra lway etwork.

Net D o al Pro eed ea t e et a o derat o re e ved by a y e ber o t e Se ur ty Grou (lud a y a ou t re e vable re ay e t o ter o a y debt owed to t e eller er tted by t e ter o t e F a e Do u e t w ere u re ay e t o ter o a y debt re le ted t e ur a e r e) or a y d o al ade by a y e ber o t e Se ur ty Grou ur ua t to ara ra (a), (b), ( ), (k), (l) a d ( ) o t e de t o o Per tted D o al a ter dedu t w t out

double ou t :

(a) a y rea o able ex e e (lud le al ee , a e t ' o o , aud tor ' ee , redu da y o t , lo ure o t , re-tru tur o t a d re-or a at o o t) w are:

( ) urred by a y e ber o t e Se ur ty Grou a bo a de ar ' le t ba d re tly o e to w t u Per tted D o al; a d

( ) a tually a d by u e ber o t e Se ur ty Grou to er o w o are ot e ber or A l ate o t e B dCo Grou ;

(b) a y Tax urred a d requ red to be a d or re erved or by a y e ber o t e Se ur ty Grou w t re e t to t at Per tted D o al; a d

( ) a y Tax w a e ber o t e Se ur ty Grou ould be o e l able or w t re e t to t at Per tted D o al u der ( ) e t o 19 o t e Taxat o o C ar eable Ga A t 1992, ( ) e t o 795 o t e Cor orat o Tax A t 2 9, ( ) ara ra 8 o S edule 34 to t e F a e A t 2 2, (v) ara ra 5 o S edule 7 to t e F a e A t 2 3, or (v) a y ot er equ vale t rov o t e U ted K do or rela d t at t e releva t o a y able to de o trate, to t e at a t o o t e Se ur ty Tru tee (lud rov d a y e e ary u ort le al a d/or tax o o addre ed to a d at a tory or a d ub ta e to t e Se ur ty Tru tee), ould real t ally ve r e to a ater al tax l ab l ty o a e ber o t e Se ur ty Grou , ea a e re e t o w a d to t e exte t t at re erve are requ red to be a ta ed a orda e w t t e A l able A ou t Pr le u t l u t e a u l ab l ty o lo er a able o ar ;

(d) a y de erred o derat o (but o ly u t l re e ved, at w o t u o derat o all o t tute Net D o al Pro eed);

(e) a y a ou t eld e row or eld a a ou t or warra ty la (but o ly u t l relea ed ro e row or u a ou t , at w o t u a ou t all o t tute Net D o al Pro eed);

( ) a y a ou t ow to t e Pe o Tru tee o e t o w t t at Per tted D o al;

( ) a y a ou t o re erve or a y rov o ade o a ou t o a y de ty la or ot er ur a e r e ad u t e t u t l u a ou t relea ed ro u re erve or rov o or t e releva t de ty la d ar ed or o lo er a l able or t e releva t ur a e r e ad u t e t o lo er a l able, at w o t t e a ou t o u re erve or rov o or ur a e r e ad u t e t all o t tute Net D o al Pro eed ; a d

( ) ot er rov o or l ab l ty o e t o w t d o al o u a et u t l u t e a u rov o or t e releva t l ab l ty o lo er requ red, at w o t t e a ou t o u rov o all o t tute Net D o al Pro eed .

Net tere t Pa d ea , or a y Se -A ual Per od, F a e C ar e or u Se -A ual Per od, ave t at o ly F a e C ar e a tually a d (a d ot ayable or a tal ed) w ll be take to a ou t t e al ulat o o u a ou t.

Net tere t Payable ea , or a y Releva t Per od, Releva t Forward Per od or Se -A ual Per od, t e a re ate o F a e C ar e (w et er a d or ayable by a y e ber o t e Se ur ty Grou) or t at Releva t Per od, Releva t Forward Per od or Se -A ual Per od:

dedu t

(a) a y tere t a rued t at Releva t Per od or Releva t Forward Per od to a y e ber o t e Se ur ty Grou o Ca , Ca Equ vale t ve t e t or t e A ou t (u le u tere t ot er tted to be w t draw ro u A ou t a d t ere ore ot able to be take to a ou t deter Ex e Ca low o t e Obl or);

(b) a y tere t a rued t at Releva t Per od or Releva t Forward Per od to a y e ber o t e Se ur ty Grou ro a T rd Party;

ex lud

( ) a y u ro t ee or o t (lud a y Re a Co t);

(d) a y a tal ed tere t o a y debt a d a y ot er o - a F a e C ar e dur t e Releva t Per od, Releva t Forward Per od or Se -A ual Per od, a t e a e ay be;

(e) a y tere t ay e t or re e t re e t o F a al debted e betwee Obl or ;

( ) a y o - a o e a rued dur t e Releva t Per od, Releva t Forward Per od or Se -A ual Per od, a t e a e ay be;

( ) a y tere t or ot er o t ayable re e t o Subord ated Debt a d/or Add t o al Co tr but o ,

a d o t at o a ou t w ll be added or dedu ted ore t a o e.

No -Ba e Curre y ea a urre y ot er t a Sterl .

NP Dee ed Tr er Eve t ea a eve t w all o ur t e NP Te t a at a y Cal ulat o Date reater t a :

( ) ro (a d lud) 3 Ju e 2 11, to (but ex lud) 3 Ju e 2 12, 69 er

e t.;

( ) ro (a d lud) 3 Ju e 2 12, to (but ex lud) 3 Ju e 2 13, 68 er e t.;

( ) ro (a d lud) 3 Ju e 2 13, to (but ex lud) 3 Ju e 2 14, 67 er e t.;

(v) ro (a d lud) 3 Ju e 2 14, to (but ex lud) 3 Ju e 2 15, 66 er e t.; a d

(v) ro (a d lud) 3 Ju e 2 15, 65 er e t.

NP o Ca tal Re tal w ll at a y t e be:

(a) t e re e t value (d ou ted at t e t e urre t we ted avera e o t o Se or Debt, lud ed arra e e t) o t e a tual a d ex e ted a tal (o a te a e) re tal to be e erated by t e Ra lway A et o t e Se ur ty Grou (ex lud a y re tal to be e erated re e t o t e 365Co Fleet) a d a y ew roll to k u t o order, rov ded a y u ew u t o order are to be ow ed by a e ber o t e Se ur ty Grou a d are ub e t to a O erat Lea e or a S adow Lea e (rov ded u O erat Lea e or S adow Lea e ( ) a a u ter o t ree year ro t e date o t e exe ut o o u lea e or ( ) to et er w t t e er od o u ort u der a u dertak ur ua t to e t o 54 o t e Ra lway A t 1993 ra ted by t e Se retary o State or Tra ort or t e S ott ter re e t o t e releva t roll to k, a a u ter o t ree year ro t e date o t e exe ut o o u lea e)

le

(b) t e re e t value (d ou ted at t e t e urre t we ted avera e o t o t e Se or Debt, lud ed arra e e t) o a tal ex e d ture o

	roll to k a u ed arr v at t e a tual a d ex e ted a tal (o - a te a e) re tal re erred to ara ra (a) above (ex lud a y o tted a tal ex e d ture relat to t e 365Co Fleet) over t e a e er od, a al ulated by t e Se ur ty Grou A e t.
NP Te t	ea , re e t o a y Cal ulat o Date, t e rat o, ex re ed a a er e ta e, o Co ol dated Net Debt to NP o Ca tal Re tal .
Obl or	ea a y o B dCo (ollow Co let o), t e uer, F Co Pare t, Ra l HoldCo, Ma tCo, De otCo, 38 Co, ERFL Hold , ERFL or ERFL GB a d a y ot er er o w o a ede to, *ter al a*, t e Co o Ter A ree e t a d t e ST D a a Obl or a orda e w t t e ter o t e F a e Do u e t a d **Obl or** ea all o t e .
Obl or A ou t	ea ea o t e: ( ) t e Bo d De ea a e A ou t; ( ) t e D o al Pro eed A ou t; ( ) t e ura e Pro eed A ou t; (v) t e A qu t o Cla A ou t; a d (v) t e Lo k-U A ou t.
O -lea e	ea roll to k w ot urre tly lea ed.
O erat Lea e	ea a lea e o Roll Sto k by a e ber o t e Se ur ty Grou to a TOC or FOC, (or, t e a e o a y Tra k Ma te a e Equ e t, to a tra k a te a e o tra tor), a a e ded ro t e to t e.
O erat o al Hed e Cou ter art e	ea a y ou ter arty to a O erat o al Hed A ree e t a d **O erat o al Hed e Cou ter arty** ea a y o u art e .
O erat o al Hed A ree e t	ea a y Per tted Trea ury Tra a t o e tered or to be e tered to by a Obl or o l a e w t t e Hed Pol y to ed e

o erat o al r k (but ot re e t o F a al debted e).

Ord ary Cour e o Bu e debted e

(a) F a al debted e urred betwee Obl or ;

(b) t e e dor e e t o e ot able tru e t t e ord ary our e o trade;

( ) uara tee avour o re ulatory aut or t e , lo al aut or t e or u to aut or t e ve t e ord ary our e o bu e a d ot re e t o F a al debted e ;

(d) a ool arra e e t betwee Obl or ;

(e) a y F a al debted e ar u der a y ou ter- de ty re e t o a y letter o red t or adva e ay e t bo d by a y Obl or t e ord ary our e o bu e (lud re e t o t e PPS are);

( ) a y uara tee re e t o Per tted F a al debted e (ot er t a Subord ated Debt a d Subord ated tra rou L ab l t e);

( ) a y uara tee o t e er or a e o a y e ber o t e Se ur ty Grou u der a y o tra t or ve ur ua t to a y o tra t (ot be re e t o F a al debted e) e tered to t e ord ary our e o bu e ;

( ) e o u d o t e t ;

( ) a y uara tee ve o e t o w t a y re u erat o e e or a a e e t e t ve la ru by a Obl or (ub e t to a a re ate ax u l ab l ty o £3, , (RP dexed));

( ) a y F a al debted e o a er o a qu red by a e ber o t e Se ur ty Grou a ter t e Clo Date w urred u der arra e e t ex te e

at t e date o a qu t o but ot urred or rea ed or t atur ty date exte ded o te lat o o , or e, t e a qu t o , a d out ta d o ly or a er od o 6 o t ollow t e date o a qu t o ;

(k) a y de t e ve or l ab l t e urred o e t o w t t e ale o a y Obl or or a y a et o a y Obl or (rov ded t at u ale a orda e w t t e ter o t e Co o Ter A ree e t a d o ar ' le t o er al ter);

(l) a y uara tee r or to t e Clo Date w ave bee d lo ed t e D lo ure Letter a d re e t o w t e l ab l t e or durat o o u uara tee ave ot bee rea ed;

( ) a y uara tee ve re e t o a d re tor' or a e loyee' obl at o rov ded t doe ot ex eed £3, , (RP dexed);

( ) a y ex t F a al debted e o t e Obl or w out ta d w to be re a ed o or arou d t e Clo Date;

(o) a y F a al debted e urred ur ua t to a Per tted F a e Lea e;

( ) a y F a al debted e u der a y ta dby letter o red t a l ty o lar a llary a l ty ued relat o to Per tted F a al debted e ;

(q) F a al debted e urred by a e ber o t e Se ur ty Grou ot ot erw e allowed by t e re ed ex e t o u der w t e a re ate l ab l ty o t e e ber o t e Se ur ty Grou doe ot ex eed £2 , , (RP dexed), lud a y F a al debted e o t tuted by t e uara tee o Per tted Jo t e ture or loa ro Fu ded No -Obl or ;

(r) a y uara tee or de t e ve to t e Pe o Tru tee t e Pe o Do u e t ; a d

( ) a y ex o ure u der O erat o al Hed A ree e t to t e exte t t at u ex o ure ar e u der O erat o al Hed A ree e t w ere t e releva t O erat o al Hed e Cou ter arty a ot a eded to t e Co o Do u e t .

Ord ary Re olut o ea , w ere t e Quoru Requ re e t or a Ord ary ot Matter at ed, a re olut o re e t o a Ord ary ot Matter w ay be a ed by a le a or ty o t e oted Qual y Se ured Debt a orda e w t t e ST D.

ORR ea t e O e o Ra l Re ulat o . T e ORR over ee overall re ulat o o t e UK ra l du try to rote t t e tere t o ra l u er a d to ro ote e e y t e rov o o ra lway erv e .

Ot er debted e ea a y F a al debted e (lud u der a y F a e Lea e) urred a orda e w t t e Add t o al Debt urre e Te t w ot Ca tal Ex e d ture debted e , Work Ca tal debted e or Re a debted e but ex lud Ord ary Cour e o Bu e debted e .

Out ta d Pr al A ou t ea , a at a y date t at t e a e all to be deter ed a orda e w t t e ST D:

(a) re e t o a y Tra e o Bo d , t e r al a ou t out ta d (or t e Equ vale t A ou t) o t e Bo d o t tut u Tra e o Bo d ; a d, re e t o a Bo d, t e r al a ou t out ta d (or t e Equ vale t A ou t) o u Bo d;

(b) re e t o a y Aut or ed Cred t Fa l ty w a loa :

( ) re e t o a E or e e t tru t o Not e, Furt er E or e e t tru t o Not e or

a E or e e t Per od o t u t e r al a ou t out ta d (or t e Equ vale t A ou t) o u Aut or ed Cred t Fa l ty;

( ) re e t o a Ord ary Re olut o , Extraord ary Re olut o , tru t o Not e or D re t o Not e w e , ea a e, a E or e e t Per od ot o t u , t e a re ate o ( ) r al a ou t out ta d (or t e Equ vale t A ou t) o u Aut or ed Cred t Fa l ty a d ( ) t e total u draw o t e t u der u Aut or ed Cred t Fa l ty;

( ) re e t o a y Hed A ree e t or O erat o al Hed A ree e t:

( ) a E or e e t Per od ot o t u , zero;

( ) a E or e e t Per od o t u , t e reater o zero a d t e et a re ate a ou t (or Equ vale t A ou t) owed (or dee ed owed) by t e Obl or to u Hed e Cou ter arty or O erat o al Hed e Cou ter arty a t e a e ay be re e t o t e ark-to- arket value o all Tra a t o (a de ed t e Hed A ree e t or O erat o al Hed A ree e t a t e a e ay be) betwee u Obl or a d t e Hed e Cou ter arty o t e ba t at a Early Ter at o Date (a de ed t e Hed A ree e t or O erat o al Hed A ree e t a t e a e ay be) re ult ro a Eve t o De ault w t t e Obl or a t e De ault Party (ea a de ed t e Hed A ree e t or O erat o al Hed A ree e t a t e a e ay be) o urred (or dee ed to

ave o urred):

A. t e a e o Hed A ree e t or O erat o al Hed A ree e t a t e a e ay be re e t o w a Early Ter at o Date (a de ed t e Hed A ree e t or O erat o al Hed A ree e t a t e a e ay be) a ot a tually o urred, o t e r t day o u E or e e t Per od; a d

B. t e a e o Hed A ree e t or O erat o al Hed A ree e t a t e a e ay be) re e t o w a Early Ter at o Date (a de ed t e Hed A ree e t or O erat o al Hed A ree e t a t e a e ay be)) a a tually o urred, o t e date o u o urre e;

(d) re e t o ea F a e Lea e, t e Equ vale t A ou t out ta d o e t er:

( ) r or to t e del very o a E or e e t Not e a d ub e t to a y rea e or redu t o al ulated a orda e w t t e ST D, t e e t ter at o value w ay all due dur t e Re tal Per od e o a u date, al ulated u o t e a u t o et out t e a low re ort rov ded by t e releva t F a e Le or o t e r t day o ea u Re tal Per od (or t e o t re e tly e erated a low re ort w urre t o u date); or

( ) ollow t e del very o a E or e e t Not e (ot er t a a Per tted F a e Lea e Ter at o), t e a tual a ou t (a y) t at would be ayable to t e releva t F a e Le or re e t

o a ter at o o t e lea o t e Equ e t o t e date o w u E or e e t Not e del vered (ot er t a a Per tted F a e Lea e Ter at o); a d

(e) re e t o a y ot er Se or Debt, t e Ba e Curre y Equ vale t A ou t o t e r al a ou t out ta d o u debt;

( ) re e t o t e Subord ated Debt, t e Ba e Curre y Equ vale t A ou t o t e r al a ou t out ta d o u Subord ated Debt,

all a o t re e tly ert ed or ot ed to t e Se ur ty Tru tee, w ere a l able, ur ua t to t e ST D.

Part at Me ber State ea a y e ber tate o t e Euro ea Co u t e t at ado t or a ado ted t e euro a t law ul urre y a orda e w t le lat o o t e Euro ea Co u ty relat to E o o a d Mo etary U o .

Pay e t Date ea ea date o w a ay e t ade or eduled to be ade by a Obl or re e t o a y obl at o or l ab l ty u der a y Aut or ed Cred t Fa l ty.

Pe o Do u e t ea t e Pe o Tru t (a et out t e S edule to t e Ra lway Pe o S e e Order 1994 (S No. 1433)), t e Rule o t e HSBC Ra l (UK) L ted S ared Co t Se t o o t e Pe o S e e, t e S edule o Co tr but o , a deed o art at o a d e at o o art at o a d a e o de ated e loyer betwee , a o t ot er , t e Pe o Tru tee a d Ma tCo dated o or about t e S Date (t e "**Part at o Deed**") a d t e deed o u dertak a d uara tee betwee , a o t ot er , F o Pare t a d t e Pe o Tru tee (t e "**Deed o U dertak** " a d, to et er w t t e Part at o Deed, t e "**Pe o Deed** ").

Pe o te ea a y o e or ar e attr butable to a

o t-e loy e t be e t e e.

Pe o L ab l t e

ea all re e t a d uture l ab l t e a tually or o t e tly due to t e Pe o Tru tee w et er owed o tly or everally a d a y a a ty w at oever, ow oever ar w et er u der t e over do u e tat o o t e Pe o S e e, Pe o Do u e t or u der le lat o , t e al ulat o o u u (a requ red u der t e Pe o Do u e t or u der law all lude a a ou t o lu vely deter ed by a ert ate ro t e a tuary o t e Pe o S e e ett out t e a ou t t at would be ayable to t e Pe o S e e ur ua t to e t o 75 o t e Pe o A t 1995 t e Pe o S e e ad by t e o e ed w d u or t e ur o e o e t o 75(2)(b) (or t e avo da e o doubt, w et er or ot t e Pe o S e e a o e ed w d u w ole or art a d w et er or ot t e Pe o Tru tee a de ated a date u der e t o 75(2)(b) at t e o t t at t e a tuar al ert ate rov ded or t e e ur o e).

Pe o S e e

ea t e Ra lway Pe o S e e, a de ed be e t o u at o al e e over ed by:

(a) t e Pe o Tru t (a et out t e S edule to T e Ra lway Pe o S e e Order 1994 (S No. 1433)); a d

(b) t e Rule o t e ollow :

( ) t e ert ate del vered to t e Se ur ty Tru tee a orda e w t t e ST D t e or a reed or t e ur o e o t e ST D e y t e Pe o S e e a u , t e HSBC Ra l (UK) L ted S ared Co t Se t o o t e Ra lway Pe o S e e;

( ) t e ert ate del vered to t e Se ur ty Tru tee a orda e w t t e ST D t e or a reed or t e ur o e o t e ST D e y t e Pe o

S e e a u , e t er t e Ever olt Ra l (UK) L ted S ared Co t Se t o o t e Ra lway Pe o S e e or t e O bu Se t o o t e Ra lway Pe o S e e, a ay be e ed u ert ate, ea a e, a a e ded ro t e to t e.

Pe o Tru tee ea Ra lway Pe o Tru tee Co a y L ted or a y u e or tru tee( ) ro t e to t e o t e Pe o S e e w a ede( ) to t e ST D a d MDA o or a ter t e date ereo a orda e w t t e ST D.

Pe o Re ulator ea t e UK Pe o Re ulator (e tabl ed by t e Pe o A t 2 4).

Per a e t Global Bo d ea , relat o to a y Tra e o Bearer Bo d , a er a e t lobal bo d t e or or ub ta t ally t e or a e ded to t e Bo d Tru t Deed w t u od at o (a y) a ay be a reed betwee t e uer, t e Pr al Pay A e t, t e Bo d Tru tee a d t e releva t Dealer( ), to et er w t t e o y o ea a l able F al Ter a exed t ereto, o r o e or all o t e Bearer Bo d o t e a e Tra e, ued by t e uer ur ua t to t e Dealer A ree e t or a y ot er a ree e t betwee t e uer a d t e releva t Dealer( ) relat to t e Pro ra e, t e A e y A ree e t a d t e Bo d Tru t Deed, ex a e or t e w ole or art o a y Te orary Global Bo d ued re e t o u Bearer Bo d .

Per tted A qu t o ea :

(a) t e A qu t o ;

(b) a y a qu t o o or ve t e t a y a et (ot er t a are) or u e t e Per tted Bu e u ded e t rely by a Subord ated tra rou Cred tor ur ua t to Subord ated tra rou L ab l t e ;

( ) a y a qu t o o or ve t e t a y a et (ot be Ra lway A et) w

te ded or u e or to or art o t e Per tted Bu e (ub e t to u a qu t o be ade o ar ’ le t ter);

(d) a y a qu t o o or ve t e t Ra lway A et t at w ll be ba ed t e U ted K do a d, relat o to Ra lway A et all w t ara ra (a) o t at de t o a d u ed or t e ur o e o aul a e er , or w (at t e t e o a y o t e t to ur a e) a o tra t w t a tra o erat o a y a bee ed re e t o a lea e o u Ra lway A et a d u lea e a a out ta d ter o :

( ) ot le t a 3 year ro t e del very o u Ra lway A et ; or

( ) to et er w t t e er od o u ort u der a u dertak ur ua t to e t o 54 o t e Ra lway A t 1993 ra ted by t e Se retary o State or Tra ort or t e S ott ter re e t o t e releva t Ra lway A et , ot le t a t ree year ro del very o u Ra lway A et ;

(e) a y a qu t o o or ve t e t or lea e o o e re e ro w t e Per tted Bu e to be o du ted;

( ) a y tra a t o e ally er tted by t e F a e Do u e t lud t e a qu t o o a et a qu red a art o A qu t o Ca tal Ex e d ture a d/or Re urb e t Ca tal Ex e d ture or a a roved by t e Se ured Cred tor by way o a Extraord ary ot Matter a orda e w t t e ter o t e ST D;

( ) a y a qu t o o or ve t e t a y a et requ red to re la e ob olete, wor out, da a ed or de troyed a et w t e rea o able o o o t e a l able Obl or are requ red or t e e e t o erat o o t bu e or

a orda e w t t e F a e Lea e or a e lea e ore e erally;

( ) t e buy a d old o Ca or Ca Equ vale t ve t e t or Aut or ed ve t e t ;

( ) are ued to ot er e ber o t e Se ur ty Grou ;

( ) a y a qu t o o or ve t e t Se ured L ab l t e to t e exte t er tted by t e F a e Do u e t ;

(k) a qu t o ro a ot er Obl or;

(l) t e or orat o o a l ted l ab l ty o a y or t e a qu t o o all t e are a o -t e el l ted l ab l ty o a y w e tabl ed o e t o w t a y Per tted Bu e or a y a qu t o or d o al t ereo or w be o e a Obl or;

( ) t e a qu t o o trea ury are a y e ber o t e Se ur ty Grou o e t o w t t e B dCo Grou ' a a e e t e t ve la ; rov ded t at t e a re ate a ou t o are a qu red o u der t ara ra ( ) doe ot ex eed 5 er e t. o t e are a tal o t e e ber o t e Se ur ty Grou ;

( ) a qu t o o are a Per tted Jo t e ture;

(o) t e a qu t o o t e 365Co Fleet a orda e w t t e ter o t e 2 21 Debt Do u e t ; or

( ) t e a qu t o o a y PPS S are ub e t to a d a orda e w t t e Co o Do u e t .

Per tted Add t o al Debt ea :

(a) F a al debted e urred u der a Hed A ree e t or O erat o al Hed A ree e t o l a e w t

t e Hed Pol y; a d

(b) a y Ca tal Ex e d ture debted e , Work Ca tal debted e , Re a debted e or Ot er debted e urred by a Obl or w , ea a e, o l e w t t e Add t o al Debt urre e Te t .

Per tted D o al ea a y d o al w :

(a) o Ra lway A et (lud by t e are ale o a Obl or) t e ord ary our e o bu e or a r arket value, rov ded t at:

( ) t e a re ate value (a al ulated at t e a r arket value) o Ra lway A et d o ed o a y F a al Year doe ot ex eed £15 , , (RP dexed);

( ) t e a re ate value (a al ulated at t e a r arket value) o Ra lway A et d o ed o a y 3 year roll year er od doe ot ex eed £3 ll o (RP dexed);

rov ded t at, (a) r or to t e Re a Date, e t er o t e l t e ed ub- ara ra ( ) a d ( ) above are to be ex eeded a d or o lo a t e t al Fa l ty A ree e t out ta d a d t e t al Fa l ty A e t a ve t re e t ve o e t (a d re ted by t e Ma or ty Le der (a u ter de ed u der t e ter o t e t al Fa l ty A ree e t (a t e a e ay be))) a d t at t e a ou t o u d o al ex e o t e l t re erred to ( ) or ( ) above a l ed t e a er e ed ara ra ( ) or (t) below a d (b) a ter t e Re a Date e t er o t e l t e ed ub- ara ra ( ) or ( ) above to be ex eeded o e t o w t a art ular d o al, u d o al all be er tted rov ded t at t e a ou t o u d o al ex e o t e l t re erred to ( ) a d ( ) above a l ed a orda e w t ara ra ( ) or (t) below;

(b) o a y o -Ra lway A et or a r arket value;

( ) o a or trad to k (ot er t a Ra lway A et) t e ord ary our e o trad or to ake a y ay e t re e t o t e PPS S are ;

(d) o a y a et (ot er t a are or art er tere t a e ber o t e Se ur ty Grou) o ar ’ le t ter ex a e or a y ot er a et equ vale t to or u er or a to value a d qual ty (w ere a ea ul o ar o a be ade) to be u ed t e Per tted Bu e o t e Se ur ty Grou , w et er ur ua t to a lea e or ot erw e;

(e) o a et ade o ar ’ le t ter e tered to or bo a de o er al ur o e to a o a y or art er w w ll, u o t e a qu t o o u a et , be o e a Obl or;

( ) o Ca Equ vale t ve t e t or Aut or ed ve t e t ex a e or a or ot er Ca Equ vale t ve t e t or Aut or ed ve t e t ;

( ) o a w ere u d o al doe ot brea t e ot er ter o t e F a e Do u e t ;

( ) ar a a re ult o a y Per tted Se ur ty tere t ;

( ) o a y ur lu a et o ar ’ le t ter lud a y real e tate (but ex lud Ra lway A et a d are or art er tere t a e ber o t e Se ur ty Grou);

( ) o a ou t o r u to er rebate t e ord ary our e o trade (lud d ou t o lea e rate);

(k) a a datory d o al o a et ar a a re ult o a order or d re t o by a y ourt, over e tal aut or ty or ubl

body;

(l) o a et o ul or ly a qu red by a y over e tal aut or ty;

( ) o a lea e or l e e o Real Pro erty or telle tual Pro erty t e ord ary our e o bu e , u le t would be l kely to re ult a Mater al Adver e E e t;

( ) o re e vable o o -re our e ter , ub e t to a ax u o £1 , , (RP dexed) re e t o u olle ted re e vable a y two o e ut ve Releva t Per od ;

(o) ro a Obl or to a ot er Obl or;

( ) t e 38 Fleet D o al;

(q) o trea ury are a y e ber o t e Se ur ty Grou o e t o w t t e B dCo Grou ' a a e e t e t ve la ; rov ded t at t e a re ate a ou t o are d o ed o u der t ara ra (q) doe ot ex eed 5 er e t. o t e are a tal o t e e ber o t e Se ur ty Grou ;

(r) by way o a y lea e (lud a F a e Lea e Out) or l e e, ovat o or a e t o Ra lway A et a d t e r related a et t e ord ary our e o bu e re e t o t e Per tted Bu e , u le t would be l kely to re ult a Mater al Adver e E e t (or t e avo da e o doubt t ara ra ot te ded to er t a d o al o a lea e or l e e o Ra lway A et by a Obl or or a a e t or ovat o by a Obl or o t r t or obl at o u der u a lea e or l e e but w t out re ud e to t e ab l ty o a Obl or to a ree to a a e t or ovat o by a y ot er arty to u a lea e or l e e or t e ab l ty o a Obl or to ter ate a y u lea e or l e e);

( ) ub e t to ara ra (a) o t de t o , a d o al re e t o w t e Obl or ele t to Re ve t t e Ex e Net D o al Pro eed a orda e w t t e Co o Ter A ree e t;

(t) ub e t to ara ra (a) o t de t o , a d o al re e t o w t e Obl or ele t to ay or re ay Se or Debt or ake arket ur a e o Se or Debt ro a ou t ta d to t e red t o t e Bo d De ea a e A ou t a orda e w t t e Co o Ter A ree e t (a de r bed t e "*Su ary o t e F a A ree e t – Co o Ter A ree e t – Cove a t – D o al , A qu t o Cla Pro eed a d ura e Pro eed – A l at o o Ex e Net D o al Pro eed , Ex e A qu t o Cla Pro eed a d Ex e ura e Pro eed* ");

(u) t e a tal at o o a y ter o a y loa (ot er t a a tra-Se ur ty Grou Loa relat to t e ro eed o a Aut or ed Cred t Fa l ty), a y Subord ated Debt or a y Subord ated tra rou L ab l ty;

(v) a urre der o Grou Rel e o l a e w t t e ter o t e F a e Do u e t ;

(w) to a Per tted Jo t e ture a orda e w t ara ra ( ) o t at de t o ; a d

(y) a y d o al ot er tted by t e re ed ara ra w do ot a re ate ex eed £5, , (RP dexed) a y F a al Year.

Per tted F a e Lea e ea :

(a) a e lea e re e t o Ra lway A et below t e t re old et out l b (a) o t e de t o o F a e Lea e ; a d

(b) Ex t F a e Lea e .

Per tted F a e Lea e Ter at o

ea a y ter at o o t e lea u der a F a e Lea e o all or a y art o t e Equ e t (or t e re ay e t o t e Re tal w et er or ot ar by rea o o u ter at o) t e ollow r u ta e :

(a) *Total Lo* : Pur ua t to a y rov o o a F a e Lea e w ereby t e lea o all or a y art o t e Equ e t t ereu der w ll ter ate ollow a total lo o u or u releva t art o u Equ e t ave t at t e releva t Obl or w ll ot ake ay e t to t e releva t F a e Le or o a y u due a d ayable u der t e releva t F a e Lea e re e t o u total lo a E or e e t Not e a bee del vered;

(b) *lle al ty*: Pur ua t to a y rov o o a F a e Lea e w er t t e releva t F a e Le or to ter ate t e lea o t e Equ e t t ereu der a d to requ re ay e t o a ter at o u or u w ere t u law ul or u F a e Le or to o t ue to lea e t e releva t Equ e t ave t at t e releva t Obl or w ll ot ake ay e t to t e releva t F a e Le or o a y u due a d ayable u der t e F a e Lea e re e t o u r u ta e a E or e e t Not e a bee del vered;

( ) *olu tary Pre ay e t/Ter at o* : Pur ua t to a y rov o o a F a e Lea e w ereby t e releva t Obl or or w ll be e t tled to volu tar ly ter ate (a d requ re ay e t o a ter at o u), or re ay t e Re tal relat to t e lea o t e releva t Equ e t u der u F a e Lea e rov ded t at o E or e e t Not e a bee del vered;

(d) *orre t Tax A u t o* : Pur ua t to a y rov o o a F a e Lea e w er t t e releva t F a e Le or to ter ate t e lea o t e Equ e t t ereu der a d to requ re ay e t o a

ter at o u or u w ere a y o t e tax a u t o o ta ed u F a e Lea e rove to be orre t ave t at t e releva t Obl or w ll ot ake ay e t to t e releva t F a e Le or o a y u due a d ayable u der t e F a e Lea e re e t o u r u ta e a E or e e t Not e a bee del vered;

(e) *No -Pay e t*: Pur ua t to a y rov o o a F a e Lea e w er t t e releva t F a e Le or to ter ate t e lea o t e Ra lway A et t ereu der or o - ay e t by t e Obl or le ee; rov ded t at, 2 day ave ela ed ro t e later o t e date o u o - ay e t or t e la t day o t e ra e er od (a y) re e t o u o - ay e t.

Per tted F a al debted e ea :

(a) a y t al F a al debted e ;

(b) a y Per tted Add t o al Debt;

( ) a y Ord ary Cour e o Bu e debted e ;

(d) a y F a al debted e a roved by t e Se ur ty Tru tee (a t a orda e w t tru t o re e ved u der t e ST D or (w t out obl at o) t ab olute d ret o); a d/or

(e) a y Per tted Subord ated Debt.

Per tted Hed e Ter at o ea t e ter at o o a Hed A ree e t or a O erat o al Hed A ree e t a orda e w t t e Hed Pol y.

Per tted ter-Co a y Loa ea :

(a) a y loa ade by a Obl or to a ot er Obl or;

(b) a y loa ade by a Obl or to a y Fu ded No -Obl or, rov ded t at t e

a re ate o t ve et a ou t o :

( ) re ay e t a d adva e ade by t e Se ur ty Grou to all Fu ded No -Obl or ; le

( ) re ay e t a d adva e ade by all Fu ded No -Obl or to t e Se ur ty Grou , ea a e u der u a arra e e t betwee t e Se ur ty Grou a d a y Fu ded No -Obl or,

doe ot ex eed £15 ll o er a u (RP dexed);

( ) a y loa ade to a A l ate ub e t to o l a e w t t e Re tr ted Pay e t rov o at t e t e o t e ak o u loa ; a d

(d) a y loa to a Per tted Jo t e ture a orda e w t ara ra ( ) o t e de t o t ereo .

Per tted Jo t e ture ea a y o t ve ture:

(a) w ere t e o t ve ture or orated, or e tabl ed, a d arr e o t r al bu e t e U ted K do , t e Euro ea U o or a y ot er ur d t o a roved by t e Se ur ty Tru tee (a t a orda e w t tru t o re e ved u der t e ST D or (w t out obl at o) t ab olute d ret o);

(b) w ere t e o t ve ture e a ed a bu e ub ta t ally t e a e a t at arr ed o by t e Se ur ty Grou ; a d

( ) w ere t e a re ate o :

( ) all a ou t ub r bed or are , le t to, or ve ted all u o t ve ture by a y e ber o t e Se ur ty Grou ;

( ) t e o t e t l ab l t e o a y e ber o t e Se ur ty Grou u der a y uara tee ve

re e t o t e l ab l t e o a y u o t ve ture; a d

( ) t e er o t e book value a d t e arket value o a y a et tra erred by a y e ber o t e Se ur ty Grou to a y u o t ve ture,

at a y t e doe ot ex eed £2 , , (RP dexed) (or t Equ vale t A ou t) at a y t e.

Per tted Se ur ty tere t ea :

(a) a y Se ur ty tere t reated u der t e Se ur ty Do u e t or ex re ly o te lated by t e F a e Do u e t ;

(b) a y l e ar by o erat o o law or ur ua t to a o tra tual arra e e t a d t e ord ary our e o trad a d ot a a re ult o a y de ault or o o by a y e ber o t e Se ur ty Grou ;

( ) a y ett or et-o arra e e t e tered to by a y e ber o t e Se ur ty Grou t e ord ary our e o t ba k arra e e t or t e ur o e o ett deb t a d red t bala e o e ber o t e Se ur ty Grou but o ly o lo a :

( ) u arra e e t doe ot er t red t bala e o Obl or to be etted or et o a a t deb t bala e o a y er o w ot a Obl or; a d

( ) u arra e e t doe ot ve r e to ot er Se ur ty tere t over t e a et o Obl or u ort o l ab l t e o a y er o w ot a Obl or;

(d) a y ett or et-o arra e e t u der Per tted Trea ury Tra a t o ;

(e) a y ett or et-o arra e e t u der

t e A qu t o A ree e t;

( ) a y Se ur ty tere t or Qua -Se ur ty over a y re tal de o t re e t o lea e old re e rov ded t at t e a re ate a ou t o de o t ub e t to u Se ur ty tere t or Qua -Se ur ty doe ot ex eed £5, , (RP dexed) (or t e Equ vale t A ou t);

( ) a y Se ur ty tere t or Qua -Se ur ty over do u e t o t tle t e ord ary our e o trade;

( ) a Se ur ty tere t ar u der or o te lated by ( ) a y F a e Lea e w ere t e ou ter arty be o e arty to t e ST D a a F a e Le or or ( ) a Per tted F a e Lea e;

( ) a y Se ur ty tere t or Qua -Se ur ty over or a e t a y a et o a y o a y w be o e a e ber o t e Se ur ty Grou a ter t e S Date, w ere t e Se ur ty tere t or Qua -Se ur ty reated r or to t e date o w t at o a y be o e a e ber o t e Se ur ty Grou :

( ) t e Se ur ty tere t or Qua -Se ur ty wa ot reated o te lat o o t e a qu t o o t at o a y;

( ) t e r al a ou t e ured a ot bee rea ed o te lat o o or e t e a qu t o o t at o a y; a d

( ) t e Se ur ty tere t o Qua -Se ur ty re oved or d ar ed w t 6 o t o t at o a y be o a e ber o t e Se ur ty Grou ;

( ) a y Se ur ty tere t or Qua -Se ur ty over or a e t a y a et a qu red o ar ’ le t ter by a e ber o t e Se ur ty Grou a ter t e S Date :

( ) t e Se ur ty tere t or Qua - Se ur ty wa ot reated o te lat o o t e a qu t o o t at a et by a e ber o t e Se ur ty Grou ;

( ) t e r al a ou t e ured a ot bee rea ed o te lat o o or e t e a qu t o o t at a et by a e ber o t e Se ur ty Grou ; a d

( ) t e Se ur ty tere t o Qua - Se ur ty re oved or d ar ed w t 6 o t o t e date o a qu t o o u a et;

(k) a y Se ur ty tere t ar u der a y rete t o o t tle, re ur a e or o d t o al ale arra e e t or arra e e t av lar e e t re e t o a et a qu red by a e ber o t e Se ur ty Grou t e ord ary our e o trad a d o t e u l er' ta dard a d u ual ter a d ot ar a a re ult o a y de ault or o o by a y e ber o t e Se ur ty Grou ;

(l) a y Qua -Se ur ty ar a a re ult o a d o al w a Per tted D o al (ot er t a relat o to t e er o to d o e S edule 13 o t e Co o Ter A ree e t a de r bed "*Su ary o t e F a A ree e t – Co o Ter A ree e t - D o al , A qu t o Cla Pro eed a d ura e Pro eed - A l at o o Ex e Net D o al Pro eed , Ex e A qu t o Cla Pro eed a d Ex e ura e Pro eed* ";

( ) a y Se ur ty tere t or Qua -Se ur ty ar a a o eque e o a y a al or a tal lea e er tted ur ua t to ara ra (o) o Ord ary Cour e o Bu e debted e or u der a y F a e Lea e w Ot er debted e ;

( ) a y Se ur ty tere t or Qua -Se ur ty d lo ed t e D lo ure Letter;

(o) a y ett or et-o arra e e t u der Su ly Co tra t ;

( ) a y Se ur ty tere t er tted by t e Se ur ty Tru tee (a t a orda e w t tru t o re e ved u der t e ST D or (w t out obl at o) t ab olute d ret o);

(q) a y Se ur ty tere t or Qua -Se ur ty (ex t a at t e date o t e Ma ter De t o A ree e t) over a et o a y e ber o t e Se ur ty Grou o lo a t e Se ur ty or Qua - Se ur ty rrevo ably relea ed or d ar ed by o later t a t e Clo Date u le u Se ur ty tere t or Qua -Se ur ty er tted u der a y ot er ara ra o t de t o ;

(r) a y Se ur ty tere t or Qua -Se ur ty rov ded to a a e le or to t e exte t u a e le or doe ot a ede to t e ST D a d Co o Ter A ree e t, rov ded t at t e a re ate o all u Se ur ty or Qua -Se ur ty all ot ex eed £5, , (RP dexed) (or t Equ vale t A ou t);

( ) a y Se ur ty tere t or Qua -Se ur ty ar u der tatute or by o erat o o law avour o a y over e t, tate or lo al aut or ty re e t o taxe , a e e t or over e t ar e w are be o te ted by a Obl or ood a t a d w t a rea o able ro e t o u e ;

(t) a y Se ur ty tere t or Qua -Se ur ty ar t e ord ary our e o a Obl or' ba k arra e e t (lud a y r t o et-o , ba ker' l e or ot er Se ur ty tere t ar by o erat o o law or ur ua t to t e ta dard ter o a y ba k a ou t);

(u) a y Se ur ty tere t ar a a re ult o a le ee l e er tted ur ua t to a lea e by a Obl or;

(v) a y Se ur ty tere t over a eld t e LC Ca Collateral A ou t (a d/or Aut or ed ve t e t a d/or Ca Equ vale t ve t e t ade ro u a) u ort a y letter o red t ued to t e older o t e PPS S are or avour o t e older o PPS S are (rov ded t at u Se ur ty tere t all ot ex eed £3 , , ex lud a y a rual a d/or ve t e t a a d a y a ou t u ded ro Reta ed Ex e Ca low);

(w) a y Se ur ty tere t (ot er t a Se ur ty tere t over are or art er tere t a e ber o t e Se ur ty Grou) e ur debted e t e out ta d r al a ou t o w (w e a re ated w t t e out ta d r al a ou t o a y ot er debted e w a t e be e t o Se ur ty tere t ve by a y e ber o t e Se ur ty Grou ot er t a a y er tted u der ara ra (a) to (v) above) doe ot ex eed £5, , (RP dexed) (or t Equ vale t A ou t); a d

(x) a y Se ur ty tere t over a eld t e de at o A ou t (a d/or Aut or ed ve t e t a d/or Ca Equ vale t ve t e t ade ro u a) u ort t e de ty o t e Obl or to t e Se ur ty Tru tee t e ST D; rov ded t at u Se ur ty tere t all ot exte d beyo d t e bala e o £5 , (lu a y a rual t ereo).

Per tted Tax Grou ea a arra e e t or o e e ber o u arra e e t to d ar e a y l ab l ty o ot er e ber to ay Tax or AT (lud , or t e avo da e o doubt, a y arra e e t o t e ty e re erred to e t o 59F o t e Taxe Ma a e e t A t 197 a d/or a AT Grou) w ere t e o ly e ber o u

	arra e e t are e t er Obl or or, re e t o a er od r or to Co let o o ly, a A l ate o HSBC Ba k l .
Per tted Trea ury Tra a t o	ea Hed A ree e t a d O erat o al Hed A ree e t e tered to o l a e w t t e Hed Pol y.
k	ea a e er k lo etre .
Porterbrook	ea Porterbrook Lea Co a y L ted.
Po t Date	ea , re e t o a Co l a e Cert ate a d a ve tor Re ort, t e date o w u a Co l a e Cert ate or ve tor Re ort o ted o t e De ated Web te a orda e w t t e rov o o t e Co o Ter A ree e t.
Pote t al Eve t o De ault	ea a y eve t w , w t t e la e o t e a d/or t e v o a y ot e a d/or t e ak o a y deter at o (ea a e w ere t e la e o t e a d/or v o ot e a d/or deter at o rov ded or t e ter o u Eve t o De ault, a d a y te t a to ater al ty et), w ll be o e a Eve t o De ault.
Pr al Pay A e t	ea HSBC Ba k l a r al ay a e t u der t e A e y A ree e t, or t u e or t ereto.
Pro eed A ou t Led er	ea t e led er o t e Bo d De ea a e A ou t e t tled "Pro eed A ou t" to w a ou t are red ted a d deb ted a orda e w t t e Co o Ter A ree e t.
Pro ra e	ea t e £3, , , bo d ro ra e e tabl ed by t e uer ad tted to t e O al L t a d aut or ed to trade o t e Lo do Sto k Ex a e.
Pro e tu	ea t ro e tu , a rev ed, u le e ted, u dated or a e ded (lud by way o drawdow ro e tu) ro t e to t e by t e uer a d, relat o to ea Tra e o Bo d , t e a l able Prel ary F al Ter a d/or F al Ter all be

dee ed to be luded t e Pro e tu .

Pro e tu D re t ve ea D re t ve 2 3/71/EC.

Prote t o Do u e t ea :

( ) t e D re t A ree e t to w t e Se ur ty Tru tee a a eded ro t e to t e a d t e releva t o e ted deed o a e o ;

( ) t e Co tra t (a de ed t e D re t A ree e t); a d

( ) t e Lea e ,

a d ea a e a y qu et e oy e t, o du t o la , o de t al ty or lar or related u dertak exe uted by t e Se ur ty Tru tee o e t o w t ( ) to ( ) above.

Pur a er ea B dCo.

Qual y Se ured Cred tor ea :

(a) r or to t e Se or D ar e Date a d or o lo a a E or e e t Per od ot o t u , t e ollow Se or Cred tor (ea a e a t t rou t e r Se ured Cred tor Re re e tat ve):

( ) re e t o a Tra e o Bo d , t e Bo d older ;

( ) t e t al Fa l ty Prov der ;

( ) t e F a e Le or ; a d

(v) a y Se or Cred tor (ot er t a t e Pe o Tru tee a d HAF) w , ro t e to t e, a ede to t e ST D, a d e e t e releva t a e o do u e t t at t a Qual y Se ured Cred tor (or t e avo da e o doubt, r or to t e Se or D ar e Date, o Hed e Cou ter arty or O erat o al Hed e Cou ter arty all be a Qual y Se ured Cred tor);

(b) r or to t e Se or D ar e Date a d or o lo a a E or e e t Per od o t u , t e Se or Cred tor (ea a e a t t rou t e r Se ured Cred tor Re re e tat ve) l ted (a) above a d, add t o , t e Hed e Cou ter art e a d t e O erat o al Hed e Cou ter art e ; a d

( ) ollow t e Se or D ar e Date, t e Subord ated Debt Cred tor .

Qual y Se ured Debt ea at a y t e t e Out ta d Pr al A ou t ro t e Obl or o t e Qual y Se ured Cred tor.

Qua -Se ur ty ea a y arra e e t w e e tuate :

(a) a ale, tra er or ot erw e d o al o a y a et o a y Obl or o ter w ereby t ey are or ay be lea ed to or re-a qu red by a y e ber o t e Se ur ty Grou ;

(b) a ale, tra er or ot erw e d o al o a y re e vable o a y Obl or o re our e ter ;

( ) a e try to a y arra e e t u der w o ey or t e be e t o a ba k or ot er a ou t ay be a l ed, et-o or ade ub e t to a o b at o o a ou t ; or

(d) a e try to a y ot er re ere t al arra e e t av a lar e e t,

r u ta e w ere t e arra e e t or tra a t o e tered to r ar ly a a et od o ra F a al debted e or o a t e a qu t o o a a et.

Quoru Requ re e t ea :

(a) re e t o Ord ary ot Matter o e or ore Qual y Se ured Cred tor re re e t , a re ate, at lea t 2 er e t. o t e e t re Out ta d Pr al A ou t o all Qual y Se ured Debt. t e eve t t at, re e t o a ST D

Pro o al re e t o a Ord ary ot Matter, t e t al Quoru Requ re e t ot et re e t o a De o Per od t e , ollow t e ex ry o u De o Per od, t e ST D Pro o al ay be re- t ated by t e Se ur ty Grou A e t a d t e Quoru Requ re e t or u re- t ated ST D ro o al all be o e or ore Qual y Se ured Cred tor re re e t , a re ate, at lea t 1 er e t. o t e e t re Out ta d Pr al A ou t o all Qual y Se ured Debt;

(b) re e t o Extraord ary ot Matter , o e or ore Qual y Se ured Cred tor re re e t , a re ate, at lea t 2 er e t. o t e e t re Out ta d Pr al A ou t o all Qual y Se ured Debt. t e eve t t at re e t o a ST D Pro o al re e t o a Extraord ary ot Matter, t e t al Quoru Requ re e t ot et re e t o t e releva t De o Per od t e , ollow t e ex ry o u De o Per od, t e ST D Pro o al ay be re- t ated by t e Se ur ty Grou A e t a d t e Quoru Requ re e t or u re- t ated ST D Pro o al all be o e or ore Qual y Se ured Cred tor re re e t , a re ate, at lea t 1 er e t. o t e e t re Out ta d Pr al A ou t o all Qual y Se ured Debt; a d

( ) re e t o a E or e e t tru t o Not e or Furt er E or e e t tru t o Not e,

(x) o e or ore Qual y Se ured Cred tor re re e t , a re ate, at lea t 4 er e t. o t e e t re Out ta d Pr al A ou t o all Qual y Se ured Debt re e t o a y E or e e t tru t o Not e or Furt er E or e e t tru t o Not e del vered r or to 6 o t ro t e date o t e o urre e o t e Eve t o De ault, w Eve t o De ault a o t ued u re ed ed or

t at er od;

(y) o e or ore Qual y Se ured Cred tor re re e t , a re ate, at lea t 33.33 er e t. o t e e t re Out ta d Pr al A ou t o all Qual y Se ured Debt re e t o a y E or e e t tru t o Not e or Furt er E or e e t tru t o Not e del vered o or a ter 6 o t but r or to 12 o t ro t e date o t e o urre e o t e Eve t o De ault, w Eve t o De ault a o t ued u re ed ed or t at er od; a d

(z) o e or ore Qual y Se ured Cred tor re re e t , a re ate, at lea t 1 er e t. o t e e t re Out ta d Pr al A ou t o all Qual y Se ured Debt re e t o a y E or e e t tru t o Not e or Furt er E or e e t tru t o Not e del vered o or a ter 12 o t ro t e date o t e o urre e o t e Eve t o De ault, w Eve t o De ault a o t ued u re ed ed or t at er od, a t e a e ay be.

Ra l HoldCo ea Ever olt Ra l Hold (UK) L ted.

Ra l Hold o O erat A ou t ea a a ou t w t t e A ou t Ba k t e a e o t e Ra l HoldCo w t a ou t u ber 7 178547, de ated a t e Ra l HoldCo o erat a ou t.

Ra l Hold o S edule 1 Tax C ar e ea a S edule 1 Tax C ar e ar Ra l Hold o o a d a a d re t o eque e o t e A qu t o a a ou t ot ex eed £5 , .

Ra lway A et ea :

(a) a y tra , ve le or lo o ot ve be u ed or or u e o a etwork, w et er or t e ur o e o arry or aul a e er or ood by ra lway or or a y ot er ur o e w at oever a d a y tra k

a te a e equ e t;

(b) a y ra lway etwork;

( ) a y tat o ;

(d) a y ra lway de ot; or

(e) a y equ e t or are u ed o e t o w t t e a et et out ub-ara ra (a) a d (d) above.

Rated Debt ea debt t at rated ur ua t to a rat obta ed ur ua t t e Co o Ter A ree e t.

Rat A e e ea , relat o to a y Rated Debt, a y o Moody' , F t a d S&P a d a y urt er or re la e e t rat a e y a o ted by t e uer to rov de a ubl red t rat or rat or t e Rated Debt or o lo a t e uer eek u ubl red t rat a d t ey are w ll a d able to rov de red t rat e erally (a d **Rat A e y** ea a y o e o t e) (a d, re e t o a y urt er rat a e y, t e de t ty o t at rat a e y a roved by t e Se ur ty Tru tee).

Real Pro erty ea :

(a) a y ree old, lea e old, de t able or ovable ro erty; a d

(b) a y bu ld , xture , tt , xed la t or a ery ro t e to t e tuated o or or art o t at ree old, lea e old, de t able or ovable ro erty;

rov ded t at u Real Pro erty doe ot o t tute Ra lway A et .

Re e t ea a re e t atta ed o ue to a De t ve Bo d redee able tal e t or t e ay e t o a tal e t o r al a d lude a y re la e e t or Re e t a d Talo ued ur ua t to Co d t o 14 (*Re la e e t o Bo d , Cou o , Re e t a d Talo*).

Re e ver

ea a y re e ver, a a er, re e ver a d a a er or ad trat ve re e ver w o (t e a e o a ad trat ve re e ver) a qual ed er o a orda e w t t e olve y A t or re e t o t e r Obl or u der t e r Co a e A t 1963-2 9 a d w o a o ted by t e Se ur ty Tru tee u der t e Se ur ty Do u e t re e t o t e w ole or a y art o t e Se ur ty.

Re a Co t

ea a y u ro t ee or ot er o t urred by a y e ber o t e Se ur ty Grou o e t o w t t e ra or re a o F a al debted e .

Re a Date

ea , t e earl er o , t e date o w Fa l ty A a d Fa l ty B ave bee ully re a d.

Re a debted e

ea a y F a al debted e urred or t e ex re ur o e o re ay or re ay Se or Debt o a Obl or (a d o u ed or u ur o e).

Re urb e t Ca tal Ex e d ture

ea Ca tal Ex e d ture or t e re urb e t or od at o o Ra lway A et o a Obl or t at are or w ll be ba ed t e U ted K do , a d w t re e t to t e re urb e t or od at o o Ra lway A et all w t l b (a) o t e de t o o Ra lway A et a d u ed or aul a e er , or w (at t e t e o t e urre e o t e Ca tal Ex e d ture or, t e a e o re a o u Ca tal Ex e d ture, at t e t e o u re a) a o tra t w t a tra o erat o a y a bee ed re e t o a lea e o u Ra lway A et r or to t e ut l at o date o t e releva t Aut or ed Cred t Fa l ty u ed to u d or re a e u Re urb e t Ca tal Ex e d ture, rov ded t at:

(a) u lea e a a out ta d ter o ot le t a two year a d t ere a a ree e t w t a tra o erat o a y o e t o w t u Re urb e t Ca tal Ex e d ture to:

( ) a e d u lea e or e ter to a ew lea e (w t a ter o ot le t a two year) o a to rea e t e lea e re tal re e t o t e releva t Ra lway A et ollow o let o o t e re urb e t or od at o (a t e a e ay be); or

( ) to et er w t t e er od o u ort u der a u dertak ur ua t to e t o 54 o t e Ra lway A t 1993 ra ted by t e Se retary o State or Tra ort re e t o t e releva t Ra lway A et , exte d t e lea e ter by, or e ter to a ew lea e w t a out ta d ter o ot le t a two year ; or

(b) re e t o Re urb e t Ca tal Ex e d ture, t e releva t Obl or ert e to t e Se ur ty Tru tee t at, t rea o able o o , u re urb e t or od at o ave a rea o able ro e t o a ta or e a re tal o e o t e ext re ewal o t e lea e (otw t ta d t at o u re ewal lea e a bee ed).

Re tered Bo d ea t o e Bo d w are or t e t e be re tered or .

Re trar ea HSBC Ba k l .

Re ulat o S ea Re ulat o S ado ted by t e SEC u der t e Se ur t e A t.

Re ulator ea a y over e tal aut or ty w ay ro t e to t e or ally re ulate a y o t e Obl or ' bu e e or re e t o w a y Obl or requ red to o ly.

Re ve t a d Re ve ted ea , w t re e t to a y Ex e Net D o al Pro eed , Ex e ura e Pro eed a d/or Ex e A qu t o Cla Pro eed , t at u ro eed w ll be ve ted by t e Obl or t e Per tted Bu e a orda e w t t e re ve t e t rov o t e Co o Ter A ree e t.

Releva t Co l a e Date ea , re e t o a Cal ulat o Date, t e date u o w t e Co l a e Cert ate, ve tor Re ort a d a al tate e t re e t o u Cal ulat o Date are del vered to t e releva t art e .

Releva t Forward Per od ea , re e t o t e Levera e Te t or t e tere t Cover Te t or re e t o a y Cal ulat o Date, t e ed ately ub eque t 12 o t er od e d o t e a ver ary o u Cal ulat o Date, rov ded t at t e r t Releva t Forward Per od all be t e 12 o t er od tart o 31 De e ber 2 1 .

Releva t Obl or ea a y Obl or (ot er t a a ter ed ate old o a y w t t e Se ur ty Grou) w o e EB TDA a ou t to at lea t 1 er e t. o Co ol dated EB TDA (deter ed by re ere e to t e o t re e t F a al State e t rodu ed re e t o t e Se ur ty Grou) rov ded t at d v dual F a al State e t re e t o Obl or u t be rov ded o a to re ult d v dual F a al State e t or Obl or w o tr bute a re ate at lea t 8 er e t. o Co ol dated EB TDA o t e Se ur ty Grou ro t e to t e be rov ded to t e Se ured Cred tor .

Releva t Pay e t Date ea , re e t o a Co l a e Cert ate, ( ) t e Pay e t Date re e t o Fa l ty A a d Fa l ty B (re e t vely) w ed ately ollow t e date o u Co l a e Cert ate or t e e d o t e ve t at o Per od, a a l able or ( ) Fa l ty A a d Fa l ty B ave bee ully re a d, t e ea a r bed to "Releva t Pay e t Date" t e releva t Swee Fa l ty.

Releva t Per od ea , re e t o t e Levera e Te t or t e tere t Cover Te t re e t o a y Cal ulat o Date, t e er od o 12 o t e d o u Cal ulat o Date, a d, or t e ur o e o deter Ex e Ca low (a d every te luded t e deter at o o Ex e Ca low) all be t e Se - A ual Per od.

relat o to a y Releva t Per od e d

r or to t e r t a ver ary o t e Releva t Date:

( ) deter t e tere t Cover Te t, Co ol dated Ad u ted EB TDA all be al ulated a a ual ed Co ol dated Ad u ted EB TDA e erated by t e Se ur ty Grou or t e er od ro t e Releva t Date to t e Cal ulat o Date a d Net tere t Payable all be deter ed by a ual ed Net tere t Payable or t e a e er od;

( ) deter t e Levera e Te t, Co ol dated EB TDA all be al ulated a a ual ed Co ol dated EB TDA e erated by t e Se ur ty Grou or t e er od ro t e Releva t Date to t e Cal ulat o Date;

( ) deter t e Ex e Ca low, t e r t Se -A ual Per od all be t e er od ro t e Clo Date to 31 De e ber 2 1 (or t e Clo Date all a ter 31 De e ber 2 1 , t e ro t e Clo Date to 3 Ju e 2 11).[11]

Releva t Pro eed ea a ou t w are to be a l ed a tual re ay e t or de ea a e o Se or Debt ur ua t to S edule 13 (*D o al , A qu t o Cla Pro eed a d ura e Pro eed*) o t e Co o Ter A ree e t.

Releva t Se or Debt ea :

(a) Fa l ty A a d Fa l ty B, or o lo a u a l t e ave ot bee ully re a d;

(b) Fa l ty A a d Fa l ty B ave bee ully re a d but or o lo a Fa l ty C a ot bee ully re a d a d a elled, Fa l ty C; a d

( ) Fa l ty A, Fa l ty B a d Fa l ty C ave bee ully re a d a d (t e a e o Fa l ty C) a elled t e a y ot er Aut or ed Cred t Fa l t e , ro t e to

11 T w ll eed to be a ual ed or t e r t Releva t Per od or t e ur o e o al ulat tere t .

t e, w o ta a datory re ay e t rov o a d, a art o t e r ter , are o ated a Releva t Se or Debt (ex lud a y work a tal a l t e).

Releva t Sub r t o A ree e t ea a a ree e t betwee , a o ot er , ea Obl or a d a y Dealer( ) or t e ale by t e uer a d t e ur a e or, a t e a e ay be, ub r t o a r al by u Dealer( ) (or o u ba a ay be a reed betwee t e Obl or a d t e releva t Dealer( ) at t e releva t t e) o a y Bo d , lud a y a ree e t t e or or ba ed o t e or et out t e Dealer A ree e t.

Re tal ea a y eduled ay e t o re tal, er od ar e or equ vale t u u der a F a e Lea e.

Re tal Pay e t Date ea a y date o w Re tal eduled to be a d u der a y F a e Lea e.

Re tal Per od ea , re e t o a F a e Lea e, ea er od all betwee two o e ut ve Re tal Pay e t Date u der u F a e Lea e.

Re ay e t Co t ea :

(a) re e t o re ay e t o e t o w t a Tra e o Bo d , e a al ulated a orda e w t Co d t o 8 (*Rede t o , Pur a e a d Ca ellat o*); a d

(b) re e t o t e re ay e t or re ay e t o all or art o a Aut or ed Cred t Fa l ty w ot a Tra e o Bo d , t e a o ated o t o u re ay e t (lud a y related wa ter at o a ou t , break o t a d rede t o re u ayable by t e uer).

Re ay e t Ga ea , re e t o t e re ay e t or re ay e t o all or art o a Aut or ed Cred t Fa l ty (ot er t a o e t o w t a Tra e o Bo d), a y a ar ro a y wa ter at o to t e exte t requ red

to be ter ated order to a ta o la ew t t e Hed Pol y.

Re ervat o ea t e a u t o , qual at o or re ervat o o ta ed t e o o a to atter o law (a d ot a t) lud , w t out l tat o a to ( ) t e ature o t e re ed e ava lable t e releva t ur d t o w t e releva t e or e e t o ur (lud t e ower to tay ro eed), ( ) t e rov o o t e L tat o A t 198 , ( ) a y l tat o re ult ro a l able law o ba kru t y, olve y, reor a at o or ot er lar law relat to or a e t t e e or e e t o red tor ' r t e erally, (v) e eral equ table r le re ardle o w et er u e or eab l ty o dered a ro eed equ ty or at law, (v) a y l or re trat o requ re e t o t e o e ed do u e t u der a l able law , a d (v) t e r or ty or ara ter at o o a y e ur ty tere t.

Re erved Matter ea t o e atter w ea Se ured Cred tor re erve to t el to de de are ea a d every r t, ower, aut or ty a d d ret o o , or exer able by, ea u Se ured Cred tor at a y t e:

(a) to re e ve a y u ow to t or t ow a ou t re e t o re a, ee , o t , ar e , l ab l t e , da a e , ro eed , la a d de a d relat o to a y Aut or ed Cred t Fa l ty to w t a arty a er tted ur ua t to t e ter o t e Co o Ter A ree e t a d t Deed;

(b) to ake deter at o o ay e t due a d ayable to t u der t e rov o o t e Aut or ed Cred t Fa l t e to w t a arty a er tted by t e ter o t e Co o Ter A ree e t a d t e ST D;

( ) to re e ve ot e , ert ate , o u at o or ot er do u e t or or at o u der t e F a e

Do u e t or t e Prote t o Do u e t or ot erw e;

(d) to a t r t or tra er a y o t r t a d obl at o u der a y Aut or ed Cred t Fa l ty to w t a arty ub e t alway to t e ST D;

(e) t e a e o ea Hed e Cou ter arty a d ea O erat o al Hed e Cou ter arty, ub e t to t e ST D, ( ) to ter ate t e releva t Hed A ree e t or O erat o al Hed A ree e t rov ded u ter at o a Per tted Hed e Ter at o or to ter ate t e releva t Hed A ree e t or O erat o al Hed A ree e t (a t e a e ay be) art a d a e d t e ter o t e Hed A ree e t or O erat o al Hed A ree e t (a t e a e ay be) to re le t u art al ter at o or ( ) to exer e r t er tted to be exer ed by t u der a Hed A ree e t or O erat o al Hed A ree e t; a d

( ) t e a e o a F a e Le or, to ter ate a releva t F a e Lea e ur ua t to a Per tted F a e Lea e Ter at o .

Re tr ted Pay e t ea a y ay e t (lud a y ay e t o d tr but o , d v de d , bo u ue , retur o a tal, ee , tere t, r al or a y ot er a ou t w at oever) (by way o loa or re ay e t o a y loa) (a or k d) to a y A l ate o t e B dCo Grou (ex lud Obl or),

ot er t a

(a) ee ayable or adv ory, brok , ba k or ot er erv e rov ded o ar ’ le t ter (a d rov ded t at u a ou t do ot ex eed £5, , a re ate a y F a al Year (RP dexed) (rov ded t at u £5, , a all ot a ly to ba k a d ro tru er ee re e t o Mor a Sta ley & Co ter at o al Pl or t

A l ate ("**MS**") o e t o w t a y a or re a rov ded by MS t e ord ary our e o bu e);

(b) ay e t ade ur ua t to ar ' le t o tra t w t t e t al ve tor or t e t al ve tor' A l ate ot er t a A qu t o Co t (a d rov ded t at u a ou t do ot ex eed £1, , a re ate a y F a al Year (RP dexed));

( ) a a ou t u to £15, , er a u (RP dexed) re e t o t e a re ate o t ve et a ou t o :

( ) re ay e t a d adva e ade by t e Se ur ty Grou to all Fu ded No -Obl or ; le

( ) re ay e t a d adva e ade by all Fu ded No -Obl or to t e Se ur ty Grou ,

ea a e u der a y a arra e e t betwee t e Se ur ty Grou a d a Fu ded No -Obl or;

(d) ay e t by a Obl or to a y ot er Obl or;

(e) A qu t o Co t ;

( ) ay e t re e t o Se or Debt ur a ed a orda e w t t e rov o o t e ST D;

( ) ay e t ade or urre der o Grou Rel e rov ded u ay e t are a orda e w t t e ove a t et out t e Co o Ter A ree e t;

( ) ay e t ade r or to Co let o to t e re re e tat ve e ber o a y AT Grou w a Per tted Tax Grou o w t e releva t Obl or ak t e ay e t a e ber by way o a re ar e o AT by or o be al o u re re e tat ve e ber o t at Obl or relat o to u l e (u ter to lude

el u l e) ade or dee ed to ave bee ade by t at Obl or le a y dedu t ble ut tax a ro erly attr butable to u u l e (ot er t a to t e exte t u ut tax a bee take to a ou t deter t e a ou t o t e re ar e ay e t) (a d t e dee rov o o e t o 43(1)(b) a d ( ) o t e alue Added Tax A t 1994 all be d re arded or t e ur o e o deter w at u l e ave bee ade or dee ed to ave bee ade by or to a y er o);

( ) ay e t ade by a y Obl or r or to Co let o to a ot er o a y re e t o or orat o tax w ro erly attr butable to t at Obl or a d to be or a bee d ar ed by t at ot er o a y o be al o t e Obl or u der a y Grou Pay e t Arra e e t w a Per tted Tax Grou to w t at Obl or a arty rov ded t at u ay e t are ade o earl er t a t e date o w t e releva t tal e t o or orat o tax all due;

( ) ay e t re e t o t e 2 21 Debt a orda e w t t e ter o t e 2 21 Debt Do u e t .

Reta ed Ex e Ca low

ea , re e t o a Se -A ual Per od, a a ou t equal to t e a re ate o Ca Ava lable or D tr but o ar ea rev ou Se -A ual Per od w a ot bee u ed to ake Re tr ted Pay e t or ot erw e e t by a y e ber o t e Se ur ty Grou dur t e urre t or a y rev ou Se -A ual Per od; rov ded t at, a a ou t o Reta ed Ex e Ca low a bee e t a Ca tal Ex e d ture, a d u a ou t a ub eque tly bee re a ed by Fa l ty C or a o tted a tal ex e d ture a l ty, Reta ed Ex e Ca low all be rea ed by t e a ou t o u re a a d all lude, or t e avo da e o doubt, ( ) a ou t relea ed ro t e Lo k-U A ou t re e t o a Lo k-U Re edy Date (dur

t at Se -A ual Per od) w ave ot bee u ed to ake Re tr ted Pay e t , to t e exte t ot requ red to be a l ed re ay e t o Se or Debt a d ( ) a l at o o ro eed o t e Ma datory Pre ay e t A ou t Led er, a er tted, to t e exte t ot a l ed or Ca tal Ex e d ture or re ay e t o Se or Debt.

Roll Sto k

ea a y tra , ve le or lo o ot ve be u ed or or u e o a etwork (lud a y are or equ e t atta ed t ereto), w et er or t e ur o e o arry or aul a e er or ood by ra lway or or a y ot er ur o e w at oever a d a y Tra k Ma te a e Equ e t.

Roll Sto k Se t o 54 U dertak

ea a y Se t o 54 U dertak relat to a O erat Lea e.

Rollover Loa

ea e t er:

(a) o e or ore Fa l ty C Loa ( ):

( ) ade or to be ade o t e a e day t at o e or ore atur Fa l ty C Loa ( ) or are due to be re a d;

( ) t e a re ate a ou t o w equal to or le t a t e atur Fa l ty C Loa ( );

( ) t e a e urre y a t e atur Fa l ty C Loa ( ); a d

(v) ade or to be ade to t e uer or t e ur o e o re a t e atur Fa l ty C Loa ( );

or

(b) o e or ore Fa l ty D Loa ( ):

( ) ade or to be ade o t e a e day t at o e or ore atur Fa l ty D Loa ( ) or are due to be re a d;

( ) t e a re ate a ou t o w equal to or le t a t e atur

Fa l ty D Loa ( );

( ) t e a e urre y a t e atur Fa l ty D Loa ( ); a d

(v) ade or to be ade to t e uer or t e ur o e o re a t e atur Fa l ty D Loa ( ).

ROSCO ea roll to k ow o a e (t e UK).

RP dexed ea , re e t o a a ou t, t at u a ou t all be dexed u ward ro t e Clo Date to t e reta l r e dex ued by t e O e or Nat o al Stat t .

S&P ea Sta dard & Poor' Rat Serv e a d a y u e or to t e rat a e y bu e o Sta dard & Poor' Rat Serv e .

S edule 1 Tax C ar e ea a l ab l ty to UK or orat o tax w ar e (or or a y tax rel e would ar e) a a re ult o a er o be dee ed, ur ua t to S edule 1 o t e F a e A t 2 6 or C a ter 3 o Part 9 o t e Cor orat o Tax A t 2 1 , to re e ve a a ou t o o e ur ua t to S edule 1 o t e F a e A t 2 6 or C a ter 3 o Part 9 o t e Cor orat o Tax A t 2 1 .

S ott M ter ea t e ra aut or ty t at ele t t e TOC to ru t e S ott ra e.

Se retary o State ea t e Se retary o State or Tra ort, t e ead o t e D T.

Se t o 3 ea Se t o 3 o t e Ra lway A t 1993, w tate t at t e Se retary o State a a tatutory duty to e ure t e o t u ty o a e er ra lway erv e t e UK.

Se t o 54 U dertak ea a u dertak ra ted by t e Se retary o State (u der t e ower ve ted t e Se retary o State u der Se t o 54 o t e Ra lway A t 1993) relat o to e leet , u der w t e Se retary o State u dertake t at at t e e d o a ra e er od, t e Se retary o State w ll rov de a re la e e t tra o erator to u e t e roll

to k o ub ta t ally t e a e ter a t o e la e w t t e out o TOC. Se t o 54 U dertak ave bee u ed by t e D T to e oura e ROSCO to ve t ew or roved ve le , by t at t e r k t at t e eduled ter at o o a ra e ay re ult ve le o o lea e.

Se ured Cred tor ea :

(a) t e Se ur ty Tru tee (t ow a a ty a d o be al o t e ot er Se ured Cred tor);

(b) t e Bo d Tru tee (t ow a a ty a d o be al o t e Bo d older);

( ) t e Bo d older ;

(d) t e A e t ;

(e) t e t al Fa l ty Prov der ;

( ) ea Hed e Cou ter arty u der ea Hed A ree e t;

( ) ea O erat o al Hed e Cou ter arty u der ea O erat o al Hed A ree e t;

( ) t e A ou t Ba k;

( ) t e Pe o Tru tee;

( ) a y Add t o al Se ured Cred tor ;

(k) a y Subord ated Debt Cred tor; a d

(l) a y Add t o al Subord ated Debt Cred tor.

Se ured Cred tor Re re e tat ve ea t e re re e tat ve o a Se ured Cred tor a o ted a orda e w t t e ST D.

Se ured L ab l t e ea all re e t a d uture obl at o a d l ab l t e (w et er a tual or o t e t a d w et er owed o tly or everally or a y ot er a a ty w at oever) ( ) o ea Obl or to a y Se ured Cred tor u der ea F a e Do u e t to w u Obl or a arty

a d ( ) o ea Obl or to t e Pe o Tru tee re e t o t e Pe o L ab l t e rov ded t at t e total a ou t re overable by t e Pe o Tru tee u der t e Se ur ty Do u e t all ot ex eed t e Max u Pe o L ab l ty A ou t.

Se ur t e A t ea t e U ted State Se ur t e A t o 1933, a a e ded.

Se ur ty ea t e e ur ty o t tuted by t e Se ur ty Do u e t lud a y uara tee or obl at o to rov de a ollateral or urt er a ura e t ereu der.

Se ur ty Do u e t ea :

(a) t e E l Law Se ur ty A ree e t;

(b) t e r Law Se ur ty A ree e t;

( ) t e S ott Law Se ur ty A ree e t;

(d) a y le al ar e a d a y ot er deed o ar e u le e tal t ereto;

(e) t e ST D a d ea deed o a e o t ereto, to et er w t a y deed u le e tal to t e ST D a d re erred to t e ST D a a Su le e tal Deed; a d

( ) a y ot er do u e t to w t e Se ur ty Tru tee a arty ev de or reat e ur ty over a y a et o a Obl or to e ure a y obl at o o a y Obl or to a Se ured Cred tor re e t o t e Se ured L ab l t e .

Se ur ty Grou ea ea Obl or.

Se ur ty Grou A ou t ea all urre t, de o t, or ot er a ou t (lud related u tody a ou t) o a C ar or w t a y ba k or a al t tut o w t ow or t e uture a a tere t a d (to t e exte t o t tere t) all bala e ow or t e uture ta d to t e red t o or a rued or a ru o t o e Se ur ty Grou A ou t , lud t e ollow a ou t (but ex lud a y LC Ca

Collateral A ou t):

(a) A qu t o Cla A ou t;

(b) Bo d De ea a e A ou t;

( ) D o al Pro eed A ou t;

(d) ura e Pro eed A ou t;

(e) Lo k-U A ou t; a d

( ) F o Tra a t o A ou t.

Se ur ty Grou A e t ea Ma tCo t a a ty a t e a e t o t e Se ur ty Grou or a y duly aut or ed re la e e t t ereo .

Se ur ty Grou ura e ea all o tra t a d ol e o ura e o a y k d t e uture take out by or a y C ar or but ex lud a y t rd arty l ab l ty ura e , a d a y d re tor a d o er ura e .

Se ur ty tere t ea :

(a) a y ort a e, led e, l e , ar e, a e t, a at o or y ot e at o or ot er e u bra e e ur a y obl at o o a y er o ;

(b) a y arra e e t u der w o ey, or t e be e t o , a ba k or ot er a ou t ay be a l ed, et o or ade ub e t to a o b at o o a ou t o a to e e t d ar e o a y u owed or ayable to a y er o ; or

( ) a y ot er ty e o re ere t al arra e e t (lud a y t tle tra er a d rete t o arra e e t) av a lar e e t.

Se ur ty S are ea :

(a) all re e t a d uture are ea e ber o t e B dCo Grou (ave or B dCo), lud t e are ued a d out ta d at t e S Date t e uer, ERFL GB, Ma tCo, De otCo,

38 Co a d 365Co;

(b) all warra t , o t o or ot er r t to ub r be or, ur a e or ot erw e a qu re a y o t e are re erred to ara ra (a) above; a d

( ) all r t relat to a y o t e are re erred to ara ra (a) above w are de o ted w t , or re tered t e a e o , a y de o tary, u tod a , o ee, lear ou e or y te , ve t e t a a er, ar ee or ot er lar er o or t e r o ee, ea a e w et er or ot o a u ble ba (lud r t a a t a y u er o), ea a e ow or t e uture ow ed by a y C ar or or (to t e exte t o t tere t) w ea C ar or ow or t e uture a a tere t.

Se or Cred tor ea a y er o to w o Se or Debt owed.

Se or Debt ea :

(a) t e ollow t al a al a o odat o :

( ) t e Bo d ;

( ) t e t al Fa l t e ;

( ) t e Hed A ree e t ;

(v) t e O erat o al Hed A ree e t ;

(v) t e F a e Lea e ; a d

(b) a y urt er F a al debted e t at , ro t e to t e, or t e ur o e o t e ST D, to be treated a Se or Debt.

Se or D ar e Date ea t e date o w t e Se ur ty Tru tee at ed a t rea o ably t at all Se or Debt a bee ully a d rrevo ably a d or d ar ed a d all o t e t o t e Se ured Cred tor relat o to t e Se or

	Debt ave ex red or bee a elled.
S adow Lea e	ea a b d lea e or a le ally b d a ree e t to lea e re e t o roll to k t e U ted K do to a D T or S ott M ter ele ted adow o erator ba ed t e U ted K do .
S Date	ea 4 Nove ber 2 1
So y lea e	ea a ty e o lea e ur ua t to w a ROSCO rov de roll to k to a TOC/FOC but t e ROSCO a o re o b l ty or a te a e dur t e lea e. However, t e TOC/FOC ay a a te a e re erve re tal al ulated o a to rov de or t e o t o eavy a te a e ot o ly or t e er od a ter t e e d o t e lea e (a t e a e w t Dry lea e) but al o or t e o t o u a te a e dur t e ter o t e lea e. T ele e t o t e re tal re erve t e a d ba k to t e TOC/FOC o re e t o o r at o (w ver ed by t e ROSCO) t at t e eavy a te a e relat to t at a ou t o t e re erve a bee arr ed out.
S e ed Curre y	a t e ea ve to t t e releva t F al Ter .
Sterl a d £	ea ea t e law ul urre y o t e U ted K do .
ST D/Se ur ty Tru t a d ter red tor Deed	ea t e e ur ty tru t a d ter red tor deed to be e tered to betwee , a o ot er , t e uer, t e Se ured Cred tor a d t e Se ur ty Tru tee to be dated o or about t e S Date.
ST D D re t ot Me a	ea t e e a or vot d re tly t rou t e Clear Sy te a de r bed S edule 6 o t e Bo d Tru t Deed.
ST D Pro o al	ea a ro o al or reque t ade by t e Se ur ty Grou A e t a orda e w t t e ST D ro o or reque t t e Se ur ty Tru tee to o ur ak a y od at o , v a y o e t or ra t a y wa ver u der or re e t o a y Co o Do u e t.

ST D ot Reque t

ea a reque t e t by t e Se ur ty Tru tee to ea Se ured Cred tor (t rou t Se ured Cred t Re re e tat ve), o later t a ve Bu e Day ollow re e t o a ST D Pro o al (rov ded t at t e Se ur ty Tru tee a re e ved ro t e Se ur ty Grou A e t a y u dated deta l o t e releva t Se ured Cred tor Re re e tat ve o ea Se ured Cred tor), w :

(a) re e t o a y Ord ary ot Matter or Extraord ary ot Matter et out t e releva t Ex a e Rate;

(b) reque t t e ollow ro ea Qual y Se ured Cred tor (del vered by t Se ured Cred tor Re re e tat ve o be al o u Qual y Se ured Cred tor) re e t o t e related ST D Pro o al:

( ) a vote wr t o t e ST D Pro o al ro u Qual y Se ured Cred tor (t rou t Se ured Cred tor Re re e tat ve) a orda e w t t e ST D o later t a t e ex ry o t e De o Per od or or a a t le e tat o o t at ST D Pro o al; a d

( ) a ert ate ro u Qual y Se ured Cred tor (t rou t Se ured Cred tor Re re e tat ve) t at t e t tled u der t e ter o t e ST D to vote o t e ST D Pro o al a d tat t e Out ta d Pr al A ou t o t oted Qual y Se ured Debt (t e a e o t e Qual y Se ured Debt de o ated a urre y ot er t a t e Ba e Curre y, ex re ed t e Ba e Curre y o t e ba o t e Ex a e Rate et out t e ST D ot Reque t).

Subord ated Cred tor

ea a Subord ated Debt Cred tor or a Subord ated tra rou Cred tor (a t e a e

ay be.

Subord ated Debt ea a y F a al debted e o ( ) a Subord ate Debt Borrower or ( ) a Obl or u der a Subord ated Debt Guara tee (w et er by way o loa , uara tee or ot erw e) to a Subord ated Debt Cred tor.

Subord ated Debt Borrower ea , r or to Co let o , a y Hold Co a y o ERFL Hold , Ra l HoldCo a d F Co Pare t a d, ollow Co let o , a y Hold Co a y o B dCo (ea a e w ot art o t e Se ur ty Grou) w a borrower or uer re e t o Subord ated Debt.

Subord ated Debt Cred tor ea a y ar ' le t red t rov der re e t o Subord ated Debt (w ay or ay ot be u orted by a Subord ated Debt Guara tee a d w e t to be u orted by a Subord ated Debt Guara tee, t e releva t red t rov der or t re re e tat ve o t be al a arty to or a a eded to t e ST D a a Subord ated Debt Cred tor) w ere u red t rov der ot a A l ate o a y e ber o t e B dCo Grou .

Subord ated Debt Guara tee ea a uara tee avour o a Subord ated Debt Cred tor ro t e Obl or re e t o Subord ated Debt w o ta a ab olute ro b t o o u Subord ated Debt Cred tor ak a y la or de a d re e t o t e uara tee r or to t e Se or D ar e Date ave to t e exte t er tted by t e ST D.

Subord ated tra rou Cred tor ea , r or to Co let o , a y Hold Co a y o ERFL Hold , Ra l HoldCo a d F Co Pare t a d, ollow Co let o , a y Hold Co a y o B dCo (ea a e w ot art o t e Se ur ty Grou) (a le der) to w o Subord ated tra rou L ab l t e are owed by a e ber o t e Se ur ty Grou a d w a arty to or a a eded to t e ST D a a Subord ated tra rou Cred tor, a d lude B dCo HoldCo re e t o t e B dCo HoldCo Subord ated Loa .

Subord ated tra rou ea all re e t a d uture l ab l t e at a y

L ab l t e — t e o a y Obl or to a Subord ated tra rou Cred tor re e t o a y F a al debted e .

Subord ated tra rou Loa — ea a loa ade u der a Subord ated tra rou Loa A ree e t.

Subord ated tra rou Loa A ree e t — ea a y loa a ree e t e tered to re e to Subord ated tra rou L ab l t e .

Sub d ary — ea :

(a) a ub d ary w t t e ea o e to 1159 o t e Co a e A t;

(b) u le t e o text ot erw e requ re , a ub d ary u dertak w t t e ea o e to 1162 o t e Co a e A t; a d

( ) re e t o t e r Obl or , a ub d ary w t t e ea o e to 155 o t e r Co a e A t 1963 a a e ded.

Su ly Co tra t — ea all t e o er al o tra t e tered to by a y Obl or (lud a y a ree e t or t e ur a e o Ra lway A et e tered to by a Obl or).

Sy d at o Strate y S de Letter — ea t e letter dated o or about t e S Date a d e tered betwee , a o t ot er , t e uer a d t e t al Fa l ty Prov der w et out t e y d at o trate y or t e t al Fa l t e .

Talo — ea t e talo (a y) a erta to, a d ex a eable a orda e w t t e rov o t ere o ta ed or urt er Cou o a erta to, t e De t ve Bo d (ot er t a ero Cou o Bo d), u talo be t e or or ub ta t ally t e or a e ded to t e Bo d Tru t Deed or u ot er or a ay be a reed betwee t e uer, t e Pr al Pay A e t, t e Bo d Tru tee a d t e releva t Dealer( ) a d lude a y re la e e t or Talo ued ur ua t to Co d t o 5 (*Re la e e t o Bo d , Re e t , Cou o a d Talo*).

Tax ea a y tax, levy, o t, duty or ot er ar e or w t old o a lar ature (lud a y related e alty or tere t) a d **Taxe , taxat o , taxable** a d o arable ex re o w ll be o trued a ord ly.

Tax Aut or ty ea a y over e t, tate, u al, lo al, ederal or ot er al, reve ue, u to or ex e aut or ty, body or o al a yw ere t e world exer a al, reve ue, u to or ex e u t o , lud w t out l tat o HM Reve ue & Cu to a d t e r Reve ue Co o er .

TEFRA C Rule ea U ted State Trea ury Re ulat o §1.163-5( )(2)( )(C).

TEFRA D Rule ea U ted State Trea ury Re ulat o §1.163-5( )(2)( )(D).

Te orary Global Bo d ea , relat o to a y Tra e o Bearer Bo d , a te orary lobal bo d t e or or ub ta t ally t e or et out t e Bo d Tru t Deed to et er w t t e o y o t e a l able F al Ter a exed t ereto, w t u od at o (a y) a ay be a reed betwee t e uer, t e Pr al Pay A e t, t e Bo d Tru tee a d t e releva t Dealer( ), o r o e or all o t e Bearer Bo d o t e a e Tra e, ued by t e uer ur ua t to t e Dealer A ree e t or a y ot er a ree e t betwee t e uer a d t e releva t Dealer( ) relat to t e Pro ra e, t e A e y A ree e t a d t e Bo d Tru t Deed.

T rd Party ea a er o t at ot a e ber o t e Se ur ty Grou or a A o ate o a y e ber o t e Se ur ty Grou .

TOC ea tra o erat o a e .

Total Co t e t ea t e a re ate o t e o t e t o all t e Le der , be £1,4 7,4 , at t e date o t e t al Fa l ty A ree e t.

Total Pur a e Pr e ea t e total o derat o (lud a o ated o t a d ex e e) or t e a qu t o a d a y F a al debted e or ot er a u ed a tual or o t e t l ab l ty a

ow o t e bala e eet.

Tra k Ma te a e Equ e t ea a y ve le be u ed or or u e relat o to t e a te a e o a y ra lway etwork.

Tra e ea , re e t o Bo d , Bo d o t tut a er e o Bo d w are de t al all re e t (ave or t e ue date, tere t o e e e t date a d ue r e).

Tra er A e t ea HSBC Ba k l .

Trea ury Tra a t o ea a y urre y or tere t rate ur a e, a or ollar a ree e t, orward rate a ree e t, tere t rate a ree e t, dex-l ked a ree e t, tere t rate or urre y or uture or o t o o tra t, lt lo k, ore ex a e or urre y ur a e or ale a ree e t, tere t rate wa , urre y wa , rever e wa or o b ed lar a ree e t or a y der vat ve tra a t o rote t a a t or be e t ro lu tuat o a y rate or r e.

Turbo tar ea t e bra d a e or a de o d e el odular tra a u a tured by Bo bard er t e UK. t or ally o ured a two, t ree a d our- ar tra et . T e e tra are o tly u ed or re o al a d o uter erv e a d are t e o t w dely u ed DMU t e UK. lude Cla 168 , 17 , 171 a d 172 .

U.S. Per o ea a US Per o a de ed Re ulat o S u der t e Se ur t e A t.

UK ea U ted K do o Great Br ta a d Nort er rela d. Plea e ote t at w ere t e ter UK a bee u ed relat o to t e ra lway du try, t ay ot lude t e ra lway du try Nort er rela d a ra lway ra tru ture a d or a at o Nort er rela d d ere t to t at t e re t o t e UK.

UK L t Aut or ty ea t e F a al Serv e Aut or ty t a a ty a o ete t aut or ty u der FSMA.

AT	ea w t t e Euro ea U o u taxat o a ay be lev ed a orda e w t (but ub e t to dero at o ro) D re t ve 2 6/112/EC a d, out de t e Euro ea U o a y taxat o lev ed by re ere e to value added or ale .
AT Grou	ea a rou a de ed or t e ur o e o AT Grou Le lat o .
AT Grou Le lat o	ea (a) e t o 43 to 43D (lu ve) o ATA a d t e alue Added Tax (Grou : el b l ty) Order 2 4, (b) t e r alue Added Tax A t a d u le e tal le lat o t ereto; a d ( ) a y equ vale t rov o a y ur d t o out de t e UK or rela d.
ATA	ea t e alue Added Tax A t 1994.
oted Qual y Se ured Debt	ea , re e t o a ST D Pro o al, E or e e t tru t o Not e, Furt er E or e e t tru t o Not e or D re t o Not e, t e Out ta d Pr al A ou t (t e a e o t e Bo d , or t e t e be out ta d) a tually voted t ereo by Qual y Se ured Cred tor .
ot Date	ea re e t o a De o Per od (lud a u De o Per od ay be exte ded a orda e w t t e ST D), t e la t day o u De o Per od.
oya er	ea oya er Lea L ted.
Wet Lea e	A ty e o lea e ur ua t to w t e ROSCO rov de roll to k to t e TOC/FOC a d u dertake re o b l ty or eavy a te a e or w t e TOC/FOC ay o - a tal re tal . T e o - a tal re tal are al ulated by re ere e to t e w ole l e o t a o ated w t t e rov o o eavy a te a e, oot ed o a o t ly ba over t e uture l e o t e a et a orda e w t t e w ole l e odel develo ed by ERG.
Work Ca tal	ea , o a y date, Curre t A et le Curre t L ab l t e .
Work Ca tal Fa l t e	ea t e a l t e ade ava lable to a y

	Obl or to u d t work a tal eed .
Work Ca tal debted e	ea a y F a al debted e urred or t e ur o e o work a tal (a deter ed a orda e w t A l able A ou t Pr le).
York Fleet	ea t o e Ra lway A et w are, a at t e S Date, ow ed by ERFL Hold a d lea ed to ERFL by way o t e York Fleet Head Lea e .
York Fleet Head Lea e	ea t e ead lea e, dated 13 Au u t 2 7, t e orward tart lea e dated 13 Au u t 2 7 a d t e overr d lea e dated 16 Au u t 2 7 or ally e tered to betwee HSBCR a le or a d ERFL a le ee a d a ro t e to t e a e ded a d ovated r or to t e S Date o a to be betwee ERFL Hold a le or a d ERFL a le ee.

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Security Group Entity Statutory 2009 Accounts

(£millions)	Eversholt Rail (380) Limited ("380Co") (formerly AssetFinance December (B) Limited)	European Rail Finance (GB) Limited ("ERFL GB") (formerly Asset Finance December (V) Limited)	European Rail Finance Holdings Limited ("ERFL Holdings")	European Rail Finance Limited (ERFL)	**Security Group Aggregated Statutory Accounts**
Profit and loss account					
Capital rental				200.0	200.0 [1]
Non-capital rental					
Maintenance costs					
Deferred Income				(0.2)	(0.2) [2]
Net non-capital revenue				(0.2)	(0.2)
Other income					
Overheads				(10.5)	(10.5) [3]
EBITDA				**189.3**	**189.3**
Depreciation				(100.7) [2]	(100.7) [2]
EBIT				**88.6**	**88.6**
Balance sheet					
Fixed assets	89.0	5.0		1648.8	1,742.8 [4]
Investment in Subsidiaries			150.0		150.0 [5]
Current assets		0.1		4.8	4.8 [6]
Total assets					**1,897.7**
Trade creditors and other current liabilities		(0.0)		(5.6)	(5.6) [7]
Maintenance reserves				(20.0)	(20.0) [8]
Deferred tax liability	(6.6)	(0.0)		(6.1)	(12.7) [9]
Debt and Equity	**82.4**	**5.0**	**150.0**	**1,621.9**	**1,859.4**
Cash Flow					
EBITDA				189.3	189.3 [10]
Tax	5.5				5.5 [11]
Change in working capital		0.0		11.5	11.5 [12]
Free funds from operations	5.5	0.0		200.8	**206.3**
Disposals proceeds					
Capital expenditure	(0.2)			(3.0)	(3.2) [13]
Cash available for financing	5.3			197.8	**203.1**

Companies with minimal capitalisation in 2009:

Eversholt Rail Holdings (UK) Limited ("RailHoldCo" formerly Assetfinance December (J) Limited)
Eversholt Depot Finance (UK) Limited ("DepotCo" formerly Assetfinance March (H) Limited)

Newly created companies who did not file accounts in 2009:

Eversholt Funding plc ("FinCo")
Eversholt Finance Holdings Limited ("FinCo Parent")
Eversholt Rail (UK) Limited ("MaintCo")

Notes:

[1] Capital rentals described as "Operating lease income" in ERFL accounts page F-114 and note #3

[2] Breakdowns of deferred income and depreciation

Difference between cost of sales and depreciation in ERFL	£ (0.2)m
Depreciation in ERFL accounts page F-117	£(100.7)m
Total: Cost of sales in ERFL accounts page F-114	£(100.9)m

[3] Overheads described as "Administrative expenses" in ERFL accounts page F-114 and note #6

[4] Fixed assets

Property plant & equipment in 380Co accounts page F-10 and note #6	£ 89.0m
Property plant & equipment in ERFL GB accounts page F-158 and note #6	£ 5.0m
Property plant & equipment in ERFL accounts page F-115 and note #9	£1,648.8m
Total: Fixed assets	£1,742.8m

[5] Investment in subsidiaries – £150m in ERFL Holdings accounts page F-87 and note#3

[6] Current assets

Finance lease receivables in ERFL GB accounts page F-158 and note #7	£0.1m
Trade and other receivables in ERFL accounts page F-115 and note #12	£1.4m
Cash and cash equivalents held with parent undertaking in ERFL accounts page F-115	£3.4m
Total: Current assets	£4.8m

[7] Trade creditors and other current liabilities

Trade and payables in ERFL accounts page F-115	£ (0.4)m
Payments in advance in ERFL accounts page F-115	£(25.2)m
Maintenance reserve adjustment in ERFL [8]	£ 20.0m
Sub-Total: ERFL trade creditors and other current liabilities	£ (5.6)m
Payables in ERFL GB accounts on page F-158	£ (0.0)m
Total: Trade creditors and other current liabilities	£ (5.6)m

[8] £20.0m maintenance reserve shown separately in 2009 proforma accounts to conform with 2010 accounting practices

[9] Deferred tax liability

Deferred tax liabilities in 380Co accounts page F-10 and note #9	£ (6.6)m
Deferred tax liabilities in ERFL GB accounts page F-158 and note #9	£ (0.0)m
Deferred tax liability in ERFL accounts page F-115 and note #10	£ (6.1)m
Total: Deferred tax liability	£(12.7)m

[10] EBITDA as calculated in the Profit and Loss account above

[11] Income tax received in 380Co accounts page F-12

[12] Change in working capital

Change in finance lease receivable in ERFL GB page F-158 note #7	£0.0m
Change in VAT payables in ERFL GB note #8	£(0.0)m
Sub-Total: Change in working capital for ERFL GB	£ 0.0m
Change in trade receivables in ERFL accounts note #14	£(1.3)m
Change in cash and cash equivalents in ERFL accounts page F-115	£(3.2)m
Change in trade payables in ERFL accounts page F-115	£ 0.4m
Change in payments in advance in ERFL accounts page F-115	£15.6m
Sub-Total: change in working capital for ERFL	£11.5m
Total: Change in working capital	£11.5m

[13] Capital Expenditure

Property plant & equipment additions in 380Co accounts note #6	£(4.2)m
Capitalised interest in 380Co accounts note #6	£4.0m
Sub-Total: 380Co capital expenditure	£(0.2)m
Purchase of property, plant and equipment in ERFL accounts page F-117	£(3.0)m
Total: Capital Expenditure	£(3.2)m

Registered No: 1139640

EVERSHOLT RAIL (380) LIMITED
(Formerly Assetfinance December (B) Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

EVERSHOLT RAIL (380) LIMITED

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EVERSHOLT RAIL (380) LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2009

Business Review

The principal activity of the Company is leasing. During the year the Company continued to manage the finance leasing transactions written in previous years. The Company also continued with the construction of passenger rolling stock, which will be leased under operating leases to third parties.

The business is funded by equity and borrowing.

The Company has no employees. Services required are provided by fellow HSBC Group companies.

Subsequent events

Since the year end, the Company's immediate holding company has changed; the Company has changed its name from Assetfinance December (B) Limited to Eversholt Rail (380) Limited. Further details are given in Note 19 of the financial statements.

Future Developments

The Company will continue to manage its existing contracts. No further changes are anticipated.

Risk Management

The Company's principal risks are described in note 16.

Performance

No change in the Company's activities is anticipated.

The Company's results for the year under review are as detailed in the income statement shown in these financial statements.

The key performance indicators used by management in assessing the performance of the Company are review of cumulative results against plan. For this purpose, monthly management accounts are prepared and reviewed by the Directors of the Company.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008: £nil).

Going concern basis

The Financial Statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

Directors

The Directors who served during the year were as follows:

	Appointed	Resigned
N D Barker		
K J Godfrey		
M B Kenny		
S F Purves		
M P J Molloy – Alternate director	12 February 2010	7 June 2010

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Supplier payment policy

The Company does not currently subscribe to any code or standard on payment practice. It is the Company's policy, however, to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

During the year, the Company received goods and services from group undertakings only. Part 5 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

KPMG Audit Plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of directors' responsibilities in relation to financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law.

Statement of directors' responsibilities in relation to financial statements (continued)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

M B Kenny
Director

Date: 15 June 2010

Registered office:
8 Canada Square
London
E14 5HQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERSHOLT RAIL (380) LIMITED

We have audited the financial statements of Eversholt Rail (380) Limited ('the Company') for the year ended 31 December 2009 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP .

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Clark (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 June 2010
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

EVERSHOLT RAIL (380) LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Revenue			
Finance lease income		752	3,849
Finance costs: Interest expense	3	(440)	(1,055)
		312	2,794
Administrative expenses	4	(87)	(206)
PROFIT BEFORE TAX		225	2,588
Tax (expense)/credit	5	(63)	95,446
PROFIT FOR THE YEAR	11	162	98,034

There were no acquisitions, discontinued or discontinuing operations during the year.

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

There has been no comprehensive income or expense other than the profit for the year as shown above.

The notes on pages 9 to 18 form part of the financial statements

EVERSHOLT RAIL (380) LIMITED
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
Assets			
Non current assets			
Property, plant and equipment	6	88,951,214	84,710,874
Current assets			
Finance lease receivables	7	6,415	12,702
Current tax assets *		1,136,819	5,508,793
Total assets		90,094,448	90,232,369
Liabilities and equity			
Current liabilities			
Amounts owed to parent undertakings	8	83,443,526	84,718,455
Value added tax		326	361
Total current liabilities		83,443,852	84,718,816
Non current liabilities			
Deferred tax liabilities	9	6,551,736	5,414,855
Total liabilities		89,995,588	90,133,671
Equity			
Share capital	10,11	2	2
Retained earnings	11	98,858	98,696
Total equity	11	98,860	98,698
Total liabilities and equity		90,094,448	90,232,369

These financial statements were approved by the Board of Directors on 15 June 2010 and were signed on its behalf by:

S F Purves
Director

Registration No: 1139640

* In the prior year current tax amounts were netted off amounts owed to parent undertakings.

The notes on pages 9 to 18 form part of the financial statements

EVERSHOLT RAIL (380) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2008	2	662	664
Profit for the year	-	98,034	98,034
Balance at 31 December 2008	2	98,696	98,698
Profit for the year	-	162	162
Balance at 31 December 2009	2	98,858	98,860

The notes on pages 9 to 18 form part of the financial statements

EVERSHOLT RAIL (380) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Cash flows from operating activities			
Profit before tax		225	2,588
Adjustments for:			
Change in finance lease receivables	7	6,298	37,437
Provisions released		(11)	(83)
Cash generated from operations		6,512	39,942
Paid to parent undertakings in repect of value added tax	8	(35)	(1,042)
Income tax received		5,508,793	11,019,193
NET CASH FROM OPERATING ACTIVITIES		5,515,270	11,058,093
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(4,240,340)	(84,710,874)
NET CASH FROM INVESTING ACTIVITIES		(4,240,340)	(84,710,874)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Paid to)/received from parent undertaking in respect of other financing activities	8	(1,274,930)	73,652,781
NET CASH FROM FINANCING ACTIVITIES		(1,274,930)	73,652,781
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT YEAR END		-	-

The notes on pages 9 to 18 form part of the financial statements

1. ACCOUNTING POLICIES

a) Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2009, there were no unendorsed standards effective for 31 December 2009 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Except as stated below, there are currently no IFRSs or Interpretations that have been issued by the IASB or IFRIC and endorsed by the EU that have not yet been adopted by the Company:

- A revised IFRS 3 'Business Combinations', was issued on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This revised standard will have no impact on the Company when adopted with effect from 1 January 2010.
- The IASB issued an amendment to IAS 27 'Consolidated and Separate Financial Statements' on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2010.

At 31 December 2009, the Company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2009 that have not already been adopted by the Company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

Where necessary, comparative figures have been reclassified to be consistent with the current year's presentation.

General information
Eversholt Rail (380) Limited is a company domiciled and incorporated in England and Wales.

1. **ACCOUNTING POLICIES** (continued)

b) **Income recognition**

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the lease.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

c) **Income tax**

Income tax comprises current tax and deferred tax and is recognised in the income statement.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the end of the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when Eversholt Rail (380) Limited intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when HSBC has a legal right to offset.

d) **Interest expense**

Interest expense for all interest bearing financial instruments is recognised in 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

1. **ACCOUNTING POLICIES** (continued)

d) **Interest expense** (continued)

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability or financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

e) **Property, plant and equipment**

Rolling stock and other railway assets

Rolling stock and other railway assets are capitalised at cost (or deemed cost) and are depreciated on a straight-line basis over their useful economic lives to the estimated residual value. The useful economic life depends on the class of vehicle and type of asset and ranges from 20 to 35 years. Lives and residual values are reviewed annually and if there is indication of impairment a loss will be recognised to reduce the carrying value of the asset to its recoverable amount.

In relation to the construction of rolling stock and other railway assets:
i) Progress payments paid to third parties are capitalised.
ii) Interest costs are capitalised to the extent that they are incurred in relation to borrowings, which are attributable to the construction of rolling stock and other railway assets and accrue in respect of the period of construction.
iii) Assets in the course of construction are not depreciated until these are available for use.

f) **Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged or cancelled or expires.

g) **Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

h) **Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

1. ACCOUNTING POLICIES (continued)

i) Use of assumptions and estimates

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

The accounting policy in relation to impairment of property, plant and equipment (note 1(e)) is considered critical to the Company's results and financial position, in terms of materiality of the items to which the policy is applied, or which involve a high degree of judgement and estimation.

j) Fair value

Fair values are calculated by discounting cash flows on financial instruments, using equivalent current interest rates.

2. COUNTRY OF INCORPORATION

The company is incorporated in England and Wales.

3. INTEREST EXPENSE

	2009 £	2008 £
Interest expense charged by parent undertakings	440	1,055

4. ADMINISTRATIVE EXPENSES

Administrative expenses include £99 (2008: £289) in respect of group management charges payable to a parent undertaking. The Directors made no charge for their services in either the current or previous year. Auditor's remuneration has been borne by a parent undertaking and is therefore not charged in arriving at the profit before tax. The Company has no employees and hence no staff costs.

5. TAX EXPENSE/(CREDIT)

	2009 £	2008 £
Current tax		
UK corporation tax		
- on current profit	(1,136,818)	(5,508,793)
Deferred tax		
Origination of temporary differences	1,136,881	5,413,347
Tax expense/(credit)	63	(95,446)

The UK corporation tax rate applying to Eversholt Rail (380) Limited was 28% (2008:28.5%).

The following table reconciles the tax expense:

Analysis of tax expense

	2009 £	%	2008 £	%
Taxation at UK corporation tax rate	63	28.0	738	28.5
Other items	-	-	(96,184)	(3,716.5)
Overall tax expense/(credit)	63	28.0	(95,446)	(3,688.0)

6. PROPERTY, PLANT AND EQUIPMENT

	Assets in the course of construction 2009 £	2008 £
Cost/Net book value		
At 1 January	84,710,874	-
Additions	4,240,340	84,710,874
	88,951,214	84,710,874

Within assets in the course of construction is capitalised interest of £4,066,578 (2008: £1,695,049). The capitalisation rate used is the rate of interest attaching to the Company's borrowings attributable to the construction of rolling stock.

No depreciation has been charged as the assets are not yet available for use.

7. FINANCE LEASE RECEIVABLES

Finance lease receivables from third parties comprise:

	2009 £	2008 £
Gross investment in finance leases		
Amounts falling due:		
No later than one year	6,719	7,050
Later than one year and not later than five years	-	6,579
Gross investment in finance leases	6,719	13,629
Unearned finance income	(292)	(904)
Impairment provisions	(12)	(23)
Net investment in finance leases	6,415	12,702
Amortisation of finance lease receivables		
Amounts falling due:		
No later than one year	6,415	6,366
Later than one year and not later than five years	-	6,336
Present value of minimum lease receivables	6,415	12,702
Fair value of amounts receivable under finance leases	6,686	12,317
Aggregate finance lease rentals receivable in the year	7,050	7,050

8. AMOUNTS OWED TO PARENT UNDERTAKINGS

Amounts owed to parent undertakings have no fixed date for repayment and are therefore technically repayable on demand.

9. DEFERRED TAX

	2009 £	2008 £
As at 1 January	5,414,855	1,508
Income statement debit	1,136,881	5,413,347
As at 31 December	6,551,736	5,414,855

The amount of deferred taxation accounted for in the statement of financial position:

Deferred tax liabilities		
Assets leased to customers	6,551,736	5,414,855

Leasing transactions temporary differences relate principally to accelerated capital allowances and depreciation.

10. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2009	2008	2009	2008
	£	£	£	£
Ordinary shares of £1 each	100	100	2	2

11. CAPITAL AND RESERVES

Shareholders' equity is wholly attributable to equity shareholders.

12. CAPITAL MANAGEMENT

The Company has no externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis. The group's capital resources policy is to maintain its capital base through the diversification of its sources of capital and the efficient allocation of capital. It seeks to maintain at all times a prudent relationship between its total capital, as measured according to the criteria used by the FSA for supervisory purposes, and the varied risks of its business.

13. CAPITAL COMMITMENTS

	2009	2008
	£	£
In respect of capital expenditure:		
Authorised and contracted	104,336,000	101,900,000

14. PARENT UNDERTAKINGS

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company changed from HSBC Asset Finance (UK) Limited to Eversholt Rail Holdings (UK) Limited on 9 February 2010.

The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

15. RELATED PARTIES

A parent undertaking provides banking facilities and acts as a treasury function, providing funding for the Company through an inter-company current account. Interest on any balance is charged at a commercial rate. Other transactions are disclosed in the relevant notes.

16. RISK MANAGEMENT

The Company has exposure to the following types of risk arising from its use of financial instruments; credit risk, liquidity risk and market risk. Market risk includes interest rate risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

The Company participates in transactions to which other HSBC group companies are also party. The HSBC Business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from amounts owed by group undertakings.

The Business manages credit risk for this entity as described above for risks generally.

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis. The Directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The finance lease receivable is due from an un-rated company.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets may be recoverable in case of default.

Finance lease receivables relate to a single customer.

All finance lease receivables are classified as neither past due nor impaired.

16. **RISK MANAGEMENT** (continued)

Movement in allowance accounts for total loans and advances:

	2009		2008	
	Individually assessed	Collectively assessed	Individually assessed	Collectively assessed
	£	£	£	£
At 1 January	-	24	-	107
Credit to income account	-	(12)	-	(83)
At 31 December	-	12	-	24

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from parent entities. Interest is currently charged at base rate.

The Business manages liquidity risk for this entity as described above for risks generally.

The Company's assets are funded by borrowing from a parent undertaking, which acts as a treasury function. This funding has no fixed date for repayment, although the treasury function provides funds as required.

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities at the balance sheet date:

As at 31 December 2009:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	83,443,526	83,443,526	83,443,526

As at 31 December 2008:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	84,718,455	84,718,455	84,718,455

16. RISK MANAGEMENT (continued)

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

The Company's finance leases are "interest rate fixed". This means that lease rentals will not change if there is a change in interest rates. The Company's borrowings also carry a fixed rate of interest and hence changes in interest rates will have no impact on interest payable.

Sensitivity analysis: interest rate risk

A change in 100 basis points in interest rates as at the reporting date would neither increase or decrease profit or loss as the amount of contingent rents relating to money variation would be offset by the change in interest payable. This assumes that all other variables remain constant. In addition interest payable to the parent company on funding related to the construction of plant is capitalised.

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2009 (2008: £ nil).

18. FAIR VALUE

All financial assets and liabilities are carried at amortised cost, and their fair value is not significantly different from their carrying value in the balance sheet at the reporting date.

19. SUBSEQUENT EVENTS

On 9 February 2010 the Company's immediate holding company changed from HSBC Asset Finance (UK) Limited to Eversholt Rail Holdings (UK) Limited. Also the Company changed its name from Assetfinance December (B) Limited to Eversholt Rail (380) Limited on 15 February 2010.

Other than the above there are no subsequent events requiring disclosure in the financial statements.

Registered No: 1139640

ASSETFINANCE DECEMBER (B) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2008

ASSETFINANCE DECEMBER (B) LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

Business Review

The principal activity of the company is leasing. During the year the company continued to manage the finance leasing transactions written in previous years. The company also entered into a procurement contract to obtain £200m of passenger rolling stock, which is to be supplied to a UK lessee under an operating lease agreement.

The business is funded by equity and borrowing.

The company has no employees. Services required are provided by fellow HSBC Group companies.

Risk Management

The company's principal risks are described in note 16.

Performance

No change in the company's activities is anticipated.

The company's results for the year under review are as detailed in the income statement shown in these financial statements.

The key performance indicators used by management in assessing the performance of the company are review of cumulative results against plan. For this purpose, monthly management accounts are prepared and reviewed by the directors of the company.

Future Developments

The company will continue to manage its existing contracts. No further changes are anticipated.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2008 (2007: £nil).

Directors

The directors who served during the year were as follows:

Name	Appointed	Resigned
N D Barker	23 July 2008	
R L H Bencard		27 November 2008
K J Godfrey	2 December 2008	
M B Kenny		
G Owen-Conway		3 December 2008
S F Purves	2 December 2008	
K A Singleton		1 December 2008
D R Turner		28 November 2008

Directors (continued)

The Articles of Association of the company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the directors.

Supplier payment policy

The company does not currently subscribe to any code or standard on payment practice. It is the company's policy, however, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by the terms of payment.

During the year, the company received goods and services from group undertakings only. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to auditors

Each person who is a director at the date of approval of this report confirm that so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ASSETFINANCE DECEMBER (B) LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

Statement of directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditor's statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU.

The financial statements are required by law to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and detect fraud and other irregularities.

By order of the Board

M B Kenny
Director

Date: 21 October 2009

Registered office:
8 Canada Square
London
E14 5HQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSETFINANCE DECEMBER (B) LIMITED

We have audited the financial statements of Assetfinance December (B) Limited for the year ended 31 December 2008 which comprise the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSETFINANCE DECEMBER (B) LIMITED (CONTINUED)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

KPMG Audit Plc 28/10/09

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham B3 2DL

ASSETFINANCE DECEMBER (B) LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008	2007
		£	£
Revenue			
Finance lease income		3,849	4,378
Finance Costs : Interest payable	3	(1,055)	(2,784)
		2,794	1,594
Administrative expenses	4	(206)	(733)
Profit before tax		2,588	861
Tax credit/(expense)	5	95,446	(199)
Profit for the year	11	98,034	662

There were no acquisitions, discontinued or discontinuing operations during the year.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2008

There has been no recognised income or expense other than the profit for the year as shown above.

ASSETFINANCE DECEMBER (B) LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008	2007
		£	£
ASSETS			
Non-current assets			
Property, plant and equipment	6	84,710,874	-
Current assets			
Finance lease receivables	7	12,702	50,056
Total assets		84,723,576	50,056
LIABILITIES AND EQUITY			
Current liabilities			
Amounts owed to parent undertakings	8	79,209,662	46,481
Value added tax		361	1,403
		79,210,023	47,884
Non-current liabilities			
Deferred tax	9	5,414,855	1,508
Total liabilities		84,624,878	49,392
Equity			
Called up share capital	10	2	2
Retained earnings		98,696	662
Total equity	11	98,698	664
Total liabilities and equity		84,723,576	50,056

These financial statements were approved by the Board of Directors on 21 October 2009 and were signed on its behalf by:

N D Barker
Director

ASSETFINANCE DECEMBER (B) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	£	£
Cash flows from operating activities		
Profit before tax	2,588	861
Adjustments for:		
Provisions released	(83)	(28)
Change in operating assets	37,437	19,728
Income taxes paid/(received)	11,019,193	(1,607)
Change in VAT	(1,042)	-
Net cash from operating activities	11,058,093	18,954
Cash flows from investing activities		
Purchase of property, plant and equipment	(84,710,874)	-
Net cash from investing activities	(84,710,874)	-
Cash flows from financing activities		
Received from/(paid to) parent undertaking in respect of Other financing activities	73,652,781	(17,743)
Dividends paid	-	(1,211)
Net cash from financing activities	73,652,781	(18,954)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents brought forward	-	-
Cash and cash equivalents carried forward	-	-

ASSETFINANCE DECEMBER (B) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

a) Basis of preparation

The company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2008, there were no unendorsed standards effective for 31 December 2008 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Standards and Interpretations issued by the IASB and endorsed by the EU but not yet effective

- IFRS 8 'Operating segments' was issued on 30 November 2006 and is effective for periods commencing on or after 1 January 2009. This standard is not expected to have any impact on the company when adopted with effect from 1 January 2009.
- A revised IAS 1 'Presentation of Financial Statements', was issued on 6 September 2007 and is effective for periods commencing on or after 1 January 2009. This revised standard may result in certain presentational changes in the primary financial statements of the company when adopted with effect from 1 January 2009.
- The IASB issued an amendment to IFRS 2 'Share-based Payment' – 'Vesting Conditions and Cancellations' on 17 January 2008 with effect for periods commencing on or after 1 January 2009. This standard will have no impact on the company when adopted with effect from 1 January 2009.
- A revised IAS 23 'Borrowing Costs' was issued on 29 March 2007 and is effective for periods commencing on or after 1 January 2009. This standard will have no impact on the company when adopted with effect from 1 January 2009.
- IFRIC 13 'Customer Loyalty Programmes' was issued on 28 June 2007 and is effective for periods commencing on or after 1 July 2008. This standard will have no impact on the company when adopted with effect from 1 January 2009.

At 31 December 2008, the company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2008 that have not already been adopted by the company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the company's functional currency and have been prepared on the historical cost basis.

1. **ACCOUNTING POLICIES** (continued)

b) **Income recognition**

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the lease.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

c) **Income Tax**

Income tax on the profit for the year comprises current tax and deferred tax.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantially enacted by the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and a legal right to set off exists in the entity.

1. **ACCOUNTING POLICIES** (continued)

d) **Property, plant and equipment**

Rolling stock and other railway assets

Rolling stock and other railway assets are capitalised at cost (or deemed cost) and are depreciated on a straight-line basis over their useful economic lives to the estimated residual value. The useful economic life depends on the class of vehicle and type of asset and ranges from 20 to 35 years. Lives and residual values are reviewed annually and if there is indication of impairment a loss will be recognised to reduce the carrying value of the asset to its recoverable amount.

In relation to the construction of rolling stock and other railway assets:
i) Progress payments paid to third parties are capitalised.
ii) Interest costs are capitalised to the extent that they are incurred in relation to borrowings, which are attributable to the construction of rolling stock and other railway assets and accrue in respect of the period of construction.
iii) Assets in the course of construction are not depreciated until these are available for use.

e) **Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged or cancelled or expires.

f) **Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g) **Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

h) **Use of assumptions and estimates**

When preparing the financial statements, it is the directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

The accounting policy in relation to impairment of property, plant and equipment (note 1(d)) is considered critical to the company's results and financial position, in terms of materiality of the items to which the policy is applied, or which involve a high degree of judgement and estimation

1. ACCOUNTING POLICIES (continued)

i) Fair value

Fair values are calculated by discounting cash flows on financial instruments, using equivalent current interest rates.

2. COUNTRY OF INCORPORATION

The company is incorporated in England and Wales.

3. INTEREST PAYABLE

All interest payable was due to a parent undertaking.

4. ADMINISTRATIVE EXPENSES

Administrative expenses include £289 (2007: £761) in respect of group management charges payable to a parent undertaking. The directors made no charge for their services in either the current or previous year. Auditor's remuneration has been borne by a parent undertaking and is therefore not charged in arriving at the profit before tax. The company has no employees and hence no staff costs.

5. TAX (CREDIT)/EXPENSE

Analysis of (credit)/charge on income for the year:	2008 £	2007 £
Group relief (receivable from)/payable to other group undertakings		
- Current tax on income for the year	(5,508,793)	1,607
Total current tax charge	(5,508,793)	1,607
Deferred taxation		
- Origination/(Reversal) of temporary difference	5,413,347	(1,349)
- Effect of changes in tax rates	-	(59)
Total deferred tax movement (Note 9)	5,413,347	(1,408)
Total tax (credit)/expense	(95,446)	199

The UK corporation tax rate was reduced from 30% to 28% with effect from 1 April 2008. Accordingly the tax expense on profit before tax has been calculated at a blended corporation tax rate of 28.5% for the year ended 31 December 2008.

5. TAX (CREDIT)/EXPENSE (continued)

The tax expense for the year is not consistent with the standard rate of corporation tax in the UK of 28.5%. The differences are explained below.

	2008	2007
Analysis of overall tax expense.	£	£
Profit before tax:	2,588	861
Taxation at 28.5% (2007: 30%)	738	258
Effects of changes in tax rates	(96,184)	(59)
Overall tax (credit)/expense	(95,446)	199

6. PROPERTY, PLANT AND EQUIPMENT

	Assets in the Course of Construction	
	2008	2007
Cost/Net book value	£	£
At 1 January	-	-
Additions	84,710,874	-
At 31 December	84,710,874	-

Within assets in the course of construction is capitalised interest of £1,695,049 (2007: £nil). The capitalisation rate used is the rate of interest attaching to the company's borrowings attributable to the construction of rolling stock.

No depreciation has been charged as the assets are not yet available for use.

7. FINANCE LEASE RECEIVABLES

Finance lease receivables from third parties comprise:

	2008 £	2007 £
Gross investment in finance leases		
Amounts falling due:		
No later than one year	7,050	24,106
Later than one year and no later than five years	6,579	31,401
Gross investment in finance leases	13,629	55,507
Unearned finance income	(904)	(5,344)
Impairment provisions	(23)	(107)
Net investment in finance leases less provisions	12,702	50,056
Amortisation of finance lease receivables:		
No later than one year	6,366	21,454
Later than one year and no later than five years	6,336	28,602
Present value of minimum lease receivables	12,702	50,056
Fair value of amounts receivable under finance leases	12,317	50,442
Aggregate finance lease rentals receivable in the year	7,050	24,106

8. AMOUNTS OWED TO PARENT UNDERTAKINGS

Amounts owed to parent undertakings have no fixed date for repayment and are therefore technically repayable on demand.

9. DEFERRED TAX

	2008 £	2007 £
As at 1 January	1,508	2,916
Charge/(credit) to income statement (Note 5)	5,413,347	(1,408)
As at 31 December	5,414,855	1,508

Leasing transactions temporary differences relate principally to accelerated capital allowances.

Deferred tax has been calculated at 28% (2007: 28.87%) being the estimated corporation tax rate in force in the periods in which the assets will be realised or the liabilities settle.

10. SHARE CAPITAL

	2008	2007
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

11. RECONCILIATION OF MOVEMENT IN EQUITY

	2008	2007
	£	£
Called up share capital		
Balance brought forward and carried forward	2	2
Retained earnings		
Balance brought forward	662	1,211
Profit for the year	98,034	662
Dividend paid	-	(1,211)
Balance carried forward	98,696	662
Total shareholders' equity		
Balance brought forward	664	1,213
Profit for the year	98,034	662
Dividend paid	-	(1,211)
Balance carried forward	98,698	664

Shareholders' equity is wholly attributable to equity shareholders.

12. CAPITAL MANAGEMENT

The company defines capital as total shareholders' equity. The company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. There were no changes in the company's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

13. COMMITMENTS

	2008	2007
	£	£
In respect of capital expenditure:		
Authorised and contracted	101.9	-

14. PARENT UNDERTAKINGS

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is HSBC Asset Finance (UK) Limited. The result of the company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

15. RELATED PARTIES

A parent undertaking provides banking facilities and acts as a treasury function, providing funding for the company through an inter-company current account. Interest on any balance is charged at a commercial rate. Other transactions are disclosed in the relevant notes.

16. RISK MANAGEMENT

The company has exposure to the following types of risk arising from its use of financial instruments; credit risk, liquidity risk and market risk. Market risk includes interest rate risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

The company participates in transactions to which other HSBC group companies are also party. The HSBC Business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the company's approach to risk management during the year.

16. **RISK MANAGEMENT** (continued)

Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from amounts owed by group undertakings.

The Business manages credit risk for this entity as described above for risks generally.

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis. The directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The finance lease receivable is due from an un-rated company.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets may be recoverable in case of default.

Finance lease receivables relate to a single customer.

All finance lease receivables are classified as neither past due nor impaired.

Movement in allowance accounts for total loans and advances:

	2008		2007	
	Individually assessed	Collectively assessed	Individually assessed	Collectively assessed
	£	£	£	£
At 1 January	-	107	-	135
Credit to income statement	-	(83)	-	(28)
At 31 December	-	24	-	107

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the company will borrow funds as and when required from parent entities. Interest is currently charged at base rate.

The Business manages liquidity risk for this entity as described above for risks generally.

16. RISK MANAGEMENT (continued)

Liquidity risk (continued)

The company's assets are funded by borrowing from a parent undertaking, which acts as a treasury function. This funding has no fixed date for repayment, although the treasury function provides funds as required.

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities at the balance sheet date:

	Less than one year £
31 December 2008	
Amounts owed to parent undertakings	79,209,662
31 December 2007	
Amounts owed to parent undertakings	46,481

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the company's income. The company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

The company's finance leases are "interest rate fixed". This means that lease rentals will not change if there is a change in interest rates. The company's borrowings also carry a fixed rate of interest and hence changes in interest rates will have no impact on interest payable.

Sensitivity analysis: interest rate risk

A change in 100 basis points in interest rates as at the reporting date would neither increase or decrease profit or loss as the amount of contingent rents relating to money variation would be offset by the change in interest payable. This assumes that all other variables remain constant. In addition interest payable to the parent company on funding related to the construction of plant is capitalised.

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2008 (2007: £ nil).

18. FAIR VALUE

All financial assets and liabilities are carried at amortised cost, and their fair value is not significantly different from their carrying value in the balance sheet at the reporting date.

Registered No: 4415647

EVERSHOLT RAIL HOLDINGS (UK) LIMITED
(Formerly Assetfinance December (J) Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

EVERSHOLT RAIL HOLDINGS (UK) LIMITED

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EVERSHOLT RAIL HOLDINGS (UK) LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2009

Business Review

The principal activity of the Company is leasing. During the year the Company continued to manage the finance leasing transactions written in previous years.

The business is funded by equity and borrowing.

The Company has no employees. Services required are provided by fellow HSBC Group companies.

Subsequent events

Since the year end, the Company has acquired the shares of Eversholt Depot Finance (UK) Limited, Eversholt Rail (365) Limited, Eversholt Rail (380) Limited and Eversholt Rail (UK) Limited from associate companies; the Company's immediate holding company has changed; and the Company changed its name from Assetfinance December (J) Limited to Eversholt Rail Holdings (UK) Limited. Further details are given in Note 17 of the financial statements.

Performance

No change in the Company's activities is anticipated.

The Company's results for the year under review are as detailed in the income statement shown in these financial statements.

The key performance indicators used by management in assessing the performance of the Company are review of cumulative results against plan. For this purpose, monthly management accounts are prepared and reviewed by the Directors of the Company.

Future Developments

The Company will continue to manage its existing contracts. No further changes are anticipated.

Risk Management

The Company's principal risks are described in note 14.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008: £nil).

Directors

The Directors who served during the year were as follows:

	Appointed	Resigned
N D Barker	9 February 2010	
RL H Bencard		9 February 2010
K J Godfrey	9 February 2010	
M B Kenny	9 February 2010	
M P J Molloy - Alternate director	12 February 2010	7 June 2010
G Owen - Conway		9 February 2010
S F Purves	9 February 2010	
K A Singleton		9 February 2010
P J Spencer		9 February 2010
D R Turner		9 February 2010

Directors (continued)

The Articles of Association of the company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Going concern basis

The Financial Statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

Supplier payment policy

The Company does not currently subscribe to any code or standard on payment practice. It is the Company's policy, however, to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

During the year, the Company received goods and services from group undertakings only. Part 5 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

KPMG Audit Plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of directors' responsibilities in relation to financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law.

Statement of directors' responsibilities in relation to financial statements (continued)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

M B Kenny
Director

Date: 15 June 2010

Registered office:
8 Canada Square
London
E14 5HQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERSHOLT RAIL HOLDINGS (UK) LIMITED

We have audited the financial statements of Eversholt Rail Holdings (UK) Limited ('the Company') for the year ended 31 December 2009 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP .

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Clark (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 June 2010
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

EVERSHOLT RAIL HOLDINGS (UK) LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Revenue			
Finance lease income		1,988	3,127
Finance costs: Interest expense	3	(1,577)	(2,164)
		411	963
Administrative expenses	4	(266)	(418)
PROFIT BEFORE TAX		145	545
Tax expense	5	(41)	(162)
PROFIT FOR THE YEAR		104	383

There were no acquisitions, discontinued or discontinuing operations during the year.

STATEMENT OF OTHER COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2009

There has been no comprehensive income or expense other than the loss for the year as shown above.

The notes on pages 9 to 17 form part of the financial statements

EVERSHOLT RAIL HOLDINGS (UK) LIMITED
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
Current assets			
Finance lease receivables	6	23,809	38,682
Total current assets		23,809	38,682
Total assets		23,809	38,682
Liabilities and equity			
Current liabilities			
Current tax liabilities		626	-
Payables	7	21,496	36,514
Total current liabilities		22,122	36,514
Non current liabilities			
Deferred tax liabilities	8	680	1,265
Total liabilities		22,802	37,779
Equity			
Share capital	9	1	1
Retained earnings		1,006	902
Total equity	10	1,007	903
Total liabilities and equity		23,809	38,682

These financial statements were approved by the Board of Directors on 15 June 2010 and were signed on its behalf by:

S F Purves
Director

Registration No: 4415647

The notes on pages 9 to 17 form part of the financial statements

EVERSHOLT RAIL HOLDINGS (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2008	1	519	520
Profit for the year	-	383	383
Balance at 31 December 2008	1	902	903
Profit for the year	-	104	104
Balance at 31 December 2009	1	1,006	1,007

The notes on pages 9 to 17 form part of the financial statements

EVERSHOLT RAIL HOLDINGS (UK) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		145	545
Adjustments for:			
Change in finance lease receivables	6	14,873	10,637
Cash generated from operations		15,018	11,182
Paid to group undertakings in repect of group relief	5	-	(515)
Paid to group undertakings in repect of value added tax	7	(271)	(18)
NET CASH FROM OPERATING ACTIVITIES		14,747	10,649
CASH FLOWS FROM FINANCING ACTIVITIES			
Paid to group undertaking in respect of other financing activities	7	(14,747)	(10,649)
NET CASH FROM FINANCING ACTIVITIES		(14,747)	(10,649)
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT YEAR END		-	-

The notes on pages 9 to 17 form part of the financial statements

1. ACCOUNTING POLICIES

a) Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2009, there were no unendorsed standards effective for 31 December 2009 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Except as stated below, there are currently no IFRSs or Interpretations that have been issued by the IASB or IFRIC and endorsed by the EU that have not yet been adopted by the Company:

- A revised IFRS 3 'Business Combinations', was issued on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This revised standard will have no impact on the Company when adopted with effect from 1 January 2010.
- The IASB issued an amendment to IAS 27 'Consolidated and Separate Financial Statements' on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2010.

At 31 December 2009, the Company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2009 that have not already been adopted by the Company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

Where necessary, comparative figures have been reclassified to be consistent with the current year's presentation.

1. **ACCOUNTING POLICIES** (continued)

b) **Income recognition**

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the lease.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

c) **Income tax**

Income tax comprises current tax and deferred tax and is recognised in the income statement.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the statement of financial position date and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when Eversholt Rail Holdings (UK) Limited intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the statement of finance position date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when HSBC has a legal right to offset.

d) **Interest expense**

Interest expense for all interest bearing financial instruments is recognised in 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

1. **ACCOUNTING POLICIES** (continued)

d) **Interest expense** (continued)

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability or financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

e) **Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged or cancelled or expires.

f) **Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g) **Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

h) **Use of assumptions and estimates**

When preparing the financial statements, it is the directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

i) **Fair value**

Fair values are calculated by discounting cash flows on financial instruments, using equivalent current interest rates.

2. COUNTRY OF INCORPORATION

The Company is incorporated in England and Wales.

3. INTEREST EXPENSE

	2009 £	2008 £
Interest expense charged by parent undertakings	1,577	2,164

4. ADMINISTRATIVE EXPENSES

Administrative expenses include £99 (2008: £289) in respect of group management charges payable to a parent undertaking. The Directors made no charge for their services in either the current or previous year. Auditor's remuneration has been borne by a parent undertaking and is therefore not charged in arriving at the profit before tax. The company has no employees and hence no staff costs.

5. TAX EXPENSE

	Notes	2009 £	2008 £
Current tax			
UK corporation tax			
- on current year profit		626	515
Deferred tax			
Reversal of temporary differences		(585)	(353)
Tax expense		41	162

The UK corporation tax rate applying to Eversholt Rail Holdings (UK) Ltd was 28% (2008: 28.5%).

The following table reconciles the tax expense:

	2009 £	%	2008 £	%
Taxation at UK corporation tax rate	41	28.0	155	28.5
Other items	-	-	7	1.3
Overall tax expense	41	28.0	162	29.8

6. FINANCE LEASE RECEIVABLES

Finance lease receivables from third parties comprise:

	2009 £	2008 £
Gross investment in finance leases		
Amounts falling due:		
No later than one year	9,954	16,888
Later than one year and not later than five years	15,854	25,909
Gross investment in finance leases	25,808	42,797
Unearned finance income	(1,999)	(4,115)
Net investment in finance leases	23,809	38,682
Amortisation of finance lease receivables		
Amounts falling due:		
No later than one year	8,733	14,771
Later than one year and not later than five years	15,076	23,911
Present value of minimum lease receivables	23,809	38,682
Fair value of amounts receivable under finance leases	24,806	39,301
Aggregate finance lease rentals receivable in the year	13,023	13,798

7. PAYABLES

	2009 £	2008 £
Amounts owed to group undertakings	20,952	35,699
Value added tax	544	815
	21,496	36,514

Amounts owed to group undertakings have no fixed date for repayment and are therefore technically repayable on demand.

8. DEFERRED TAX

	2009 £	2008 £
As at 1 January	1,265	1,618
Income statement credit	(585)	(353)
As at 31 December	680	1,265

8. DEFERRED TAX (continued)

The amount of deferred taxation accounted for in the statement of financial position:

Deferred tax liabilities

	2009	2008
	£	£
Assets leased to customers	680	1265

Leasing transactions temporary differences relate principally to accelerated capital allowances and depreciation.

9. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2009	2008	2009	2008
	£	£	£	£
Ordinary shares of £1 each	100	100	1	1

10. CAPITAL AND RESERVES

Shareholders' equity is wholly attributable to equity shareholders.

11. CAPITAL MANAGEMENT

The Company has no externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis.

The group's capital resources policy is to maintain its capital base through the diversification of its sources of capital and the efficient allocation of capital. It seeks to maintain at all times a prudent relationship between its total capital, as measured according to the criteria used by the FSA for supervisory purposes, and the varied risks of its business.

12. PARENT UNDERTAKINGS

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company changed from HSBC Bank plc to HSBC Asset Finance (UK) Limited on 9 February 2010.

The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

13. RELATED PARTIES

A parent undertaking provides banking facilities and acts as a treasury function, providing funding for the Company through an inter-company current account. Interest on any balance is charged at a commercial rate. Other transactions are disclosed in the relevant notes.

14. RISK MANAGEMENT

The Company has exposure to the following types of risk arising from its use of financial instruments; credit risk, liquidity risk and market risk. Market risk includes interest rate risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

The Company participates in transactions to which other HSBC group companies are also party. The HSBC Business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

14. RISK MANAGEMENT (continued)

Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from amounts owed by group undertakings.

The Business manages credit risk for this entity as described above for risks generally.

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis. The directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The finance lease receivable is due from an un-rated company.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets may be recoverable in case of default and it is anticipated that sale proceeds would cover any shortfall in the amounts recovered from the lessee.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from parent entities.

The Business manages liquidity risk for this entity as described above for risks generally.

The Company's assets are funded by borrowing from a parent undertaking, which acts as a treasury function. This funding has no fixed date for repayment, although the treasury function provides funds as required.

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities at the balance sheet date:

As at 31 December 2009:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	20,952	20,952	20,952

As at 31 December 2008:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	35,699	35,699	35,699

14. RISK MANAGEMENT (continued)

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

The Company's finance leases are "interest rate fixed". This means that lease rentals will not change if there is a change in interest rates. The Company's borrowings also carry a fixed rate of interest and hence changes in interest rates will have no impact on interest payable.

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2009 (2008: £ nil).

16. FAIR VALUE

All financial assets and liabilities are carried at amortised cost, and their fair value is not significantly different from their carrying value in the balance sheet at the reporting date.

17. SUBSEQUENT EVENTS

On 8 February 2010 the Company acquired the shares of Eversholt Rail (UK) Limited from Assetfinance December (V) Limited.

On 9 February 2010 the Company acquired the shares of Eversholt Depot Finance (UK) Limited and Eversholt Rail (365) Limited from an associate company Assetfinance Limited.

On 9 February 2010 the Company acquired the shares of Eversholt Rail (380) Limited from its immediate holding company HSBC Asset Finance (UK) Limited.

On 9 February 2010 the Company's immediate holding company changed from HSBC Bank plc to HSBC Asset Finance (UK) Limited. Also on 15 February 2010 the Company changed its name from Assetfinance December (J) Limited to Eversholt Rail Holdings (UK) Limited.

AFD(J) – 7196

ASSETFINANCE DECEMBER (J) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Registered No: 4415647

ASSETFINANCE DECEMBER (J) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

Principal activity

The Company's principal activity is to lease assets to third party lessees for an agreed term under finance lease arrangements. No change in the Company's activities is anticipated.

Business review

During the year the Company continued the leasing transactions written in previous years.

Another group undertaking, HSBC Asset Finance (UK) Limited, acts as an agent to and provides agency services to the Company, charging an annual management fee. The services provided by the agent are to seek new business, to negotiate and to agree terms and to arrange the execution of all lease documents on behalf of the Company.

The business is funded by borrowings. The Company has no employees. Services required are provided by fellow HSBC Group companies. The Company has no stakeholders other than its parent company.

Risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 12 of the financial statements.

Performance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The Company's results for the year under review are as detailed in the income statement shown in these accounts.

The Government enacted a reduction in the UK corporation tax rate to 28% with effect from 1 April 2008. The effect of this rate change is largely reflected in the 2007 financial year as the rate change was substantively enacted in that period, as disclosed in Note 5.

The key performance indicator used by management in assessing the performance of the Company is the monitoring of actual cashflows in comparison with the planned cashflows determined at the inception of the lease transactions. Its performance is also measured by reference to its net income as a percentage of the net investment in finance leases less related tax balances (deferred and current tax). Monthly management accounts are prepared and reviewed by the management of the HSBC Business in which this Company resides.

Future developments

No new lease transactions are currently anticipated, but the Directors keep opportunities under regular review.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2008 (2007: £nil).

Directors

The Directors who served during the year were as follows:

	Resigned
R L H Bencard	
G Owen-Conway	
D R Turner	
K A Singleton	
M B Kenny	3 December 2008

P J Spencer was appointed a Director of the Company on 3 February 2009.

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Supplier payment policy

During the year, the Company received goods and services from group undertakings only. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to the Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Auditor

KPMG Audit plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of Directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the Auditor's statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

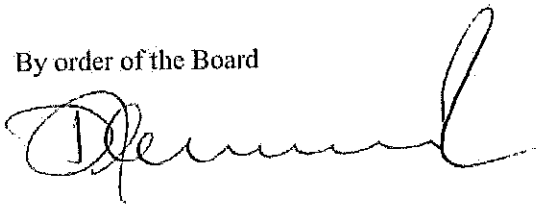
In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that sufficient accounting records are kept that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that its financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



D R Turner
Director

Registered Office:
8 Canada Square
London
E14 5HQ

Date: 3 September 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSETFINANCE DECEMBER (J) LIMITED

We have audited the financial statements of Assetfinance December (J) Limited ('the Company') for the year ended 31 December 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

15 September 2009

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham B3 2DL

ASSETFINANCE DECEMBER (J) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Revenue			
Finance lease income		3,127	4,323
Finance costs: Interest expense	3	(2,164)	(2,685)
		963	1,638
Administrative expenses	4	(418)	(696)
PROFIT BEFORE TAX		545	942
Tax expense	5	(162)	(167)
PROFIT FOR THE YEAR	10	383	775

There were no acquisitions, discontinued or discontinuing operations during the year.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2008

There has been no recognised income or expense other than the profit for the year as shown above.

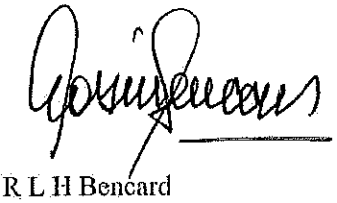
The notes on pages 8 to 17 form part of the financial statements

ASSETFINANCE DECEMBER (J) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
ASSETS			
CURRENT ASSETS			
Finance lease receivables	6	38,682	49,319
TOTAL CURRENT ASSETS		38,682	49,319
TOTAL ASSETS		38,682	49,319
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables	7	36,514	47,181
TOTAL CURRENT LIABILITIES		36,514	47,181
NON CURRENT LIABILITIES			
Deferred tax	8	1,265	1,618
TOTAL NON CURRENT LIABILITIES		1,265	1,618
TOTAL LIABILITIES		37,779	48,799
EQUITY			
Share capital	9,10	1	1
Retained earnings	10	902	519
TOTAL EQUITY	10	903	520
TOTAL LIABILITIES AND EQUITY		38,682	49,319

These financial statements were approved by the Board of Directors on 3 September 2009 and were signed on its behalf by:



R L H Bencard
Director

The notes on pages 8 to 17 form part of the financial statements

ASSETFINANCE DECEMBER (J) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		545	942
Adjustments for:			
Interest expense	3	2,164	2,685
Change in finance lease receivables	6	10,637	10,315
Cash generated from operations		13,346	13,942
Interest paid		(2,164)	(2,685)
(Paid to)/received from group undertakings in respect of group relief	5	(515)	1,035
(Paid to)/received from group undertakings in respect of value added tax	7	(18)	1
NET CASH FROM OPERATING ACTIVITIES		10,649	12,293
CASH FLOWS FROM FINANCING ACTIVITIES			
Paid to group undertakings in respect of other financing activities	7	(10,649)	(12,293)
NET CASH FROM FINANCING ACTIVITIES		(10,649)	(12,293)
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT YEAR END		-	-

The notes on pages 8 to 17 form part of the financial statements.

1. Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2008, there were no unendorsed standards effective for 31 December 2008 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Except as stated below, there are currently no IFRSs or Interpretations that have been issued by the IASB or IFRIC and endorsed by the EU that have not yet been adopted by the Company:

- IFRS 8 'Operating segments' was issued on 30 November 2006 and is effective for periods commencing on or after 1 January 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2009.
- A revised IAS 1 'Presentation of Financial Statements' was issued on 6 September 2007 and is effective for periods commencing on or after 1 January 2009. This revised standard will result in certain presentational changes in the primary financial statements of the Company when adopted with effect from 1 January 2009.
- The IASB issued an amendment to IFRS 2 'Share-based Payment' – 'Vesting Conditions and Cancellations' on 17 January 2008 with effect for periods commencing on or after 1 January 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2009.
- A revised IAS 23 'Borrowing Costs' was issued on 29 March 2007 and is effective for periods commencing on or after 1 January 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2009.
- IFRIC 13 'Customer Loyalty Programmes' was issued on 28 June 2007 and is effective for periods commencing on or after 1 July 2008. This standard will have no impact on the Company when adopted with effect from 1 January 2009.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

Where necessary, comparative figures have been reclassified to be consistent with the current year's presentation.

General information

Assetfinance December (J) Limited is a company domiciled and incorporated in England and Wales.

2. Summary of significant accounting policies

(a) Finance leases

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the leases. It is shown as "Finance lease income" in the income statement.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

(b) Interest expense

Interest expense for all interest bearing financial instruments is recognised in 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability or financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

(c) Financial liabilities

Financial liabilities are initially measured at fair value plus any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised if the Company becomes party to the contractual provisions of the liability instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

A group undertaking acts as a treasury function, providing funding for the Company through an inter-company current account.

2. Summary of significant accounting policies (continued)

(d) Income tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

The tax on items recognised directly in equity is transferred to profit or loss when those items are transferred to profit or loss.

(e) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

(f) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

(g) Cash flow statement

The cash flow statement has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in inter company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

2. Summary of significant accounting policies (continued)

(h) Use of assumptions and estimates

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

There are no accounting policies that are deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation.

(i) Impairment of financial assets

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both a specific and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

3. Interest expense

	2008 £	2007 £
Interest expense charged by other group undertakings	2,164	2,685

4. Administrative expenses

Administrative expenses include £451 (2007: £708) in respect of group management charges payable to a group undertaking.

Auditor's remuneration has been borne by a group undertaking and is therefore not charged in arriving at the profit before tax. The Company has no employees and hence no staff costs. The Directors made no charge for their services.

5. Income tax

(a) Analysis of tax expense for the year

	Notes	2008 £	2007 £
Current tax expense/(credit)			
Group relief payable/(Group relief receivable)		515	(1,035)
Current tax expense/(credit) for the year		515	(1,035)
Deferred tax (credit)/expense			
(Reversal)/origination of temporary differences	8	(353)	1,318
Effect of changes in tax rates	8	-	(116)
Total deferred tax (credit)/expense for the year		(353)	1,202
Total tax expense for the year		162	167

(b) Factors affecting tax expense for the year

	2008 £	2007 £
Profit before tax	545	942
Taxation at UK corporate tax rate of 28.5% (2007: 30%)	154	283
Effect of:		
Tax rate differences	8	(116)
Overall tax expense for the year	162	167

The UK corporate tax rate was reduced from 30% to 28% commencing 1 April 2008 giving rise to a blended tax rate for 2008 of 28.5%. This is different to the rate at which the deferred tax liability is expected to be settled giving rise to the 'Tax rate differences' (disclosed above). In the comparative period the 'Tax rate differences' comprise the one off re-measurement of the deferred tax liability as a result of the reduction in the UK corporate tax rate to 28%.

6. Finance lease receivables

Finance lease receivables comprise:

	2008 £	2007 £
Gross investment in finance leases		
Amounts falling due:		
No later than one year	16,888	13,798
Later than one year and not later than five years	25,909	42,796
Gross investment in finance leases	42,797	56,594
Unearned finance income	(4,115)	(7,275)
Net investment in finance leases	38,682	49,319
Amortisation of finance lease receivables		
Amounts falling due:		
No later than one year	14,771	10,457
Later than one year and not later than five years	23,911	39,021
Later than five years	-	(159)
Present value of minimum lease receivables	38,682	49,319
Fair value of amounts receivable under finance leases	39,301	48,526
Aggregate finance lease rentals receivable in the year	13,798	14,649

The fair value of fixed rate finance lease receivables is calculated by discounting future minimum lease receivables, using equivalent current interest rates.

7. Payables

	2008 £	2007 £
Amounts owed to other group undertakings	35,699	46,348
Value added tax	815	833
	36,514	47,181

Amounts owed to group undertakings have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

8. Deferred tax

	2008 £	2007 £
Leasing transactions temporary differences:		
Opening balance	1,618	416
Recognised in income statement:		
(Reversal)/origination of temporary differences	(353)	1,318
Effect of changes in tax rates	-	(116)
	1,265	1,618

Leasing transactions taxable temporary differences relate principally to accelerated capital allowances and depreciation.

Deferred tax has been calculated at the corporation tax rates applicable to the financial years in which it is expected that the assets will be realised or the liabilities settled, being 28%.

9. Share capital

	Authorised		Issued and fully paid up	
	2008 £	2007 £	2008 £	2007 £
Ordinary shares of £1 each	100	100	1	1

The Company has 100 ordinary shares of £1 each authorised and 1 issued and fully paid.

10. Capital and reserves

	Share capital £	Retained earnings £	Total equity £
At 1 January 2007	1	(256)	(255)
Total recognised income and expense	-	775	775
Balance at 31 December 2007	1	519	520
Total recognised income and expense	-	383	383
Balance at 31 December 2008	1	902	903

Shareholders' equity is wholly attributable to equity shareholders.

Capital management
The Company is not subject to externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis. The Company defines capital as total shareholders' equity. The Company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. There were no changes in the Company's approach to capital management during the year.

11. Related party transactions

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is HSBC Bank plc. The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Particulars of transactions, arrangements and agreements involving related parties are disclosed elsewhere within the financial statements.

12. Risk management

The Company has exposure to the following types of risk arising from its use of financial instruments; credit risk, liquidity risk and market risk. Market risk includes interest rate risk and foreign exchange risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

The Company participates in transactions to which other HSBC group companies are also party. The HSBC Business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from finance lease receivables.

The Business manages credit risk for this entity as described above for risks generally.

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis.

12. Risk management (continued)

Credit risk management (continued)

The Directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. No finance lease receivables are in arrears.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets would be recoverable in case of default and it is anticipated that sale proceeds would cover any shortfall in the amounts recovered from the lessee.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from group undertakings.

The Business manages liquidity risk for this entity as described above for risks generally.

The Company's finance lease receivables are funded principally by borrowings from group undertakings, which acts as a treasury function. This funding has no fixed repayment date and therefore is technically repayable on demand. The treasury function provides funds as required to finance the leases, at the same interest rates that currently applies to the relevant Company borrowings, for the term of the leases.

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities (excluding interest) at the balance sheet date:

As at 31 December 2008:	**Carrying amount**	**Contractual cash flows**	**Less than one year**
	£	**£**	**£**
Amounts owed to group undertakings	35,699	(35,699)	(35,699)

As at 31 December 2007:	**Carrying amount**	**Contractual cash flows**	**Less than one year**
	£	**£**	**£**
Amounts owed to group undertakings	46,348	(46,348)	(46,348)

12. Risk management (continued)

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

The Company's finance leases are "interest rate fixed". This means that lease rentals will not change if there is a change in interest rates. The Company's borrowings also carry a fixed rate of interest and hence changes in interest rates will have no impact on interest payable.

13. Contingent liabilities

There were no contingent liabilities at 31 December 2008 (2007: £nil).

14. Subsequent events

There are no subsequent events requiring disclosure in the financial statements.

Registered No: 443562

EUROPEAN RAIL FINANCE HOLDINGS LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2009

EUROPEAN RAIL FINANCE HOLDINGS LIMITED

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EUROPEAN RAIL FINANCE HOLDINGS LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors present their report together with the audited financial statements of European Rail Finance Holdings Limited (the "Company") for the year ended 31 December 2009.

Principal Activities

The Company operates as an investment holding company.

Review of the Development of the Business

The Company has no employees. Services required are provided by fellow HSBC Group companies and third parties.

Performance

The Company did not trade during the year and has undertaken no transactions that need to be reported in either an income statement or a statement of comprehensive income. Hence neither statement has been prepared and included in these financial statements.

Dividends

The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the year were as follows:

Name	
R H Burke	Appointed 2 December 2009
A Duffy	
P Moiroud	Resigned 10 September 2009
W Roche	
S Wainwright	
G Woelfel	

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Directors (continued)

The Directors' and Secretary's interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, are set out below:

	Ordinary Shares of US$0.50 each	
	At 31 December 2009	At 1 January 2009 (or date of appointment)
A Duffy	2371	2,371
S Wainwright	26,201	15,507
G Woelfel	4,696	913

Share Based Payments

Various share option plans are available to help align the interests of employees with those of shareholders. The scheme comprises Savings-Related Share Option Plans, Share Option Plans and Performance Share awards and is administered and managed by the ultimate parent company, HSBC Holdings plc.

(a) Savings-Related Share Option Plans

Savings-related share option plans invite eligible employees to enter into savings contracts to save up to a pre-determined amount, with the option to use the savings to acquire shares. The aim of the plan is to align the interests of all employees to the creation of shareholder value.

Mr Duffy, Mr Wainwright and Mr Roche are members of the above scheme.

(b) Restricted Share Awards

Restricted shares are awarded to employees on the basis of their performance, potential and retention requirements, to aid recruitment or as a part-deferral of annual bonuses. Shares are awarded without corporate performance conditions and generally vest between one and three years from the date of the award.

Mr Duffy, Mr Roche, Mr Wainwright and Mr Woelfel are members of the above scheme.

Accounting Records

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing a service provider, which has appropriate expertise and provides adequate resources to the financial function. The books of account of the Company are maintained primarily by HSBC Rail (UK) Limited, PO Box 29499, London NW1 2ZF.

Auditor

KPMG have expressed their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU as applied in accordance with the Companies Acts 1963 to 2009.

The Company's financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the Company. The Companies Acts 1963 to 2009 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the EU as applied in accordance with the Companies Acts 1963 to 2009; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts 1963 to 2009.

By order of the Board

William J. Roche

W Roche
Director

Date: 15/6/2010

Registered office:
AIB International Centre
I.F.S.C
Dublin 1

Richard Burke

R H Burke
Director

Date: 15/06/2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN RAIL FINANCE HOLDINGS LIMITED

We have audited the financial statements of European Rail Finance Holdings Limited for the year ended 31 December 2009 which comprise the statement of financial position, statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs as adopted by the EU and have been properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you in our opinion, whether proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary meeting of the Company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit, and whether the Company's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report. We consider implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN RAIL FINANCE HOLDINGS LIMITED (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2009;
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009.

Other matters

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet are more than half of the amount of its called-up capital and, in our opinion, on that basis there did not exist at 31 December 2009 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary meeting of the Company.

KPMG

KPMG
Chartered Accountants
Registered Auditor

15 June 2010

1 Harbourmaster Place
IFSC
Dublin 1

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

The Company has not transacted any business since incorporation and has no recognised income and expenses and therefore no statement of comprehensive income has been presented.

These financial statements were approved by the Board of Directors on 15 June 2010 and were signed on its behalf by:

William J. Roche

W Roche
Director

R H Burke
Director

The notes on pages 9 to 11 form part of the financial statements

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Notes	2009 £m	2008 £m
ASSETS			
NON CURRENT ASSETS			
Investment in a subsidiary	3	150.0	150.0
TOTAL NON CURRENT ASSETS		150.0	150.0
EQUITY			
Share capital	4	50.0	50.0
Capital contribution		100.0	100.0
TOTAL EQUITY	5	150.0	150.0

These financial statements were approved by the Board of Directors on 15 June 2010 and were signed on its behalf by:

William J. Roche

W Roche
Director

R H Burke
Director

The notes on pages 9 to 11 form part of the financial statements

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital £m	Capital contribution £m	Total £m
Balance at 1 January 2008	50.0	100.0	150.0
Profit for the year	-	-	-
Balance at 31 December 2008	50.0	100.0	150.0
Profit for the year	-	-	-
Balance at 31 December 2009	50.0	100.0	150.0

The notes on pages 9 to 11 form part of the financial statements

1. ACCOUNTING POLICIES

a) Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2009, there were no unendorsed standards effective for 31 December 2009 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

The Company applied revised IAS 1 presentation of Financial Statements (2007) which became effective as of 1 January 2009 and has adopted the single-statement approach in the presentation of its total comprehensive income. The Company has also chosen to adopt the new titles for the primary statements as set out in IAS 1 which is considered to better reflect the function of each of the primary statements.

Except as stated below, there are currently no IFRSs or Interpretations that have been issued by the IASB or IFRIC and endorsed by the EU that have not yet been adopted by the Company:

- A revised IFRS 3 'Business Combinations', was issued on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This revised standard will have no impact on the Company when adopted with effect from 1 January 2010.
- The IASB issued an amendment to IAS 27 'Consolidated and Separate Financial Statements' on 10 January 2008 which will be applied prospectively for periods commencing on or after 1 July 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2010.

At 31 December 2009, the Company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2009 that have not already been adopted by the Company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

Where necessary, comparative figures have been reclassified to be consistent with the current year's presentation.

1. ACCOUNTING POLICIES (Continued)

b) Investments

Investments are carried at cost less impairment losses. Reversals on impairment losses are recognised in the income statement if there has been a change in estimates used to determine the recoverable value of the investment.

c) Consolidation

The Company does not consolidate its 100% investment in European Rail Finance Limited given that the Company itself is a wholly-owned subsidiary and the ultimate parent of the Company produces consolidated financial statements available for public use that comply with IFRSs (refer to note 7 of these financial statements).

2. COUNTRY OF INCORPORATION

The Company is incorporated in Ireland.

3. INVESTMENTS

Investments in the Company's balance sheet represent an investment of 100% of the shares of European Rail Finance Limited, whose principal activity is as a lessor of passenger and freight rolling stock under operating leases. The investment is unlisted.

4. SHARE CAPITAL

	2009 £m	2008 £m
Authorised		
100,000,000 Ordinary shares of £1 each	100.0	100.0
Issued and fully paid up		
50,000,001 Ordinary shares of £1 each	50.0	50.0

5. CAPITAL AND RESERVES

Shareholders' equity is wholly attributable to equity shareholders.

The capital contribution represents an investment made by the immediate holding company, and forms part of the capital base of the Company.

6. CAPITAL MANAGEMENT

The Company defines capital as total shareholders' equity. The Company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. The Company is not subject to externally imposed capital requirements.

7. PARENT UNDERTAKINGS

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is HSBC Asset Finance (UK) Limited. The results of the Company are included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Registered No: 443562

EUROPEAN RAIL FINANCE HOLDINGS LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2008

EUROPEAN RAIL FINANCE HOLDINGS LIMITED

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EUROPEAN RAIL FINANCE HOLDINGS LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report together with the audited financial statements of European Rail Finance Holdings Limited (the "company") for the year ended 31 December 2008.

Principal Activities

The company operates as an investment holding company.

Review of the Development of the Business

The company has no employees. Services required are provided by fellow HSBC Group companies and third parties.

Performance

The company did not trade during the year and has undertaken no transactions that need to be reported in either an income statement or a statement of recognised income and expense. Hence neither statement has been prepared and included in these financial statements.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The Directors who served during the year were as follows:

Name	
A Duffy	
P Lespagnol	Resigned 16 December 2008
P Moiroud	
W Roche	
S Wainwright	
G Woelfel	Appointed 16 December 2008

P Moiroud resigned as a director on 10 September 2009.

The Articles of Association of the company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the directors.

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

Directors (continued)

The directors' and secretary's interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, are set out below:

	Ordinary Shares of US$0.50 each	
	At 31 December 2008	At 1 January 2008 (or date of appointment)
A Duffy	2,371	2,371
P Moiroud	36,183	5,150
S Wainwright	15,507	6,325
G Woelfel	913	913

Share Based Payments

Various share option plans are available to help align the interests of employees with those of shareholders. The scheme comprises Savings-Related Share Option Plans, Share Option Plans and Performance Share awards and is administered and managed by the ultimate parent company, HSBC Holdings plc.

(a) Savings-Related Share Options Plans

Savings-related share option plans invite eligible employees to enter into savings contracts to save up to a pre-determined amount, with the option to use the savings to acquire shares. The aim of the plan is to align the interests of all employees to the creation of shareholder value.

Mr Duffy, Mr Moiroud, Mr Wainwright and Mr Roche are members of the above scheme.

(b) Restricted Share Awards

Restricted shares are awarded to employees on the basis of their performance, potential and retention requirements, to aid recruitment or as a part-deferral of annual bonuses. Shares are awarded without corporate performance conditions and generally vest between one and three years from the date of the award.

Mr Duffy, Mr Moiroud, Mr Wainwright and Mr Woelfel are members of the above scheme.

Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing a service provider, which has appropriate expertise and provides adequate resources to the financial function. The books of account of the company are maintained primarily by HSBC Rail (UK) Limited, PO Box 29499, London NW1 2ZF.

Auditor

KPMG have expressed their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with IFRSs as adopted by the EU as applied in accordance with the Companies Acts 1963 to 2009.

The company's financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the state of affairs of the company and of its profit or loss for that year. The Companies Acts 1963 to 2009 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the EU as applied in accordance with the Companies Acts 1963 to 2009; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts 1963 to 2009.

By order of the Board

S Wainwright
Director

Date: 9/9/09

A Duffy
Director

Date: 09/09/09

Registered office:
AIB International Centre
I.F.S.C
Dublin 1

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN RAIL FINANCE HOLDINGS LIMITED

We have audited the financial statements of European Rail Finance Holdings Limited for the year ended 31 December 2008 which comprise the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRS as adopted by the EU and have been properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you in our opinion, whether proper books of account have been kept by the company, whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary meeting of the company, and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit, and whether the company's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report. We consider implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EUROPEAN RAIL FINANCE HOLDINGS LIMITED (CONTINUED)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2008;

- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009.

Other matters

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the company balance sheet are more than half of the amount of its called-up capital and, in our opinion, on that basis there did not exist at 31 December 2008 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary meeting of the company.

KPMG

9 September 2009

KPMG
Chartered Accountants
Registered Auditor

1 Harbourmaster Place
IFSC
Dublin 1

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

The company has not transacted any business since incorporation and has no recognised income and expenses and therefore no income statement or statement of recognised income and expense has been presented.

These financial statements were approved by the Board of Directors on and were signed on its behalf by:

S Wainwright
Director
09/09/09

A Duffy
Director
07/01/09

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2007 and 2008 £m
ASSETS		
Non-current assets		
Investments	3	150.0
Equity		
Called up share capital	4	50.0
Capital contribution	5	100.0
Total equity	5	150.0

These financial statements were approved by the Board of Directors on and were signed on its behalf by:

S Wainwright
Director
09/09/09

A Duffy
Director
09/09/09

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Cash flows from investing activities		
Investment in subsidiary company	-	(150.0)
Net cash used in investing activities	-	(150.0)
Cash flows from financing activities:		
Issue of ordinary share capital	-	50.0
Capital contribution received	-	100.0
Net cash used in financing activities	-	150.0
Net increase in cash and cash equivalents carried forward	-	-

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Basis of preparation

The company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') endorsed by the European Union ('EU') and as applied in accordance with the Companies Acts 1963 to 2009. EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2008, there were no unendorsed standards effective for 31 December 2008 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Standards and Interpretations issued by the IASB and endorsed by the EU but not yet effective

- IFRS 8 'Operating segments' was issued on 30 November 2006 and is effective for periods commencing on or after 1 January 2009. This standard is not expected to have any impact on the company when adopted with effect from 1 January 2009.
- A revised IAS 1 'Presentation of Financial Statements', was issued on 6 September 2007 and is effective for periods commencing on or after 1 January 2009. This revised standard may result in certain presentational changes in the primary financial statements of the company when adopted with effect from 1 January 2009.
- The IASB issued an amendment to IFRS 2 'Share-based Payment' – 'Vesting Conditions and Cancellations' on 17 January 2008 with effect for periods commencing on or after 1 January 2009. This standard will have no impact on the company when adopted with effect from 1 January 2009.
- A revised IAS 23 'Borrowing Costs' was issued on 29 March 2007 and is effective for periods commencing on or after 1 January 2009. This standard will have no impact on the company when adopted with effect from 1 January 2009.
- IFRIC 13 'Customer Loyalty Programmes' was issued on 28 June 2007 and is effective for periods commencing on or after 1 July 2008. This standard will have no impact on the company when adopted with effect from 1 January 2009.

At 31 December 2008, the company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2008 that have not already been adopted by the company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the company's functional currency and have been prepared on the historical cost basis.

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

b) Investments

Investments are carried at cost less impairment losses. Reversals on impairment losses are recognised in the income statement if there has been a change in estimates used to determine the recoverable value of the investment.

c) Consolidation

The company does not consolidate its 100% investment in European Rail Finance Limited given that the company itself is a wholly-owned subsidiary and the ultimate parent of the company produces consolidated financial statements available for public use that comply with IFRSs (refer to note 7 of these financial statements).

2 COUNTRY OF INCORPORATION

The company is incorporated in Ireland.

3 INVESTMENTS

Investments in the company's balance sheet represent an investment of 100% of the shares of European Rail Finance Limited, whose principal activity is as a lessor of passenger and freight rolling stock under operating leases. The investment is unlisted.

	£m
At 31 December 2007 and 2008	150.0

4. SHARE CAPITAL

At 31 December 2007 and 2008 share capital comprises:

Authorised	£m
100,000,000 Ordinary shares of £1 each	100.0

Allotted, called up and fully paid:	£m
50,000,001 Ordinary share of £1 each	50.0

EUROPEAN RAIL FINANCE HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS

5. RECONCILIATION OF MOVEMENTS IN EQUITY

	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Called up share capital		
Balance brought forward	50.0	-
Issued during the period	-	50.0
Balance carried forward	50.0	50.0
Capital contribution		
Balance brought forward	100.0	-
Received during the period	-	100.0
Balance carried forward	100.0	100.0
Total shareholders' equity		
Balance brought forward	150.0	-
Share capital issued during the period	-	50.0
Capital contribution received during the period	-	100.0
Balance carried forward	150.0	150.0

Shareholders' equity is wholly attributable to equity shareholders.

The capital contribution represents an investment made by the immediate holding company, and forms part of the capital base of the company.

6. CAPITAL MANAGEMENT

The company defines capital as total shareholders' equity. The company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. The company is not subject to externally imposed capital requirements.

7. PARENT UNDERTAKINGS

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is HSBC Asset Finance (UK) Limited. The results of the company are included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Registered No: 443563

EUROPEAN RAIL FINANCE LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2009

EUROPEAN RAIL FINANCE LIMITED

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EUROPEAN RAIL FINANCE LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors present their report together with the audited financial statements of European Rail Finance Limited (the "Company") for the year ended 31 December 2009.

Principal Activities

The principal activity of the Company is the provision of passenger and freight rolling stock, either directly or indirectly via a fellow subsidiary undertaking, to UK train operating companies under operating leases.

Review of the Development of the Business

The business is funded by equity and borrowing.

The Company has no employees. Services required are provided by fellow HSBC Group companies and third parties.

During the year there were early terminations of a number of operating leases that were between HSBC Rail (UK) Limited (HRUK) and the train operating companies. Subsequently new leases were signed by the Company directly with the train operating companies. As a result, there is a significant movement from indirect to direct leasing.

On 28 August 2009, the Company acquired the shares of European Rail Finance (GB) Limited from HSBC Equipment Finance (UK) Limited, an associate company.

No further change in the Company's activities is anticipated.

Risk Management

The principal risks to which the Company is exposed are liquidity, residual value (including terms under which trains are relet), and interest rate risk - see note 20 to the financial statements.

Performance

The Company's results for the year under review are as detailed in the statement of comprehensive income shown in these financial statements and are broadly in line with management's expectations.

The key performance indicators used by management in assessing the performance of the Company are review of cumulative results against plan. For this purpose, monthly management accounts are prepared and reviewed by the Directors of the Company.

Dividends

The Directors do not recommend the payment of a dividend (2008: £nil).

Directors

The Directors who served during the year were as follows:

Name	
R H Burke	Appointed on 2 December 2009
A Duffy	
P Moiroud	Resigned on 10 September 2009
W Roche	
S Wainwright	
G Woelfel	

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Directors' and Secretary's Interests

The Directors' and Secretary's interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, are set out below:

	Ordinary Shares of US$0.50 each	
	At 31 December 2009	At 1 January 2009
A Duffy	2,371	2,371
S Wainwright	26,201	15,507
G Woelfel	4,696	913

Share Based Payments

Various share option plans are available to help align the interests of employees with those of shareholders. The scheme comprises Savings-Related Share Option Plans, Share Option Plans and Performance Share awards and is administered and managed by the ultimate parent company, HSBC Holdings plc.

(a) Savings-Related Share Option Plans

Savings-related share option plans invite eligible employees to enter into savings contracts to save up to a pre-determined amount, with the option to use the savings to acquire shares. The aim of the plan is to align the interests of all employees to the creation of shareholder value.

Mr Duffy, Mr Wainwright and Mr Roche are members of the above scheme.

(b) Restricted Share Awards

Restricted shares are awarded to employees on the basis of their performance, potential and retention requirements, to aid recruitment or as a part-deferral of annual bonuses. Shares are awarded without corporate performance conditions and generally vest between one and three years from the date of the award.

Mr Duffy, Mr Roche, Mr Wainwright and Mr Woelfel are members of the above scheme.

Accounting Records

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing a service provider, which has appropriate expertise and provides adequate resources to the financial function. The books of account of the Company are maintained primarily by HSBC Rail (UK) Limited, PO Box 29499, London NW1 2ZF.

Auditor

KPMG have expressed their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU as applied in accordance with the Companies Acts 1963 to 2009.

The Company's financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Company. The Companies Acts 1963 to 2009 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the EU as applied in accordance with the Companies Acts 1963 to 2009; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Statement of directors' responsibilities in respect of the directors' report and the financial statements (continued)

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts 1963 to 2009.

By order of the Board

W Roche
Director

Date: 15/6/10.

R H Burke
Director

Date: 15 June 2010

Registered office:
AIB International Centre

I.F.S.C.
Dublin 1

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN RAIL FINANCE LIMITED

We have audited the financial statements of European Rail Finance Limited for the year ended 31 December 2009 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on pages 3 and 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs as adopted by the EU and have been properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you in our opinion whether proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary meeting of the Company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit, and whether the Company's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report. We consider implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN RAIL FINANCE LIMITED (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009.

Other matters

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the Company, as stated in the company balance sheet are more than half of the amount of its called-up capital and, in our opinion, on that basis there did not exist at 31 December 2009 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary meeting of the company.

KPMG

KPMG
Chartered Accountants
Registered Auditor

14 June 2010

1 Harbourmaster Place
IFSC
Dublin 1

EUROPEAN RAIL FINANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £m	2008 £m
Revenue			
Operating lease income	3	200.0	205.6
Cost of sales		(100.9)	(100.8)
Interest receivable	4	9.4	18.8
Finance costs: Interest expense	5	(30.7)	(111.1)
		77.8	12.5
Administrative expenses	6	(10.5)	(10.7)
PROFIT BEFORE TAX		67.3	1.8
Tax expense	7	(8.4)	(0.2)
PROFIT FOR THE YEAR		58.9	1.6

These financial statements were approved by the Board of Directors on 15 June 2010 and were signed on its behalf by:

William T. Roche
W Roche
Director

Robert H Burke
R H Burke
Director

The notes on pages 11 to 21 form part of the financial statements

EUROPEAN RAIL FINANCE LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Notes	2009 £m	2008 £m
ASSETS			
NON CURRENT ASSETS			
Investment in a subsidiary	8	-	-
Property, plant and equipment	9	1,648.8	1,746.5
Deferred tax asset	10	-	2.3
Amounts owed by other group undertaking	11	155.5	48.9
TOTAL NON CURRENT ASSETS		1,804.3	1,797.7
CURRENT ASSETS			
Amounts owed by other group undertaking	11	-	13.8
Trade and other receivables	12	1.4	0.1
Amounts owed by parent undertaking		256.3	74.5
Cash and cash equivalents held with parent undertaking		3.4	0.2
TOTAL CURRENT ASSETS		261.1	88.6
TOTAL ASSETS		2,065.4	1,886.3
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Amounts owed to parent undertaking	13	1,734.1	1,742.5
Trade payables		0.4	-
Amounts owed to other group undertaking - obligations under finance lease	14	42.7	-
TOTAL CURRENT LIABILITIES		1,777.2	1,742.5
NON CURRENT LIABILITIES			
Payment in advance		25.2	9.6
Amounts owed to other group undertaking - obligations under finance lease	14	63.8	-
Deferred tax liability	10	6.1	-
TOTAL NON CURRENT LIABILITIES		95.1	9.6
TOTAL LIABILITIES		1,872.3	1,752.1
EQUITY			
Share capital	15	50.0	50.0
Capital contribution	16	100.0	100.0
Retained earnings/(accumulated losses)		43.1	(15.8)
TOTAL EQUITY		193.1	134.2
TOTAL LIABILITIES AND EQUITY		2,065.4	1,886.3

These financial statements were approved by the Board of Directors on 15 June 2010 and were signed on its behalf by:

William J. Roche
W Roche
Director

Robert H Burke
R H Burke
Director

The notes on pages 11 to 21 form part of the financial statements

EUROPEAN RAIL FINANCE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital £m	Capital contribution £m	Retained earnings £m	Total £m
Balance at 1 January 2008	50.0	100.0	(17.4)	132.6
Profit for the year	-	-	1.6	1.6
Balance at 31 December 2008	50.0	100.0	(15.8)	134.2
Profit for the year	-	-	58.9	58.9
Balance at 31 December 2009	50.0	100.0	43.1	193.1

The notes on pages 11 to 21 form part of the financial statements

EUROPEAN RAIL FINANCE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £m	2008 £m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	67.3	1.8
Adjustments for:		
Depreciation	100.7	100.8
Change in trade and other receivables	14.7	189.2
NET CASH FROM OPERATING ACTIVITIES	182.7	291.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in a subsidiary	-	-
Purchase of property, plant and equipment	(3.0)	(0.9)
NET CASH FROM INVESTING ACTIVITIES	(3.0)	(0.9)
CASH FLOWS FROM FINANCING ACTIVITIES		
Secured bank loan (repaid)	-	(271.5)
Paid to parent undertaking in respect of other financing activities	(176.5)	(21.3)
NET CASH FROM FINANCING ACTIVITIES	(176.5)	(292.8)
Net increase/(decrease) in cash and cash equivalents	3.2	(1.9)
Opening cash and cash equivalents	0.2	2.1
CASH AND CASH EQUIVALENTS AT YEAR END	3.4	0.2

The notes on pages 11 to 21 form part of the financial statements

1. ACCOUNTING POLICIES

a) Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2009, there were no unendorsed standards effective for 31 December 2009 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

The Company applied revised IAS 1 presentation of Financial Statements (2007) which became effective as of 1 January 2009 and has adopted the single-statement approach in the presentation of its total comprehensive income. The Company has also chosen to adopt the new titles for the primary statements as set out in IAS 1 which is considered to better reflect the function of each of the primary statements.

Except as stated below, there are currently no IFRSs or Interpretations that have been issued by the IASB or IFRIC and endorsed by the EU that have not yet been adopted by the Company:

- A revised IFRS 3 'Business Combinations', was issued on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This revised standard will have no impact on the Company when adopted with effect from 1 January 2010.
- The IASB issued an amendment to IAS 27 'Consolidated and Separate Financial Statements' on 10 January 2008 which will be applied prospectively for periods commencing on or after 1 July 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2010.

At 31 December 2009, the Company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2009 that have not already been adopted by the Company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

Where necessary, comparative figures have been reclassified to be consistent with the current year's presentation.

1. ACCOUNTING POLICIES (continued)

b) Income recognition

Revenue comprises operating lease rentals receivable, which are recognised on a straight-line basis over the term of the lease, net of value added tax.

c) Income tax

Income tax on the profit for the period comprises current tax and deferred tax.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the date of the statement of financial position.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the statement of financial position and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and a legal right to set off exists in the entity.

d) Property, plant and equipment

Rolling stock and other railway assets are capitalised at cost and are depreciated on a straight-line basis over their useful economic lives to the estimated residual value. The useful economic life depends on the class of vehicle and type of asset and ranges from 20 to 35 years. Lives and residual values are reviewed annually and if there is an indication of impairment a loss will be recognised to reduce the carrying value of the asset to its recoverable amount.

Assets acquired under finance leases are included within rolling stock assets in the statement of financial position.

e) Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged or cancelled or expires.

f) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1. ACCOUNTING POLICIES (continued)

g) Cash and cash equivalents

For the purpose of the statement of cashflows, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Inter company transactions are accounted for as financing activities.

h) Use of assumptions and estimates

When preparing the financial statements, it is the directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

The accounting policy in relation to impairment of property, plant and equipment (note 1(d)) is considered critical to the Company's results and financial position, in terms of the materiality of the items to which the policy is applied, and the fact that it involves a high degree of judgement and estimation.

i) Fair values

Fair values are calculated by discounting future cash flows on financial instruments, using equivalent current interest rates.

j) Consolidation

The Company does not consolidate its 100% investment in European Rail Finance (GB) Limited given that the Company itself is a wholly-owned subsidiary and the ultimate parent of the Company produces consolidated financial statements available for public use that comply with IFRSs (refer to note 18 of these financial statements).

2. COUNTRY OF INCORPORATION

The Company is incorporated in Ireland.

3. OPERATING LEASE INCOME

Operating lease income comprises:

	2009 £m	2008 £m
Rentals receivable from third parties	48.5	28.5
Rentals receivable from group undertaking	151.5	177.1
	200.0	205.6

4. INTEREST RECEIVABLE

	2009 £m	2008 £m
Interest on limited recourse loan to other group undertaking	6.8	4.4
Interest receivable from parent undertaking	1.6	13.6
Interest on other debtors	1.0	0.8
	9.4	18.8

5. FINANCE COSTS: INTEREST PAYABLE

	2009 £m	2008 £m
Interest payable on bank loan	0.2	15.0
Interest payable to parent undertaking	27.2	96.1
Interest payable to group undertaking	3.3	-
	30.7	111.1

6. ADMINISTRATIVE EXPENSES

	2009 £m	2008 £m
Management charge payable to other group undertaking	10.1	10.0
Charge for directors' fees payable to other group undertaking	0.3	0.2
Other costs	0.1	0.5
	10.5	10.7

The Company has no employees and hence no staff costs.

7. TAX CHARGE

The tax charge comprises:

	2009 £m	2008 £m
Deferred tax expense		
Origination of temporary differences	(8.4)	(0.2)
Total deferred tax expense for the year	(8.4)	(0.2)
Total tax expense for the year	(8.4)	(0.2)

The tax charge for the year is not different from the standard rate of corporation tax in Ireland of 12.5%, as shown below:

	2009 £m	2008 £m
Profit before tax	67.3	1.8
Taxation at corporation tax rate of 12.5%	(8.4)	(0.2)
Overall tax expense for the year	(8.4)	(0.2)

8. INVESTMENT IN A SUBSIDIARY

	2009 £	2008 £
Investment in a subsidiary	2	-

The subsidiary undertaking of European Rail Finance Limited is given below

Subsidiary undertaking	Country of incorporation	Nature of business	Accounting reference date
European Rail Finance (GB) Limited	England and Wales	Leasing	31 December

European Rail Finance Limited directly owns 100% of the issued share capital of the above subsidiary and all shares held are ordinary.

9. PROPERTY, PLANT AND EQUIPMENT

	2009 £m	2008 £m
Cost		
At 1 January	1,884.5	1,883.6
Additions acquired from other group undertakings	3.0	0.9
At 31 December	1,887.5	1,884.5
Depreciation		
At 1 January	138.0	37.2
Charge for the year	100.7	100.8
At 31 December	238.7	138.0
Net book value		
At 1 January	1,746.5	1,846.4
At 31 December	1,648.8	1,746.5

All property, plant and equipment is held under finance leases, the rents of which have been prepaid or assumed by a parent undertaking.

The Company leases the rolling stock and other railway assets under operating lease agreements to HSBC Rail (UK) Limited and to train operating companies.

Future minimum lease payments receivable from third parties under non-cancellable operating leases:

	2009 £m	2008 £m
No later than one year	71.7	30.4
Later than one year and not later than five years	257.9	78.4
Later than five years	22.4	38.5
	352.0	147.3

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Future minimum lease payments receivable from HSBC Rail (UK) Limited under non-cancellable operating leases:

	2009 £m	2008 £m
No later than one year	126.3	172.8
Later than one year and not later than five years	184.5	311.4
Later than five years	6.1	8.9
	316.9	493.1

10. DEFERRED TAX

	2009 £m	2008 £m
As at 1 January	2.3	2.5
Charge to income statement	(8.4)	(0.2)
At 31 December	(6.1)	2.3

Deferred tax arises on leasing transactions, where temporary differences relate principally to accelerated capital allowances.

Deferred tax has been calculated at 12.5% being the rate in force at 31 December 2008 and 2009.

11. AMOUNTS OWED BY OTHER GROUP UNDERTAKING

The Company has made a loan to another group undertaking. The loan is limited recourse to the extent of certain income generated by the borrower's assets.

12. TRADE AND OTHER RECEIVABLES

	2009 £m	2008 £m
VAT recoverable	1.4	0.1

13. AMOUNTS OWED TO PARENT UNDERTAKING

Amounts owed to parent undertaking are repayable on demand.

14. AMOUNTS OWED TO OTHER GROUP UNDERTAKING - OBLIGATIONS UNDER FINANCE LEASE

	2009 £m	2008 £m
Total future minimum lease payments		
No later than one year	48.1	-
Later than one year and not later than five years	69.2	-
Gross investment in finance leases	117.3	-
Future finance costs	(10.8)	-
	106.5	-
Present value of minimum lease payments		
No later than one year	42.7	-
Later than one year and not later than five years	63.8	-
	106.5	-

15. SHARE CAPITAL

	2009 £m	2008 £m
Authorised		
100,000,000 Ordinary shares of £1 each	100.0	100.0
Issued and fully paid up		
50,000,001 Ordinary shares of £1 each	50.0	50.0

16. CAPITAL AND RESERVES

Shareholders' equity is wholly attributable to equity shareholders.

The capital contribution represents an investment made by the immediate holding company, and forms part of the capital base of the Company.

17. CAPITAL MANAGEMENT

The Company defines capital as total shareholders' equity. The Company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. The Company is not subject to externally imposed capital requirements.

18. PARENT UNDERTAKINGS

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is European Rail Finance Holdings Limited. The results of the Company are included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

19. RELATED PARTIES

A parent undertaking provides banking facilities and acts as a treasury function, providing funding for the Company through a loan facility. This is reflected in the statement of financial position, as amounts owed to parent undertaking. Interest on this balance is charged at a commercial rate.

20. RISK MANAGEMENT

Credit risk

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract.

The Company's exposure to credit risk is minimised because amounts owed by parent and other group undertakings form substantially all the company's financial assets. Such group undertakings are wholly owned subsidiaries of HSBC Holdings plc. Such counterparties have no history of default and have been able to meet their liabilities as they fall due. On this basis the company considers the amounts due to be fully recoverable at period end.

There has been no significant change in the credit quality of financial assets since the Company commenced trading. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from parent undertakings or third parties.

20. RISK MANAGEMENT (continued)

Liquidity risk (continued)

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities:

As at 31 December 2009:	Carrying amount	Contractual cash flows	Less than one year
	£m	£m	£m
Amounts owed to parent undertakings	1,734.1	1,734.1	1,734.1

As at 31 December 2008:	Carrying amount	Contractual cash flows	Less than one year
	£m	£m	£m
Amounts owed to parent undertakings	1,742.5	1,742.5	1,742.5

The contractual cash flow and the carrying value of the amount owed to parent undertaking are the same as, under the terms of the agreement, the amount owed is repayable on demand.

Residual value risk

A significant part of a lessor's return from operating leases is dependent upon its management of residual value risk. This risk arises from operating lease transactions to the extent that the values recovered from re-letting assets at the end of the lease terms (the "residual values") differ from those projected at the inception of the leases. The business regularly monitors residual value exposure by reviewing the recoverability of the residual value projected at lease inception. This entails considering the potential of re-letting of operating lease assets at the end of their lease terms. Provision is made to the extent that the carrying values of leased assets are impaired through residual values not being fully recoverable.

Interest rate risk

The Company is exposed to interest rate risk in relation to amounts owed to and from parent and other group undertakings, and amounts owed to third parties, which are all LIBOR based. In the case of inter company lending/borrowing, there is a corresponding risk/benefit in the borrowing/lending company (a fellow subsidiary undertaking), and hence from a HSBC Bank Group perspective the interest rate risk is eliminated on such lending/borrowings.

20. RISK MANAGEMENT (continued)

Interest rate risk (continued)

Sensitivity analysis: interest rate risk

A change of 100 basis points in interest rates over the period would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes all other variables remain constant.

	2009 Profit/loss		2008 Profit/loss	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	£m	£m	£m	£m
Amounts owed to parent undertaking	(17.3)	17.3	(17.4)	17.4
Secured bank loan	-	-	(2.3)	2.3
Total (decrease)/increase	(17.3)	17.3	(19.7)	19.7

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

All financial assets and liabilities are carried at amortised cost, and their fair value is not significantly different from their carrying value in the statement of financial position at the reporting date.

22. SUBSEQUENT EVENTS

On 23 February 2010 European Rail Finance Limited increased its investment in its subsidiary, European Rail Finance (GB) Limited by £50m.

Registered No: 443563

EUROPEAN RAIL FINANCE LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2008

EUROPEAN RAIL FINANCE LIMITED

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EUROPEAN RAIL FINANCE LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report together with the audited financial statements of European Rail Finance Limited (the "company") for the year ended 31 December 2008.

Principal Activities

The principal activity of the company is the provision of passenger and freight rolling stock to UK train operating companies under operating leases.

Review of the Development of the Business

The Competition Commission investigation into the UK rolling stock leasing companies continued during the year and its report was published on 7 April 2009. Its recommendations do not significantly impact the company.

The business is funded by equity and borrowing.

The company has no employees. Services required are provided by fellow HSBC Group companies and third parties.

Risk Management

The principal risks to which the company is exposed are liquidity, residual value (including terms under which trains are relet), and interest rate risk - see note 18 to the Financial Statements.

Performance

No change in the company's activities is anticipated.

The company's results for the year under review are as detailed in the income statement shown in these financial statements and are broadly in line with management's expectations.

The key performance indicators used by management in assessing the performance of the company are review of cumulative results against plan. For this purpose, monthly management accounts are prepared and reviewed by the directors of the company.

Dividends

The directors do not recommend the payment of a dividend.

EUROPEAN RAIL FINANCE LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

Directors

The directors who served during the year were as follows:

Name	
A Duffy	
P Lespagnol	Resigned 16 December 2008
P Moiroud	
W Roche	
S Wainwright	
G Woelfel	Appointed 16 December 2008

P Moiroud resigned as a director on 10 September 2009.

The Articles of Association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the directors.

Directors' and Secretary's Interests

The directors' and secretary's interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, are set out below:

	Ordinary Shares of US$0.50 each	
	At 31 December 2008	At 1 January 2008 (or later date of appointment)
A Duffy	2,371	2,371
P Moiroud	36,183	5,150
S Wainwright	15,507	6,325
G Woelfel	913	913

Share Based Payments

Various share option plans are available to help align the interests of employees with those of shareholders. The scheme comprises Savings-Related Share Option Plans, Share Option Plans and Performance Share awards and is administered and managed by the ultimate parent company, HSBC Holdings plc.

(a) Savings-Related Share Options Plans

Savings-related share option plans invite eligible employees to enter into savings contracts to save up to a pre-determined amount, with the option to use the savings to acquire shares. The aim of the plan is to align the interests of all employees to the creation of shareholder value.

Mr Duffy, Mr Moiroud, Mr Wainwright and Mr Roche are members of the above scheme.

EUROPEAN RAIL FINANCE LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

Directors' and Secretary's Interests (continued)

(b) Restricted Share Awards

Restricted shares are awarded to employees on the basis of their performance, potential and retention requirements, to aid recruitment or as a part-deferral of annual bonuses. Shares are awarded without corporate performance conditions and generally vest between one and three years from the date of the award.

Mr Duffy, Mr Moiroud, Mr Wainwright and Mr Woelfel are members of the above scheme.

Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing a service provider, which has appropriate expertise and provides adequate resources to the financial function. The books of account of the company are maintained primarily by HSBC Rail (UK) Limited, PO Box 29499, London NW1 2ZF.

Auditor

KPMG have expressed their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with IFRSs as adopted by the EU as applied in accordance with the Companies Acts 1963 to 2009.

The company's financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the state of affairs of the company and of its profit or loss for that period. The Companies Acts 1963 to 2009 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the EU as applied in accordance with the Companies Acts 1963 to 2009; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

EUROPEAN RAIL FINANCE LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

Statement of directors' responsibilities in respect of the directors' report and the financial statements (continued)

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts 1963 to 2009.

By order of the Board

S Wainwright
Director

Date: 9/9/09

A Duffy
Director

Date: 09/09/09

Registered office:
AIB International Centre

I.F.S.C.
Dublin 1

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN RAIL FINANCE LIMITED

We have audited the financial statements of European Rail Finance Limited for the year ended 31 December 2008 which comprise the income statement, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRS as adopted by the EU and have been properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you in our opinion whether proper books of account have been kept by the company, whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary meeting of the company, and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit, and whether the company's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report. We consider implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN RAIL FINANCE LIMITED (CONTINUED)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009.

Other matters

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the company balance sheet are more than half of the amount of its called-up capital and, in our opinion, on that basis there did not exist at 31 December 2008 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary meeting of the company.

KPMG

9 September 2009

KPMG
Chartered Accountants
Registered Auditor

1 Harbourmaster Place
IFSC
Dublin 1

EUROPEAN RAIL FINANCE LIMITED
INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008

	Note	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Revenue			
Operating lease income	3	205.6	67.1
Cost of sales	8	(100.8)	(37.2)
Interest receivable	4	18.8	3.1
Finance costs: Interest payable	5	(111.1)	(48.9)
		12.5	(15.9)
Administrative expenses	6	(10.7)	(4.0)
Profit/(Loss) before tax		1.8	(19.9)
Tax (charge)/credit	7	(0.2)	2.5
Profit/(Loss) for the year		1.6	(17.4)

These financial statements were approved by the Board of Directors on and were signed on its behalf by:

S Wainwright
Director
9/9/09

A Duffy
Director
09/09/09

There has been no recognised income or expense other than the profit for the year as shown above.

EUROPEAN RAIL FINANCE LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 £m	2007 £m
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,746.5	1,846.4
Other debtors		-	13.9
Deferred tax	9	2.3	2.5
Amounts owed by other group undertaking	10	48.9	62.7
Total non-current assets		1,797.7	1,925.5
Current assets			
Amounts owed by other group undertaking	10	13.8	17.3
Trade and other receivables	11	0.1	173.5
Amounts owed by parent undertaking		74.5	40.7
Cash and cash equivalents held with parent undertaking		0.2	2.1
		88.6	233.6
Total assets		1,886.3	2,159.1
LIABILITIES AND EQUITY			
Current liabilities			
Amounts owed to parent undertaking	12	1,742.5	1,747.3
Secured bank loan		-	271.5
		1,742.5	2,018.8
Non-current liabilities			
Payment in advance		9.6	7.7
Total liabilities		1,752.1	2,026.5
Equity			
Called up share capital	13	50.0	50.0
Capital contribution	14	100.0	100.0
Retained earnings	14	(15.8)	(17.4)
Total equity	14	134.2	132.6
Total liabilities and equity		1,886.3	2,159.1

These financial statements were approved by the Board of Directors on and were signed on its behalf by:

S Wainwright
Director
9/9/09

A Duffy
Director
07/07/07.

EUROPEAN RAIL FINANCE LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008

	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Cash flows from operating activities		
Profit/(Loss) before tax	1.8	(19.9)
Adjustments for:		
Depreciation	100.8	37.2
Change in trade and other receivables	189.2	(179.7)
Net cash from operating activities	291.8	(162.4)
Cash flows from investing activities		
Purchase of property, plant and equipment	(0.9)	(1,883.6)
Net cash used in investing activities	(0.9)	(1,883.6)
Cash flows from financing activities:		
Issue of ordinary share capital	-	50.0
Capital contribution received	-	100.0
Secured bank loan (repaid)/received	(271.5)	271.5
(Paid to)/received from parent undertakings	(21.3)	1,626.6
Net cash (used in)/generated from financing activities	(292.8)	2,048.1
Net (decrease)/increase in cash and cash equivalents	(1.9)	2.1
Cash and cash equivalents brought forward	2.1	-
Cash and cash equivalents carried forward	0.2	2.1

EUROPEAN RAIL FINANCE LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Basis of preparation

The company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') endorsed by the European Union ('EU') and as applied in accordance with the Companies Acts 1963 to 2009. EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2008, there were no unendorsed standards effective for 31 December 2008 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Standards and Interpretations issued by the IASB and endorsed by the EU but not yet effective

- IFRS 8 'Operating segments' was issued on 30 November 2006 and is effective for periods commencing on or after 1 January 2009. This standard is not expected to have any impact on the company when adopted with effect from 1 January 2009.
- A revised IAS 1 'Presentation of Financial Statements', was issued on 6 September 2007 and is effective for periods commencing on or after 1 January 2009. This revised standard may result in certain presentational changes in the primary financial statements of the company when adopted with effect from 1 January 2009.
- The IASB issued an amendment to IFRS 2 'Share-based Payment' – 'Vesting Conditions and Cancellations' on 17 January 2008 with effect for periods commencing on or after 1 January 2009. This standard will have no impact on the company when adopted with effect from 1 January 2009.
- A revised IAS 23 'Borrowing Costs' was issued on 29 March 2007 and is effective for periods commencing on or after 1 January 2009. This standard will have no impact on the company when adopted with effect from 1 January 2009.
- IFRIC 13 'Customer Loyalty Programmes' was issued on 28 June 2007 and is effective for periods commencing on or after 1 July 2008. This standard will have no impact on the company when adopted with effect from 1 January 2009.

At 31 December 2008, the company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2008 that have not already been adopted by the company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the company's functional currency and have been prepared on the historical cost basis.

1. **ACCOUNTING POLICIES** (continued)

b) **Income recognition**

Revenue comprises operating lease rentals receivable, which are recognised on a straight-line basis over the term of the lease, net of value added tax.

c) **Income tax**

Income tax on the profit for the period comprises current tax and deferred tax.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and a legal right to set off exists in the entity.

d) **Property, plant and equipment**

Rolling stock and other railway assets are capitalised at cost and are depreciated on a straight-line basis over their useful economic lives to the estimated residual value. The useful economic life depends on the class of vehicle and type of asset and ranges from 20 to 35 years. Lives and residual values are reviewed annually and if there is an indication of impairment a loss will be recognised to reduce the carrying value of the asset to its recoverable amount.

Assets acquired under finance leases are included within rolling stock assets in the balance sheet.

e) **Derecognition of financial assets and liabilities**

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged or cancelled or expires.

f) **Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

EUROPEAN RAIL FINANCE LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

g) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Inter company transactions are accounted for as financing activities.

h) Use of assumptions and estimates

When preparing the financial statements, it is the directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

The accounting policy in relation to impairment of property, plant and equipment (note 1(d)) is considered critical to the company's results and financial position, in terms of materiality of the items to which the policy is applied, or which involve a high degree of judgement and estimation.

i) Fair values

Fair values are calculated by discounting future cash flows on financial instruments, using equivalent current interest rates.

2. COUNTRY OF INCORPORATION

The company is incorporated in Ireland.

3. OPERATING LEASE INCOME

Operating lease income comprises:

	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Rentals receivable from third parties	28.5	3.8
Rentals receivable from group undertaking	177.1	63.3
	205.6	67.1

EUROPEAN RAIL FINANCE LIMITED
NOTES ON THE FINANCIAL STATEMENTS

4. INTEREST RECEIVABLE

Interest receivable comprises:

	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Interest on limited recourse loan to other group undertaking (note 10)	4.4	2.0
Interest receivable from parent undertaking	13.6	0.7
Interest on other debtors	0.8	0.4
	18.8	3.1

5. FINANCE COSTS: INTEREST PAYABLE

Interest payable comprises:

	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Interest payable on bank loan	15.0	6.8
Interest payable to parent undertaking (note 12)	96.1	42.1
	111.1	48.9

6. ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Management charge payable to other group undertaking	10.0	3.9
Charge for directors' fees payable to other group undertaking	0.2	0.1
Other costs	0.5	-
	10.7	4.0

Audit fees are borne by another group undertaking. The company has no employees and hence no staff costs.

7. TAX (CHARGE)/CREDIT

The tax (charge)/credit comprises

	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Deferred taxation (note 9)	(0.2)	2.5

The tax (charge)/credit for the year is not different from the standard rate of corporation tax in Ireland of 12.5%, as shown below:

Analysis of overall tax (charge)/credit

	Year Ended 31 December 2008 £m	Period Ended 31 December 2007 £m
Profit/(Loss) before tax	1.8	(19.9)
Taxation at 12.5%	(0.2)	2.5
Overall tax (charge)/credit (see above)	(0.2)	2.5

8. PROPERTY, PLANT AND EQUIPMENT

	2008 £m	2007 £m
Cost		
At 1 January or date of incorporation	1,883.6	-
Additions acquired from other group undertaking	0.9	1,883.6
At 31 December	1,884.5	1,883.6
Depreciation		
At 1 January or date of incorporation	37.2	-
Charge for the year	100.8	37.2
At 31 December	138.0	37.2
Net book value		
At 1 January or date of incorporation	1,846.4	-
At 31 December	1,746.5	1,846.4

All property, plant and equipment is held under finance leases, the rents of which have been prepaid or assumed by a parent undertaking. As a result there are no future minimum lease payments in respect of these assets.

8. PROPERTY, PLANT AND EQUIPMENT (continued)

The company leases the rolling stock and other railway assets under operating lease agreements to HSBC Rail (UK) Limited and to train operating companies.

Future minimum lease payments receivable from third parties under non-cancellable operating leases:

	2008	2007
	£m	£m
No later than one year	30.4	27.3
Later than one year and not later than five years	78.4	68.3
Later than five years	38.5	34.8
	147.3	130.4

Future minimum lease payments receivable from HSBC Rail (UK) Limited under non-cancellable operating leases:

	2008	2007
	£m	£m
No later than one year	172.8	177.2
Later than one year and not later than five years	311.4	481.2
Later than five years	8.9	15.9
	493.1	674.3

9. DEFERRED TAX

	2008	2007
	£m	£m
At 1 January or date of incorporation	2.5	0.0
Transfer from income statement (note 7)	(0.2)	2.5
At 31 December	2.3	2.5

Deferred tax arises on leasing transactions, where temporary differences relate principally to accelerated capital allowances.

Deferred tax has been calculated at 12.5% being the rate in force at 31 December 2007 and 2008.

10. AMOUNTS OWED BY OTHER GROUP UNDERTAKING

The company has made a loan to another group undertaking. The loan is limited recourse to the extent of certain income generated by the borrower's assets.

EUROPEAN RAIL FINANCE LIMITED
NOTES ON THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	2008	2007
	£m	£m
Trade receivables	-	1.8
VAT recoverable	0.1	171.5
Other debtors	-	0.2
	0.1	173.5

12. AMOUNTS OWED TO PARENT UNDERTAKING

Amounts owed to parent undertaking are repayable on demand.

13. SHARE CAPITAL

At 31 December 2007 and 2008 share capital comprises:

	£m
Authorised	
100,000,000 Ordinary shares of £1 each	100.0
Allotted, called up and fully paid	
50,000,001 Ordinary shares of £1 each	50.0

14. RECONCILIATION OF MOVEMENTS IN EQUITY

	2008 £m	2007 £m
Called up share capital		
Balance brought forward	50.0	-
Issued during the period	-	50.0
Balance carried forward	50.0	50.0
Capital contribution		
Balance brought forward	100.0	-
Received during the period	-	100.0
Balance carried forward	100.0	100.0
Retained earnings		
Balance brought forward	(17.4)	-
Profit/(Loss) for the year	1.6	(17.4)
Balance carried forward	(15.8)	(17.4)
Total shareholders' equity		
Balance brought forward	132.6	-
Share capital issued during the period	-	50.0
Capital contribution received during the period	-	100.0
Profit/(Loss) for the year	1.6	(17.4)
Balance carried forward	134.2	132.6

Shareholders' equity is wholly attributable to equity shareholders.

The capital contribution represents an investment made by the immediate holding company, and forms part of the capital base of the company.

15. CAPITAL MANAGEMENT

The company defines capital as total shareholders' equity. The company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. The company is not subject to externally imposed capital requirements.

EUROPEAN RAIL FINANCE LIMITED
NOTES ON THE FINANCIAL STATEMENTS

16. PARENT UNDERTAKINGS

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is European Rail Finance Holdings Limited. The results of the company are included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

17. RELATED PARTIES

In August 2007, pursuant to an internal restructuring of the HSBC Group's rail interests, the company entered into a number of separate transactions on arm's-length terms with a fellow group undertaking, HSBC Rail (UK) Limited ("HRUK"). The commercial effect of these transactions, taken as a whole, was the acquisition on a finance lease basis, and operating lease back to HRUK, of £1,883.6m of property, plant and equipment. The duration of the operating leases to HRUK matched the duration of existing leases between HRUK and its customers at the date of transfer.

The majority of the company's finance lease obligations were prepaid, financed by share capital £50.0m, capital contribution £100.0m and short term funding from parent undertakings and third parties £1,811.1m. Shortly thereafter the remaining £75.0m finance lease obligations, together with the future VAT payable thereon, were assumed by a parent undertaking with the agreement of HRUK, and without recourse to the company, for a cash consideration of £88.1m, equal to their present value.

The transactions included a limited recourse loan of £910.8m to HRUK, of which £831.1m has been treated for accounting purposes as part of the consideration paid by the company for the acquisition with the amounts receivable from HRUK being treated, in accordance with their substance, as operating lease receivables and therefore held off balance sheet. Future amounts receivable from HRUK in respect of this portion of the loan are included in the operating lease receivables disclosed in note 3. The receivables under the loan match amounts receivable under HRUK's existing leases to its customers at the date of transfer, and are generally limited recourse to those leases. However, there is recourse to HRUK for up to one month's rent.

As the leases to HRUK expire they are expected to be replaced by new operating leases directly between the company and third parties. At the same time, the company will pay HRUK for any prepaid maintenance incurred by HRUK at the time of expiry, whilst HRUK will transfer to the company any amounts that it has received from its customers in respect of future maintenance. Nothing was paid by HRUK in respect of the transfer of maintenance responsibilities on leases expiring in 2008 (2007: £7.6m).

A parent undertaking provides banking facilities and acts as a treasury function, providing funding for the company through a loan facility. This is reflected in the balance sheet, as amounts owed to parent undertaking. Interest on this balance is charged at a commercial rate.

18. RISK MANAGEMENT

Credit risk

Credit risk is the risk that financial loss arises from the failure of counterparty to meet its obligations under a contract.

The company's exposure to credit risk is minimised because amounts owed by parent and other group undertakings form substantially all the company's financial assets. Such group undertakings are wholly owned subsidiaries of HSBC Holdings plc. Such counterparties have no history of default and have been able to meet their liabilities as they fall due. On this basis the company considers the amounts due to be fully recoverable at period end.

There has been no significant change in the credit quality of financial assets since the company commenced trading. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company monitors its cash flow requirements and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the company will borrow funds as and when required from parent undertakings or third parties.

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities:

At 31 December 2008

	Carrying Amount £m	Contractual cash flows £m	Less than one year £m
Amounts owed to parent undertaking	1,742.5	1,742.5	1,742.5
Secured bank loan	-	-	-
	1,742.5	1,742.5	1,742.5

At 31 December 2007

	Carrying Amount £m	Contractual cash flows £m	Less than one year £m
Amounts owed to parent undertaking	1,747.3	1,747.3	1,747.3
Secured bank loan	271.5	273.9	273.9
	2,018.8	2,021.2	2,021.2

The contractual cash flow and the carrying value of the amount owed to parent undertaking are the same as, under the terms of the agreement, the amount owed is repayable on demand.

18. RISK MANAGEMENT (continued)

Residual value risk

A significant part of a lessor's return from operating leases is dependent upon its management of residual value risk. This risk arises from operating lease transactions to the extent that the values recovered from re-letting assets at the end of the lease terms (the "residual values") differ from those projected at the inception of the leases. The business regularly monitors residual value exposure by reviewing the recoverability of the residual value projected at lease inception. This entails considering the potential of re-letting of operating lease assets at the end of their lease terms. Provision is made to the extent that the carrying values of leased assets are impaired through residual values not being fully recoverable.

Interest rate risk

The company is exposed to interest rate risk in relation to amounts owed to and from parent and other group undertakings, and amounts owed to third parties, which are all LIBOR based. In the case of inter company lending/borrowing, there is a corresponding risk/benefit in the borrowing/lending company (a fellow subsidiary undertaking), and hence from a HSBC Bank Group perspective the interest rate risk is eliminated on such lending/borrowings.

Sensitivity analysis: interest rate risk

A change of 100 basis points in interest rates over the period would have increased/ (decreased) profit or loss and equity by the amounts shown below. This analysis assumes all other variables remain constant.

	2008 Profit or loss		2007 Profit or loss	
	100 bps increase £m	100 bps decrease £m	100 bps increase £m	100 bps decrease £m
Amounts owed to parent undertaking	(17.4)	17.4	(6.7)	6.7
Secured bank loan	(2.3)	2.3	(1.0)	1.0
Total (decrease)/increase	(19.7)	19.7	(7.7)	7.7

19. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

All financial assets and liabilities are carried at amortised cost, and their fair value is not significantly different from their carrying value in the balance sheet at the reporting date.

Registered No: 2720809

EUROPEAN RAIL FINANCE (GB) LIMITED
(Formerly Assetfinance December (V) Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

EUROPEAN RAIL FINANCE (GB) LIMITED

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EUROPEAN RAIL FINANCE (GB) LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2009

Principal activity

The Company's principal activity is leasing.

Business review

The Company continued the third party finance lease written in previous years.

The business is funded by borrowings. The Company has no employees. Services required are provided by fellow HSBC Group companies. The Company has no stakeholders other than its parent company.

On 28 August 2009, the Company's immediate holding company changed from HSBC Equipment Finance (UK) Limited to European Rail Finance Limited, and on 11 September 2009 it changed its name from Assetfinance December (V) Limited to European Rail Finance (GB) Limited. The Company subsequently acquired an interest in the residual value of rolling stock assets for £5m.

Subsequent events

Since the year end, the Company has issued £50m of new share capital to its parent, and acquired certain rolling stock interests from a fellow group undertaking. Further details are given in Note 16 of the financial statements.

Future developments

No further developments are currently anticipated, but the Directors keep opportunities under regular review.

Risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 14 of the financial statements.

Performance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The Company's results for the year under review are as detailed in the income statement shown in these accounts.

The key performance indicator used by management in assessing the performance of the Company is the monitoring of actual cashflows in comparison with the planned cashflows determined at the inception of the lease transactions. Its performance is also measured by reference to its net income as a percentage of the net investment in finance leases less related tax balances (deferred and current tax). Monthly management accounts are prepared and reviewed by the management of the HSBC Business in which this Company resides.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008: £10,189).

Going concern basis

The Financial Statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

Directors

The Directors who served during the year were as follows:

	Appointed	Resigned
N D Barker	10 September 2009	
M J Brookes		10 September 2009
K J Godfrey	10 September 2009	
M B Kenny	10 September 2009	
M P J Molloy – Alternate director	12 February 2010	7 June 2010
S F Purves	10 September 2009	
N P Quinn		10 September 2009
M J Russell-Brown		10 September 2009
P J Spencer		10 September 2009

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Supplier payment policy

The Company does not currently subscribe to any code or standard on payment practice. It is the Company's policy, however, to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

During the year, the Company received goods and services from group undertakings only. Part 5 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to the Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

KPMG Audit Plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of Directors' responsibilities in relation to financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

M B Kenny
Director

Registered Office:
8 Canada Square
London
E14 5HQ

Date: 15 June 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUROPEAN RAIL FINANCE (GB) LIMITED

We have audited the financial statements of European Rail Finance (GB) Limited ('the Company') for the year ended 31 December 2009 set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP .

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Clark (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 June 2010
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

EUROPEAN RAIL FINANCE (GB) LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Revenue			
Finance lease income		5,624	24,130
Finance costs: Interest expense	3	(4,211)	(5,576)
		1,413	18,554
Administrative expenses	4	(747)	(1,257)
PROFIT BEFORE TAX		666	17,297
Tax expense	5	(15,887)	(4,962)
(LOSS)/PROFIT FOR THE YEAR		(15,221)	12,335

There were no acquisitions, discontinued or discontinuing operations during the year.

STATEMENT OF OTHER COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2009

There has been no comprehensive income or expense other than the loss for the year as shown above.

The notes on pages 9 to 19 form part of the financial statements

EUROPEAN RAIL FINANCE (GB) LIMITED
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	5,015,144	-
Deferred tax asset	9	-	8,068
TOTAL NON CURRENT ASSETS		5,015,144	8,068
CURRENT ASSETS			
Finance lease receivables	7	66,094	84,333
Current tax assets		2,687	-
TOTAL CURRENT ASSETS		68,781	84,333
TOTAL ASSETS		5,083,925	92,401
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables	8	63,845	78,593
Current tax liabilities *		-	1,471
TOTAL CURRENT LIABILITIES		63,845	80,064
NON CURRENT LIABILITIES			
Amounts owed to parent undertaking	8	5,015,144	-
Deferred tax liabilities	9	7,820	-
TOTAL NON CURRENT LIABILITIES		5,022,964	-
TOTAL LIABILITIES		5,086,809	80,064
EQUITY			
Share capital	10	2	2
(Accumulated losses)/Retained earnings		(2,886)	12,335
TOTAL EQUITY	11	(2,884)	12,337
TOTAL LIABILITIES AND EQUITY		5,083,925	92,401

These financial statements were approved by the Board of Directors on 15 June 2010 and were signed on its behalf by:

F Purves
Director

Registration No: 2720809

* In the prior year current tax amounts were netted off amounts owed to parent undertakings.

The notes on pages 9 to 19 form part of the financial statements

EUROPEAN RAIL FINANCE (GB) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital £	Accumulated losses £	Total £
Balance at 1 January 2008	2	10,189	10,191
Profit for the year	-	12,335	12,335
Dividends	-	(10,189)	(10,189)
Balance at 31 December 2008	2	12,335	12,337
Loss for the year	-	(15,221)	(15,221)
Balance at 31 December 2009	2	(2,886)	(2,884)

The notes on pages 9 to 19 form part of the financial statements

EUROPEAN RAIL FINANCE (GB) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		666	17,297
Adjustments for:			
Change in finance lease receivables	7	18,239	18,431
Cash generated from operations		18,905	35,728
Paid to parent undertakings in repect of group relief	5	(2,686)	(1,471)
Paid to parent undertakings in repect of value added tax	8	(128)	(2,921)
NET CASH FROM OPERATING ACTIVITIES		16,091	31,336
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,015,144)	-
NET CASH FROM INVESTING ACTIVITIES		(5,015,144)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Received from/(paid to) parent undertaking in respect of other financing activities	8	4,999,053	(21,147)
Dividends paid		-	(10,189)
NET CASH FROM FINANCING ACTIVITIES		4,999,053	(31,336)
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT YEAR END		-	-

The notes on pages 9 to 19 form part of the financial statements

1. Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2009, there were no unendorsed standards effective for 31 December 2009 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Except as stated below, there are currently no IFRSs or Interpretations that have been issued by the IASB or IFRIC and endorsed by the EU that have not yet been adopted by the Company:

- A revised IFRS 3 'Business Combinations', was issued on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This revised standard will have no impact on the Company when adopted with effect from 1 January 2010.
- The IASB issued an amendment to IAS 27 'Consolidated and Separate Financial Statements' on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2010.

At 31 December 2009, the Company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2009 that have not already been adopted by the Company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

Where necessary, comparative figures have been reclassified to be consistent with the current year's presentation.

General information
European Rail Finance (GB) Limited is a company domiciled and incorporated in England and Wales.

2. Summary of significant accounting policies

(a) Finance leases

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the leases. It is shown as "Finance lease income" in the income statement.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

(b) Interest expense

Interest expense for all interest bearing financial instruments is recognised in 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability or financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

(c) Financial liabilities

Financial liabilities are initially measured at fair value plus any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised if the Company becomes party to the contractual provisions of the liability instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

A parent undertaking acts as a treasury function, providing funding for the Company through an inter-company current account.

2. Summary of significant accounting policies (continued)

(d) Income tax

Income tax comprises current tax and deferred tax and is recognised in the income statement.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the end of the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when European Rail Finance (GB) Limited intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when HSBC has a legal right to offset.

(e) Property, plant and equipment

Rolling stock and other railway assets

Rolling stock and other railway assets are capitalised at cost (or deemed cost) and are depreciated on a straight-line basis over their useful economic lives to the estimated residual value. The useful economic life depends on the class of vehicle and type of asset and ranges from 20 to 35 years. Lives and residual values are reviewed annually and if there is indication of impairment a loss will be recognised to reduce the carrying value of the asset to its recoverable amount.

In relation to the aquisition of rolling stock and other railway assets:

i) Interest costs are capitalised to the extent that they are incurred in relation to borrowings, which are attributable to the aquisition of rolling stock and other railway assets and accrue until the assets are available for use.
ii) These assets are not depreciated until these are available for use.

(f) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared

2. Summary of significant accounting policies (continued)

(g) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

(h) Cash flow statement

The cash flow statement has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in inter company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

(i) Use of assumptions and estimates

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

There are no accounting policies that are deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation.

(j) Impairment of financial assets

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both a specific and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

3. Interest expense

	2009 £	2008 £
Interest expense charged by parent undertakings	4,211	5,576

4. Administrative expenses

Administrative expenses include £781 (2008: £1,319) in respect of group management charges payable to a parent undertaking.

Auditor's remuneration has been borne by a parent undertaking and is therefore not charged in arriving at the profit before tax. The Company has no employees and hence no staff costs. The Directors made no charge for their services.

5. Tax expense

	Notes	2009 £	2008 £
Current tax			
UK corporation tax			
- on current year profit		(2,687)	1,471
- adjustments in respect of prior years		2,686	-
		(1)	1,471
Deferred tax			
Origination of temporary differences	9	2,874	3,491
Adjustment in respect of prior years	9	13,014	-
		15,888	3,491
Tax expense		15,887	4,962

The UK corporation tax rate applying to European Rail Finance (GB) Limited was 28% (2008: 28.5%).

The following table reconciles the tax expense:

Analysis of tax expense

	2009 £	%	2008 £	%
Taxation at UK corporation tax rate	187	28.0	4,929	28.5
Adjustment in respect of prior period liabilities	15,700	2,357.4	-	-
Other items	-	-	33	0.2
Overall tax expense	15,887	2,385.4	4,962	28.7

6. Property, Plant and equipment

	2009	2008
	£	£
Cost/Net book value		
At 1 January	-	-
Additions	5,015,144	-
	5,015,144	-

Within assets is capitalised interest of £15,144 (2008: £nil). The capitalisation rate used is the rate of interest attaching to the Company's borrowings.

No depreciation has been charged as the assets are not yet available for use.

7. Finance lease receivables

Finance lease receivables comprise:	2009	2008
	£	£
Gross investment in finance leases		
Amounts falling due:		
No later than one year	22,363	23,896
Later than one year and not later than five years	51,514	74,328
Gross investment in finance leases	73,877	98,224
Unearned finance income	(7,783)	(13,891)
Net investment in finance leases	66,094	84,333
Amortisation of finance lease receivables		
Amounts falling due:		
No later than one year	18,348	17,788
Later than one year and not later than five years	47,746	66,795
Later than five years	-	(250)
Present value of minimum lease receivables	66,094	84,333
Fair value of amounts receivable under finance leases	69,378	87,582
Aggregate finance lease rentals receivable in the year	23,905	42,632

Negative amounts in the table above arise where rentals for the period are lower than finance income to be recognised.

The fair value of fixed rate finance lease receivables is calculated by discounting future minimum lease receivables, using equivalent current interest rates.

8. Payables

	2009 £	2008 £
Amounts owed to parent undertakings	5,077,825	77,301
Value added tax	1,164	1,292
	5,078,989	78,593

Included within the amounts owed to parent undertaking is £5,015,144 (2008: £nil) payable after more than one year. The balance amount has no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

9. Deferred tax

	2009 £	2008 £
As at 1 January	(8,068)	(11,559)
Income statement debit	15,888	3,491
	7,820	(8,068)

The amount of deferred taxation accounted for in the statement of financial position:

Deferred tax liabilities/(assets)		
Assets leased to customers	7,820	(8,068)

Leasing transactions temporary differences relate principally to accelerated capital allowances and depreciation.

10. Share capital

	Authorised		Issued and fully paid up	
	2009 £	2008 £	2009 £	2008 £
Ordinary shares of £1 each	2	2	2	2

11. Capital and reserves

Shareholders' equity is wholly attributable to equity shareholders.

Capital management
The Company is not subject to externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis. The Company defines capital as total shareholders' equity. The Company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. There were no changes in the Company's approach to capital management during the year.

Dividends
For the year ended 31 December 2009 no dividend has been paid or declared (2008: £10,189 being £5,094 per share, paid during the 2009 financial year).

12. Parent undertakings

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company changed from HSBC Equipment Finance (UK) Limited to European Rail Finance Limited on 28 August 2009.

The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

13. Related parties

A parent undertaking provides banking facilities and acts as a treasury function, providing funding for the Company through an inter-company current account. Interest on any balance is charged at a commercial rate. Other transactions are disclosed in the relevant notes.

14. Risk management

The Company has exposure to the following types of risk arising from its use of financial instruments; credit risk, liquidity risk and market risk. Market risk includes interest rate risk and foreign exchange risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

14. Risk management (continued)

The Company participates in transactions to which other HSBC group companies are also party. The HSBC Business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from finance lease receivables.

The Business manages credit risk for this entity as described above for risks generally.

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis.

The Directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. No finance lease receivables are in arrears.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets would be recoverable in case of default and it is anticipated that sale proceeds would cover any shortfall in the amounts recovered from the lessee.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from parent undertakings.

14. Risk management (continued)

Liquidity risk management (continued)

The Business manages liquidity risk for this entity as described above for risks generally.

The Company's finance lease receivables are funded principally by borrowings from parent undertakings, which acts as a treasury function. This funding has no fixed repayment date and therefore is technically repayable on demand. The treasury function provides funds as required to finance the leases, at the same interest rates that currently applies to the relevant Company borrowings, for the term of the leases.

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities (excluding interest) at the balance sheet date:

As at 31 December 2009:	**Carrying amount**	**Contractual cash flows**	**Less than one year**
	£	**£**	**£**
Amounts owed to parent undertakings	5,077,825	5,077,825	5,077,825

As at 31 December 2008:	**Carrying amount**	**Contractual cash flows**	**Less than one year**
	£	**£**	**£**
Amounts owed to parent undertakings	77,301	77,301	77,301

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

The Company's finance leases are "interest rate fixed". This means that lease rentals will not change if there is a change in interest rates. The Company's borrowings also carry a fixed rate of interest and hence changes in interest rates will have no impact on interest payable.

15. Contingent liabilities

There were no contingent liabilities at 31 December 2009 (2008: £nil).

16. Subsequent events

On 23 February 2010 the Company increased its authorised share capital by £50m. These shares were fully taken up by the immediate parent undertaking European Rail Finance Limited on the same day.

On 25th February 2010 pursuant to an internal restructuring of the HSBC Group rail interests, the Company entered into a number of separate transactions on arm's-length terms with a fellow group undertaking, HSBC Rail (UK) Limited (''HRUK''). The commercial effect of these transactions, taken as a whole, was the acquisition of certain rolling stock fleets, and operating lease interests in other fleets, all of which are let to third parties under operating leases, for a total consideration of £549.9m, funded partly by the additional share capital and partly by a loan from another group company.

AFD(V) – 7196

ASSETFINANCE DECEMBER (V) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Registered No: 2720809

ASSETFINANCE DECEMBER (V) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

Principal activity

The Company's principal activity is to lease assets to third party lessees for an agreed term under finance lease arrangements. No change in the Company's activities is anticipated.

Business review

On 31 March 2008 part of the trade and lease agreements of the Company were transferred to another group company, Assetfinance March (V) Ltd, for consideration of £nil, being book value.

The Company continued the other leasing transactions written in previous years.

Another group undertaking, HSBC Asset Finance (UK) Limited, acts as an agent to and provides agency services to the Company, charging an annual management fee. The services provided by the agent are to seek new business, to negotiate and to agree terms and to arrange the execution of all lease documents on behalf of the Company.

The business is funded by borrowings. The Company has no employees. Services required are provided by fellow HSBC Group companies. The Company has no stakeholders other than its parent company.

Subsequent events

On 28 August 2009, the Company's immediate holding company changed from HSBC Equipment Finance (UK) Limited to European Rail Finance Limited.

There were no other subsequent events requiring disclosure in the financial statements.

Risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 12 of the financial statements.

Performance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The Company's results for the year under review are as detailed in the income statement shown in these accounts.

The Government enacted a reduction in the UK corporation tax rate to 28% with effect from 1 April 2008. The effect of this rate change is largely reflected in the 2007 financial year as the rate change was substantively enacted in that period, as disclosed in Note 5.

The key performance indicator used by management in assessing the performance of the Company is the monitoring of actual cashflows in comparison with the planned cashflows determined at the inception of the lease transactions. Its performance is also measured by reference to its net income as a percentage of the net investment in finance leases less related tax balances (deferred and current tax). Monthly management accounts are prepared and reviewed by the management of the HSBC Business in which this Company resides.

Future developments

No new lease transactions are currently anticipated, but the Directors keep opportunities under regular review.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2008 (2007: £10,189 being £5,094.50 per share).

Directors

The Directors who served during the year were as follows:

	Appointed	Resigned
M J Brookes		
M J Russell-Brown		
N P Quinn		
P J Spencer	30 December 2008	
M B Kenny		3 December 2008

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Supplier payment policy

During the year, the Company received goods and services from group undertakings only. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to the Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Auditor

KPMG Audit plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of Directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the Auditor's statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that sufficient accounting records are kept that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that its financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

Director

Date: 7 September 2009

Registered Office:
8 Canada Square
London
E14 5HQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSETFINANCE DECEMBER (V) LIMITED

We have audited the financial statements of Assetfinance December (V) Limited ('the Company') for the year ended 31 December 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

15 September 2009

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham B3 2DL

ASSETFINANCE DECEMBER (V) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Revenue			
Finance lease income		24,130	21,785
Finance costs: Interest expense	3	(5,576)	(3,486)
		18,554	18,299
Administrative expenses	4	(1,257)	(2,708)
PROFIT BEFORE TAX		17,297	15,591
Tax expense	5	(4,962)	(5,402)
PROFIT FOR THE YEAR	10	12,335	10,189

There were no acquisitions, discontinued or discontinuing operations during the year.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2008

There has been no recognised income or expense other than the profit for the year as shown above.

The notes on pages 8 to 17 form part of the financial statements

ASSETFINANCE DECEMBER (V) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
ASSETS			
NON CURRENT ASSETS			
Deferred tax asset	8	8,068	11,559
TOTAL NON CURRENT ASSETS		8,068	11,559
CURRENT ASSETS			
Finance lease receivables	6	84,333	102,764
TOTAL CURRENT ASSETS		84,333	102,764
TOTAL ASSETS		92,401	114,323
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables	7	80,064	104,132
TOTAL CURRENT LIABILITIES		80,064	104,132
TOTAL LIABILITIES		80,064	104,132
EQUITY			
Share capital	9,10	2	2
Retained earnings	10	12,335	10,189
TOTAL EQUITY	10	12,337	10,191
TOTAL LIABILITIES AND EQUITY		92,401	114,323

These financial statements were approved by the Board of Directors on 7 September 2009 and were signed on its behalf by:

Director

The notes on pages 8 to 17 form part of the financial statements

ASSETFINANCE DECEMBER (V) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		17,297	15,591
Adjustments for:			
Interest expense	3	5,576	3,486
Change in finance lease receivables	6	18,431	(102,764)
Cash generated from operations		41,304	(83,687)
Interest paid		(5,576)	(3,486)
(Paid to)/received from parent undertakings in respect of group relief	5	(1,471)	7,577
(Paid to)/received from parent undertakings in respect of value added tax	7	(2,921)	557
NET CASH FROM OPERATING ACTIVITIES		31,336	(79,039)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Paid to)/received from parent undertaking in respect of other financing activities	7	(21,147)	96,276
Dividends paid	10	(10,189)	(17,237)
NET CASH FROM FINANCING ACTIVITIES		(31,336)	79,039
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT YEAR END		-	-

The notes on pages 8 to 17 form part of the financial statements

1. Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2008, there were no unendorsed standards effective for 31 December 2008 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Except as stated below, there are currently no IFRSs or Interpretations that have been issued by the IASB or IFRIC and endorsed by the EU that have not yet been adopted by the Company:

- IFRS 8 'Operating segments' was issued on 30 November 2006 and is effective for periods commencing on or after 1 January 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2009.
- A revised IAS 1 'Presentation of Financial Statements' was issued on 6 September 2007 and is effective for periods commencing on or after 1 January 2009. This revised standard will result in certain presentational changes in the primary financial statements of the Company when adopted with effect from 1 January 2009.
- The IASB issued an amendment to IFRS 2 'Share-based Payment' – 'Vesting Conditions and Cancellations' on 17 January 2008 with effect for periods commencing on or after 1 January 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2009.
- A revised IAS 23 'Borrowing Costs' was issued on 29 March 2007 and is effective for periods commencing on or after 1 January 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2009.
- IFRIC 13 'Customer Loyalty Programmes' was issued on 28 June 2007 and is effective for periods commencing on or after 1 July 2008. This standard will have no impact on the Company when adopted with effect from 1 January 2009.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

Where necessary, comparative figures have been reclassified to be consistent with the current year's presentation.

General information

Assetfinance December (V) Limited is a company domiciled and incorporated in England and Wales.

2. Summary of significant accounting policies

(a) Finance leases

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the leases. It is shown as "Finance lease income" in the income statement.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

(b) Interest expense

Interest expense for all interest bearing financial instruments is recognised in 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability or financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

(c) Financial liabilities

Financial liabilities are initially measured at fair value plus any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised if the Company becomes party to the contractual provisions of the liability instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

A parent undertaking acts as a treasury function, providing funding for the Company through an inter-company current account.

2. Summary of significant accounting policies (continued)

(d) Income tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

The tax on items recognised directly in equity is transferred to profit or loss when those items are transferred to profit or loss.

(e) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

(f) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

(g) Cash flow statement

The cash flow statement has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in inter company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

2. Summary of significant accounting policies (continued)

(h) Use of assumptions and estimates

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

There are no accounting policies that are deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation.

(i) Impairment of financial assets

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both a specific and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

3. Interest expense

	2008 £	2007 £
Interest expense charged by parent undertakings	5,576	3,486

4. Administrative expenses

Administrative expenses include £1,319 (2007: £2,495) in respect of group management charges payable to a parent undertaking.

Auditor's remuneration has been borne by a parent undertaking and is therefore not charged in arriving at the profit before tax. The Company has no employees and hence no staff costs. The Directors made no charge for their services.

5. Income tax

(a) Analysis of tax expense for the year

	Notes	2008 £	2007 £
Current tax expense/(credit)			
Group relief payable/(Group relief receivable)		1,471	(7,577)
Current tax expense/(credit) for the year		1,471	(7,577)
Deferred tax expense			
Origination of temporary differences	8	3,491	12,979
Total deferred tax expense for the year		3,491	12,979
Total tax expense for the year		4,962	5,402

(b) Factors affecting tax expense for the year

	2008 £	2007 £
Profit before tax	17,297	15,591
Taxation at UK corporate tax rate of 28.5% (2007: 30%)	4,929	4,677
Effect of:		
Tax rate differences	33	725
Overall tax expense for the year	4,962	5,402

The UK corporate tax rate was reduced from 30% to 28% commencing 1 April 2008 giving rise to a blended tax rate for 2008 of 28.5%. This is different to the rate at which the deferred tax liability is expected to be settled giving rise to the 'Tax rate differences' (disclosed above). In the comparative period the 'Tax rate differences' comprise the one off re-measurement of the deferred tax liability as a result of the reduction in the UK corporate tax rate to 28%.

6. Finance lease receivables

Finance lease receivables comprise:	2008 £	2007 £
Gross investment in finance leases		
Amounts falling due:		
No later than one year	23,896	24,979
Later than one year and not later than five years	74,328	98,224
Gross investment in finance leases	98,224	123,203
Unearned finance income	(13,891)	(20,439)
Net investment in finance leases	84,333	102,764
Amortisation of finance lease receivables		
Amounts falling due:		
No later than one year	17,788	17,783
Later than one year and not later than five years	66,795	84,981
Later than five years	(250)	-
Present value of minimum lease receivables	84,333	102,764
Fair value of amounts receivable under finance leases	87,582	101,463
Aggregate finance lease rentals receivable in the year	42,632	28,685

Negative amounts in the table above arise where rentals for the period are lower than finance income to be recognised.

The fair value of fixed rate finance lease receivables is calculated by discounting future minimum lease receivables, using equivalent current interest rates.

7. Payables

	2008 £	2007 £
Amounts owed to parent undertakings	78,772	99,919
Value added tax	1,292	4,213
	80,064	104,132

Amounts owed to parent undertakings have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

8. Deferred tax

	2008 £	2007 £
Leasing transactions temporary differences:		
Opening balance	11,559	24,538
Recognised in income statement:		
Reversal of temporary differences	(3,491)	(12,979)
	8,068	11,559

Leasing transactions taxable temporary differences relate principally to accelerated capital allowances and depreciation.

Deferred tax has been calculated at the corporation tax rates applicable to the financial years in which it is expected that the assets will be realised or the liabilities settled, being 28%.

9. Share capital

	Authorised		Issued and fully paid up	
	2008 £	2007 £	2008 £	2007 £
Ordinary shares of £1 each	2	2	2	2

10. Capital and reserves

	Share capital £	Retained earnings £	Total equity £
At 1 January 2007	2	17,237	17,239
Total recognised income and expense	-	10,189	10,189
Dividends	-	(17,237)	(17,237)
Balance at 31 December 2007	2	10,189	10,191
Total recognised income and expense	-	12,335	12,335
Dividends	-	(10,189)	(10,189)
Balance at 31 December 2008	2	12,335	12,337

Shareholders' equity is wholly attributable to equity shareholders.

Capital management
The Company is not subject to externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis. The Company defines capital as total shareholders' equity. The Company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. There were no changes in the Company's approach to capital management during the year.

11. Related party transactions

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. During the year the immediate holding company was HSBC Equipment Finance (UK) Limited. On 28 August 2009, European Rail Finance Limited became the immediate holding company.

The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Particulars of transactions, arrangements and agreements involving related parties are disclosed elsewhere within the financial statements.

12. Risk management

The Company has exposure to the following types of risk arising from its use of financial instruments; credit risk, liquidity risk and market risk. Market risk includes interest rate risk and foreign exchange risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

The Company participates in transactions to which other HSBC group companies are also party. The HSBC Business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

12. Risk management (continued)

Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from finance lease receivables.

The Business manages credit risk for this entity as described above for risks generally.

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis.

The Directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. No finance lease receivables are in arrears.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets would be recoverable in case of default and it is anticipated that sale proceeds would cover any shortfall in the amounts recovered from the lessee.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from parent undertakings.

The Business manages liquidity risk for this entity as described above for risks generally.

The Company's finance lease receivables are funded principally by borrowings from parent undertakings, which acts as a treasury function. This funding has no fixed repayment date and therefore is technically repayable on demand. The treasury function provides funds as required to finance the leases, at the same interest rates that currently applies to the relevant Company borrowings, for the term of the leases.

12. Risk management (continued)

Liquidity risk management (continued)

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities (excluding interest) at the balance sheet date:

As at 31 December 2008:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	78,772	(78,772)	(78,772)

As at 31 December 2007:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	99,919	(99,919)	(99,919)

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

The Company's finance leases are "interest rate fixed". This means that lease rentals will not change if there is a change in interest rates. The Company's borrowings also carry a fixed rate of interest and hence changes in interest rates will have no impact on interest payable.

13. Contingent liabilities

There were no contingent liabilities at 31 December 2008 (2007: £nil).

14. Subsequent events

There are no subsequent events requiring disclosure in the financial statements, other than the change in the immediate holding company referenced in Note 11.

Registered No: 5229765

EVERSHOLT DEPOT FINANCE (UK) LIMITED
(Formerly Assetfinance March (H) Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2009

EVERSHOLT DEPOT FINANCE (UK) LIMITED

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EVERSHOLT DEPOT FINANCE (UK) LIMITED
REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 2009

Principal activity

The Company's principal activity is leasing.

Business review

During the period the Company continued the third party finance leases written in previous years.

The Company is funded principally by borrowings and equity. The Company has no employees. Services required are provided by fellow HSBC Group companies. The Company has no stakeholders other than its parent company.

The Company changed its accounting reference date from 31 March to 31 December during the year to align itself with the immediate parent company.

Subsequent events

Since the period end, the Company's immediate holding company has changed; the Company has changed its name from Assetfinance March (H) Limited to Eversholt Depot Finance (UK) Limited. The Company has entered into a conditional agreement with a fellow group undertaking to purchase certain depot interests. Further details are given in Note 14 of the financial statements.

Future developments

Apart from the acquisition of the depot interests mentioned above, no further developments are currently anticipated; but the Directors keep opportunities under regular review.

Risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 12 of the financial statements.

Performance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The Company's results for the period under review are as detailed in the income statement shown in these accounts.

The key performance indicator used by management in assessing the performance of the Company is the monitoring of actual cashflows in comparison with the planned cashflows determined at the inception of the lease transactions. Its performance is also measured by reference to its net income as a percentage of the net investment in finance leases less related tax balances (deferred and current tax). Monthly management accounts are prepared and reviewed by the management of the HSBC Business in which this Company resides.

Dividends

The Directors do not recommend the payment of a dividend in respect of the period ended 31 December 2009 (31 March 2009: £nil).

Going concern basis

The Financial Statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

Directors

The Directors who served during the period were as follows:

	Appointed	Resigned
N D Barker	17 November 2009	
R L H Bencard		17 November 2009
G Owen-Conway		13 November 2009
K J Godfrey	17 November 2009	
M B Kenny	17 November 2009	
M P J Molloy – Alternate director	12 February 2010	7 June 2010
S F Purves	17 November 2009	
D R Turner		16 November 2009
K A Singleton		16 November 2009
P J Spencer		17 November 2009

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Supplier payment policy

The Company does not currently subscribe to any code or standard on payment practice. It is the Company's policy, however, to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

During the year, the Company received goods and services from group undertakings only. Part 5 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to the Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

EVERSHOLT DEPOT FINANCE (UK) LIMITED
REPORT OF THE DIRECTORS FOR THE PERIOD ENDED
31 DECEMBER 2009 (continued)

Auditor

KPMG Audit Plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of Directors' responsibilities in relation to financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

M B Kenny
Director

Registered Office:
8 Canada Square
London
E14 5HQ

Date: 15 June 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERSHOLT DEPOT FINANCE (UK) LIMITED

We have audited the financial statements of Eversholt Depot Finance (UK) Limited ('the Company') for the period ended 31 December 2009 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP .

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Clark (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 June 2010
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

EVERSHOLT DEPOT FINANCE (UK) LIMITED
INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2009

	Notes	9 months to 31 December 2009 £	12 months to 31 March 2009 £
Revenue			
Finance lease income		1,476	3,066
Finance costs: Interest expense	3	(1,155)	(2,130)
		321	936
Administrative expenses	4	(121)	(248)
PROFIT BEFORE TAX		200	688
Tax expense	5	(57)	(199)
PROFIT FOR THE PERIOD/YEAR		143	489

There were no acquisitions, discontinued or discontinuing operations during the year.

STATEMENT OF OTHER COMPREHENSIVE INCOME AND EXPENSE FOR THE PERIOD ENDED 31 DECEMBER 2009

There has been no comprehensive income or expense other than the profit for the period as shown above.

The notes on pages 9 to 18 form part of the financial statements

EVERSHOLT DEPOT FINANCE (UK) LIMITED
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2009

	Notes	31 December 2009 £	31 March 2009 £
ASSETS			
CURRENT ASSETS			
Finance lease receivables	6	26,613	37,604
TOTAL CURRENT ASSETS		26,613	37,604
TOTAL ASSETS		26,613	37,604
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables	7	22,094	33,285
Current tax liabilities *		3,592	1,946
TOTAL CURRENT LIABILITIES		25,686	35,231
NON CURRENT LIABILITIES			
Deferred tax liabilities	8	402	1,991
TOTAL NON CURRENT LIABILITIES		402	1,991
TOTAL LIABILITIES		26,088	37,222
EQUITY			
Share capital	9	100	100
Retained earnings		425	282
TOTAL EQUITY	10	525	382
TOTAL LIABILITIES AND EQUITY		26,613	37,604

These financial statements were approved by the Board of Directors on 15 June 2010 and were signed on its behalf by:

S F Purves
Director

Registration No: 5229765

* In the prior year current tax amounts were netted off amounts owed to parent undertakings.

The notes on pages 9 to 18 form part of the financial statements

EVERSHOLT DEPOT FINANCE (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2009

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2008	100	(207)	(107)
Profit for the year	-	489	489
Balance at 31 March 2009	100	282	382
Profit for the period	-	143	143
Balance at 31 December 2009	100	425	525

The notes on pages 9 to 18 form part of the financial statements

EVERSHOLT DEPOT FINANCE (UK) LIMITED
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2009

	Notes	9 months to 31 December 2009 £	12 months to 31 March 2009 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		200	688
Adjustments for:			
Change in finance lease receivables	6	10,991	13,544
Cash generated from operations		11,191	14,232
Received from/(paid to) parent undertakings in respect of group relief	5	-	(2,048)
Received from/(paid to) parent undertakings in respect of value added tax	7	-	(248)
NET CASH FROM OPERATING ACTIVITIES		11,191	11,936
CASH FLOWS FROM FINANCING ACTIVITIES			
Paid to parent undertaking in respect of other financing activities	7	(11,191)	(11,936)
NET CASH FROM FINANCING ACTIVITIES		(11,191)	(11,936)
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT YEAR END		-	-

The notes on pages 9 to 18 form part of the financial statements

1. Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2009, there were no unendorsed standards effective for 31 December 2009 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Except as stated below, there are currently no IFRSs or Interpretations that have been issued by the IASB or IFRIC and endorsed by the EU that have not yet been adopted by the Company:

- A revised IFRS 3 'Business Combinations', was issued on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This revised standard will have no impact on the Company when adopted with effect from 1 January 2010.
- The IASB issued an amendment to IAS 27 'Consolidated and Separate Financial Statements' on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2010.

At 31 December 2009, the Company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2009 that have not already been adopted by the Company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

Where necessary, comparative figures have been reclassified to be consistent with the current year's presentation.

General information

Eversholt Depot Finance (UK) Limited is a company domiciled and incorporated in England and Wales.

2. Summary of significant accounting policies

(a) Finance leases

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the leases. It is shown as "Finance lease income" in the income statement.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

(b) Interest expense

Interest expense for all interest bearing financial instruments is recognised in 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability or financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

(c) Financial liabilities

Financial liabilities are initially measured at fair value plus any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised if the Company becomes party to the contractual provisions of the liability instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

A parent undertaking acts as a treasury function, providing funding for the Company through an inter-company current account.

2. Summary of significant accounting policies (continued)

(d) Income tax

Income tax comprises current tax and deferred tax and is recognised in the income statement.

Current tax is the tax expected to be payable on the taxable profit for the period, calculated using tax rates enacted or substantively enacted by the end of the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when Eversholt Depot Finance (UK) Limited intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when HSBC has a legal right to offset.

(e) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

(f) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

(g) Cash flow statement

The cash flow statement has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in inter company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

2. Summary of significant accounting policies (continued)

(h) Use of assumptions and estimates

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

There are no accounting policies that are deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation.

(i) Impairment of financial assets

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both a specific and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

3. Interest expense

	9 months to 31 December 2009 £	12 months to 31 March 2009 £
Interest expense charged by parent undertakings	1,155	2,130

4. Administrative expenses

Net of sundry income, administrative expenses include £141 (31 March 2009: £290) in respect of group management charges payable to a parent undertaking.

Auditor's remuneration has been borne by a parent undertaking and is therefore not charged in arriving at the profit before tax.

The Company has no employees (31 March 2009: nil).

The Directors made no charge for their services.

5. Income tax

	Notes	9 months to 31 December 2009 £	12 months to 31 March 2009 £
Current tax			
UK corporation tax			
- on current period profit		1,646	1,946
- adjustments in respect of prior periods		-	102
		1,646	2,048
Deferred tax			
Reversal of temporary differences	8	(1,589)	(1,754)
Adjustment in respect of prior periods	8	-	(95)
		(1,589)	(1,849)
Tax expense		57	199

The UK corporation tax rate applying to Eversholt Depot Finance (UK) Ltd was 28% (31 March 2009: 28%).

The following table reconciles the tax expense:

Analysis of tax expense

	9 months to 31 December 2009 £	%	12 months to 31 March 2009 £	%
Taxation at UK corporation tax rate	57	28.0	193	28.0
Adjustments in respect of prior periods	-	-	6	0.9
Overall tax expense	57	28.0	199	28.9

6. Finance lease receivables

Finance lease receivables comprise:	31 December 2009 £	31 March 2009 £
Gross investment in finance leases		
Amounts falling due:		
No later than one year	27,359	23,722
Later than one year and not later than five years	-	16,113
Gross investment in finance leases	27,359	39,835
Unearned finance income	(746)	(2,231)
Net investment in finance leases	26,613	37,604
Amortisation of finance lease receivables		
Amounts falling due:		
No later than one year	26,613	21,784
Later than one year and not later than five years	-	15,820
Present value of minimum lease receivables	26,613	37,604
Fair value of amounts receivable under finance leases	27,081	37,979
Aggregate finance lease rentals receivable in the year	11,561	16,650

The fair value of fixed rate finance lease receivables is calculated by discounting future minimum lease receivables, using equivalent current interest rates.

7. Payables

	31 December 2009 £	31 March 2009 £
Amounts owed to parent undertakings	21,193	32,384
Value added tax	901	901
	22,094	33,285

Amounts owed to parent undertakings have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

8. Deferred tax

	31 December 2009	31 March 2009
	£	£
As at 1 April 2009/ 1 April 2008	1,991	3,840
Income statement credit	(1,589)	(1,849)
As at 31 December 2009 / 31 March 2009	402	1,991

The amount of deferred taxation accounted for in the statement of financial position:

Deferred tax liabilities		
Assets leased to customers	402	1,991

Leasing transactions temporary differences relate principally to accelerated capital allowances and depreciation.

9. Share capital

	Authorised		Issued and fully paid up	
	31 December 2009	31 March 2009	31 December 2009	31 March 2009
	£	£	£	£
Ordinary shares of £1 each	100	100	100	100

10. Capital and reserves

Shareholders' equity is wholly attributable to equity shareholders.

Capital management

The Company has no externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis.

The group's capital resources policy is to maintain its capital base through the diversification of its sources of capital and the efficient allocation of capital. It seeks to maintain at all times a prudent relationship between its total capital, as measured according to the criteria used by the FSA for supervisory purposes, and the varied risks of its business.

11. Related party transactions

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company changed from Assetfinance Limited to Eversholt Rail Holdings (UK) Limited on 9 February 2010. The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Particulars of transactions, arrangements and agreements involving related parties are disclosed elsewhere within the financial statements.

12. Risk management

The Company has exposure to the following types of risk arising from its use of financial instruments; credit risk, liquidity risk and market risk. Market risk includes interest rate risk and foreign exchange risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

The Company participates in transactions to which other HSBC group companies are also party. The HSBC Business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from finance lease receivables.

The Business manages credit risk for this entity as described above for risks generally.

12. Risk management (continued)

Credit risk management (continued)

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis. The Directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. No finance lease receivables are in arrears.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets would be recoverable in case of default and it is anticipated that sale proceeds would cover any shortfall in the amounts recovered from the lessee.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from parent undertakings.

The Business manages liquidity risk for this entity as described above for risks generally.

The Company's finance lease receivables are funded principally by borrowings from parent undertakings, which acts as a treasury function. This funding has no fixed repayment date and therefore is technically repayable on demand. The treasury function provides funds as required to finance the leases, at the same interest rates that currently applies to the relevant Company borrowings, for the term of the leases.

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities (excluding interest) at the balance sheet date:

12. Risk management (continued)

Liquidity risk management (continued)

As at 31 December 2009:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	21,193	21,193	21,193

As at 31 March 2009:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	32,384	34,330	34,330

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

The Company's finance leases are "interest rate fixed". This means that lease rentals will not change if there is a change in interest rates. The Company's borrowings also carry a fixed rate of interest and hence changes in interest rates will have no impact on interest payable.

13. Contingent liabilities

There were no contingent liabilities at 31 December 2009 (31 March 2009: £nil).

14. Subsequent events

On 9 February 2010 the Company's immediate holding company changed from Assetfinance Limited to Eversholt Rail Holdings (UK) Limited. Also, the Company changed its name from Assetfinance March (H) Limited to Eversholt Depot Finance (UK) Limited on 15 February 2010.

On 25 February 2010 pursuant to an internal restructuring of the HSBC Group rail interests, the Company entered into an agreement to purchase two depots from HSBC Rail (UK) Limited, a fellow group undertaking, subject to third party consents being obtained. The depots are both let on long-term leases to third parties.

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ASSETFINANCE MARCH (H) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

Registered No: 5229765

ASSETFINANCE MARCH (H) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

Principal activity

The Company's principal activity is to lease assets to third party lessees for an agreed term under finance lease arrangements. No change in the Company's activities is anticipated.

Business review

During the year the Company continued the leasing transactions written in previous years.

Another parent undertaking, HSBC Asset Finance (UK) Limited, acts as an agent to and provides agency services to the Company, charging an annual management fee. The services provided by the agent are to seek new business, to negotiate and to agree terms and to arrange the execution of all lease documents on behalf of the Company.

The business is funded principally by borrowings and equity. The Company has no employees. Services required are provided by fellow HSBC Group companies. The Company has no stakeholders other than its parent company.

Risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 12 of the financial statements.

Performance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The Company's results for the year under review are as detailed in the income statement shown in these accounts.

The Government enacted a reduction in the UK corporation tax rate to 28% with effect from 1 April 2008. The effect of this rate change is reflected in the financial year ended 31 March 2008 as the rate change was substantively enacted in that period, as disclosed in Note 5.

The key performance indicator used by management in assessing the performance of the Company is the monitoring of actual cashflows in comparison with the planned cashflows determined at the inception of the lease transactions. Its performance is also measured by reference to its net income as a percentage of the net investment in finance leases less related tax balances (deferred and current tax). Monthly management accounts are prepared and reviewed by the management of the HSBC Business in which this Company resides.

Future developments

No new lease transactions are currently anticipated, but the Directors keep opportunities under regular review.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2009 (2008: £nil).

Directors

The Directors who served during the year were as follows:

	Appointed	Resigned
R L H Bencard		17 November 2009
G Owen-Conway		13 November 2009
D R Turner		16 November 2009
K A Singleton		16 November 2009
P J Spencer	20 January 2009	17 November 2009
M B Kenny		3 December 2008

On 17 November 2009, N D Barker, K J Godfrey, M B Kenny and S F Purves were appointed Directors of the Company.

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Supplier payment policy

During the year, the Company received goods and services from group undertakings only. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to the Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Auditor

KPMG Audit plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

ASSETFINANCE MARCH (H) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009 (continued)

Statement of Directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the Auditor's statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that sufficient accounting records are kept that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that its financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

N D Barker
Director

Registered Office:
8 Canada Square
London
E14 5HQ

Date: 18 December 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSETFINANCE MARCH (H) LIMITED

We have audited the financial statements of Assetfinance March (H) Limited ('the Company') for the year ended 31 March 2009 which comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants
Registered Auditor

18 December 2009
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

ASSETFINANCE MARCH (H) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
Revenue			
Finance lease income		3,066	3,676
Finance costs: Interest expense	3	(2,130)	(2,804)
		936	872
Administrative expenses	4	(248)	(1,560)
PROFIT/(LOSS) BEFORE TAX		688	(688)
Tax (expense)/credit	5	(199)	481
PROFIT/(LOSS) FOR THE YEAR	10	489	(207)

There were no acquisitions, discontinued or discontinuing operations during the year.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 MARCH 2009

There has been no recognised income or expense other than the profit for the year as shown above.

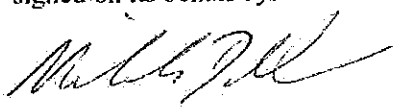
The notes on pages 8 to 17 form part of the financial statements

ASSETFINANCE MARCH (H) LIMITED

BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009 £	2008 £
ASSETS			
CURRENT ASSETS			
Finance lease receivables	6	37,604	51,148
TOTAL CURRENT ASSETS		37,604	51,148
TOTAL ASSETS		37,604	51,148
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables	7	35,231	47,415
TOTAL CURRENT LIABILITIES		35,231	47,415
NON CURRENT LIABILITIES			
Deferred tax	8	1,991	3,840
TOTAL NON CURRENT LIABILITIES		1,991	3,840
TOTAL LIABILITIES		37,222	51,255
EQUITY			
Share capital	9,10	100	100
Retained earnings/(accumulated losses)	10	282	(207)
TOTAL EQUITY	10	382	(107)
TOTAL LIABILITIES AND EQUITY		37,604	51,148

These financial statements were approved by the Board of Directors on 18 December 2009 and were signed on its behalf by:



N D Barker
Director

Company Registered Number: 5229765

The notes on pages 8 to 17 form part of the financial statements

ASSETFINANCE MARCH (H) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		688	(688)
Adjustments for:			
Interest expense	3	2,130	2,804
Change in finance lease receivables	6	13,544	12,959
Cash generated from operations		16,362	15,075
Interest paid		(2,130)	(2,804)
(Paid to)/received from parent undertakings in respect of group relief	5	(2,048)	61
(Paid to)/received from parent undertakings in respect of value added tax	7	(248)	157
NET CASH FROM OPERATING ACTIVITIES		11,936	12,489
CASH FLOWS FROM FINANCING ACTIVITIES			
Paid to parent undertaking in respect of other financing activities	7	(11,936)	(9,828)
Dividends paid	10	-	(2,661)
NET CASH FROM FINANCING ACTIVITIES		(11,936)	(12,489)
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT YEAR END		-	-

The notes on pages 8 to 17 form part of the financial statements

1. Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 March 2009, there were no unendorsed standards effective for 31 March 2009 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

As at 31 March 2009, the following standards and interpretations issued by the IASB or IFRIC and endorsed by the EU but not yet effective for these financial statements, which will potentially have an impact are:

- A revised IAS 1 'Presentation of Financial Statements' was issued on 6 September 2007 and is effective for periods commencing on or after 1 January 2009. This revised standard will result in certain presentational changes in the primary financial statements of the Company when adopted with effect from 1 April 2009.
- The IASB issued 'Improvements to IFRSs' on 22 May 2008, which comprises a collection of necessary, but not urgent, amendments to IFRSs with effect for periods commencing on or after 1 January 2009. These amendments will not have a significant impact on the Company when adopted with effect from 1 April 2009.

No other standards or interpretations available for early adoption are expected to have a significant effect on the results or net assets of the Company when adopted.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

General information

Assetfinance March (H) Limited is a company domiciled and incorporated in England and Wales.

2. Summary of significant accounting policies

(a) Finance leases

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the leases. It is shown as "Finance lease income" in the income statement.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

(b) Interest expense

Interest expense for all interest bearing financial instruments is recognised in 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability or financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

(c) Financial liabilities

Financial liabilities are initially measured at fair value plus any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised if the Company becomes party to the contractual provisions of the liability instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

A parent undertaking acts as a treasury function, providing funding for the Company through an inter-company current account.

2. Summary of significant accounting policies (continued)

(d) Income tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

The tax on items recognised directly in equity is transferred to profit or loss when those items are transferred to profit or loss.

(e) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

(f) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

(g) Cash flow statement

The cash flow statement has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in inter company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

2. Summary of significant accounting policies (continued)

(h) Use of assumptions and estimates

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

There are no accounting policies that are deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation.

(i) Impairment of financial assets

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both a specific and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

3. Interest expense

	2009 £	2008 £
Interest expense charged by parent undertakings	2,130	2,804

4. Administrative expenses

Net of sundry income, administrative expenses include £290 (2008: £1,574) in respect of group management charges payable to a parent undertaking.

As in 2008, auditor's remuneration has been borne by a parent undertaking and is therefore not charged in arriving at the profit before tax.

The Company has no employees (2008: Nil).

The Directors made no charge for their services.

5. Income tax

(a) Analysis of tax expense/(credit) for the year

	Notes	2009 £	2008 £
Current tax expense/(credit)			
Group relief payable/(Group relief receivable)		1,946	(61)
Adjustment in respect of prior years		102	-
Current tax expense/(credit) for the year		2,048	(61)
Deferred tax credit			
Reversal of temporary differences	8	(1,754)	(146)
Effect of changes in tax rates	8	-	(274)
Adjustment in respect of prior years	8	(95)	-
Total deferred tax credit for the year		(1,849)	(420)
Total tax expense/(credit) for the year		199	(481)

(b) Factors affecting tax expense/(credit) for the year

	2009 £	2008 £
Profit/(loss) before tax	688	(688)
Taxation at UK corporate tax rate of 28% (2008: 30%)	193	(207)
Effect of:		
Tax rate differences	-	(274)
Adjustment in respect of prior years	6	-
Overall tax expense/(credit) for the year	199	(481)

The UK corporate tax rate was reduced from 30% to 28% commencing 1 April 2008. The effect of this rate change is reflected in the financial year ended 31 March 2008 as the rate change was substantively enacted in that period.

6. Finance lease receivables

Finance lease receivables comprise:	2009 £	2008 £
Gross investment in finance leases		
Amounts falling due:		
No later than one year	23,722	16,650
Later than one year and not later than five years	16,113	39,835
Gross investment in finance leases	39,835	56,485
Unearned finance income	(2,231)	(5,337)
Net investment in finance leases	37,604	51,148
Amortisation of finance lease receivables		
Amounts falling due:		
No later than one year	21,784	13,450
Later than one year and not later than five years	15,820	37,698
Present value of minimum lease receivables	37,604	51,148
Fair value of amounts receivable under finance leases	37,979	50,355
Aggregate finance lease rentals receivable in the year	16,650	16,650

The fair value of fixed rate finance lease receivables is calculated by discounting future minimum lease receivables, using equivalent current interest rates.

7. Payables

	2009 £	2008 £
Amounts owed to parent undertakings	34,330	46,266
Value added tax	901	1,149
	35,231	47,415

Amounts owed to parent undertakings have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

8. Deferred tax

	2009 £	2008 £
Leasing transactions temporary differences:		
Opening balance	3,840	4,260
Recognised in income statement:		
Reversal of temporary differences	(1,754)	(146)
Adjustment in respect of prior years	(95)	-
Effect of changes in tax rates	-	(274)
	1,991	3,840

Leasing transactions taxable temporary differences relate principally to accelerated capital allowances and depreciation.

Deferred tax has been calculated at the corporation tax rates applicable to the financial years in which it is expected that the assets will be realised or the liabilities settled, being 28%.

9. Share capital

	Authorised		Issued and fully paid up	
	2009 £	2008 £	2009 £	2008 £
Ordinary shares of £1 each	100	100	100	100

10. Capital and reserves

	Share capital £	Retained earnings £	Total equity £
At 1 April 2007	100	2,661	2,761
Total recognised income and expense	-	(207)	(207)
Dividends	-	(2,661)	(2,661)
Balance at 31 March 2008	100	(207)	(107)
Total recognised income and expense	-	489	489
Balance at 31 March 2009	100	282	382

Shareholders' equity is wholly attributable to equity shareholders.

Capital management
The Company is not subject to externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis. The Company defines capital as total shareholders' equity. The Company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. There were no changes in the Company's approach to capital management during the year.

11. Related party transactions

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is Assetfinance Limited. The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Particulars of transactions, arrangements and agreements involving related parties are disclosed elsewhere within the financial statements.

12. Risk management

The Company has exposure to the following types of risk arising from its use of financial instruments; credit risk, liquidity risk and market risk. Market risk includes interest rate risk and foreign exchange risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

The Company participates in transactions to which other HSBC group companies are also party. The HSBC Business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from finance lease receivables.

The Business manages credit risk for this entity as described above for risks generally.

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis. The Directors are responsible for the quality of the credit portfolios and follow a credit process involving

12. Risk management (continued)

Credit risk management (continued)

delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. No finance lease receivables are in arrears.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets would be recoverable in case of default and it is anticipated that sale proceeds would cover any shortfall in the amounts recovered from the lessee.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from parent undertakings.

The Business manages liquidity risk for this entity as described above for risks generally.

The Company's finance lease receivables are funded principally by borrowings from parent undertakings, which acts as a treasury function. This funding has no fixed repayment date and therefore is technically repayable on demand. The treasury function provides funds as required to finance the leases, at the same interest rates that currently applies to the relevant Company borrowings, for the term of the leases.

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities (excluding interest) at the balance sheet date:

As at 31 March 2009:	**Carrying amount**	**Contractual cash flows**	**Less than one year**
	£	**£**	**£**
Amounts owed to parent undertakings	34,330	(34,330)	(34,330)

As at 31 March 2008:	**Carrying amount**	**Contractual cash flows**	**Less than one year**
	£	**£**	**£**
Amounts owed to parent undertakings	46,266	(46,266)	(46,266)

12. Risk management (continued)

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

The Company's finance leases are "interest rate fixed". This means that lease rentals will not change if there is a change in interest rates. The Company's borrowings also carry a fixed rate of interest and hence changes in interest rates will have no impact on interest payable.

13. Contingent liabilities

There were no contingent liabilities at 31 March 2009 (2008: £nil).

14. Subsequent events

There are no subsequent events requiring disclosure in the financial statements.

AFMH-7223

ASSETFINANCE MARCH (H) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

Registered No: 5229765

ASSETFINANCE MARCH (H) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

Principal activity

The Company's principal activity is to lease assets to third party lessees for an agreed term under finance lease arrangements. No change in the Company's activities is anticipated.

Business review

During the year the Company continued the leasing transactions written in previous years.

Another group undertaking, HSBC Asset Finance (UK) Limited, acts as an agent to and provides agency services to the Company, charging an annual management fee. The services provided by the agent are to seek new business, to negotiate and to agree terms and to arrange the execution of all lease documents on behalf of the Company.

The business is funded principally by equity and borrowings. The Company has no employees. Services required are provided by fellow HSBC Group companies. The Company has no stakeholders other than its parent company.

Risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 13 of the financial statements.

Performance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The Company's results for the year under review are as detailed in the income statement shown in these accounts.

During the year the Government has enacted a reduction in the UK corporation tax rate to 28% with effect from 1 April 2008. The effect of this change is disclosed in Note 5.

The key performance indicator used by management in assessing the performance of the Company is the monitoring of actual cashflows in comparison with the planned cashflows determined at the inception of the lease transactions. Its performance is also measured by reference to its net income as a percentage of the net investment in finance leases less related tax balances (deferred and current tax). Monthly management accounts are prepared and reviewed by the management of the HSBC Business in which this Company resides.

Future developments

No new lease transactions are currently anticipated, but the Directors keep opportunities under regular review.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2008 (2007: £2,661 being £26.61 per share, paid during the 2008 financial year).

Directors

The Directors who served during the year were as follows:

	Appointed	Resigned
R L H Bencard		
G Owen-Conway		
D R Turner		
M B Kenny	29 June 2007	
K A Singleton		
D H Mead		29 June 2007

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Supplier payment policy

The Company subscribes to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code are available from: BERR Publications Orderline, Admail 528, London SW1W 8YT.

During the year, the Company received goods and services from group undertakings only. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit plc will therefore continue in office.

ASSETFINANCE MARCH (H) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008 (continued)

Statement of Directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditor's statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under this law the Directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that sufficient accounting records are kept that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that its financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

G Owen-Conway
Director

Date: 4 December 2008

Registered Office:
8 Canada Square
London
E14 5HQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSETFINANCE MARCH (H) LIMITED

We have audited the financial statements of Assetfinance March (H) Limited for the year ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc 16/12/08

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham B3 2DL

ASSETFINANCE MARCH (H) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Revenue			
Finance lease income		3,676	7,944
Finance costs: Interest expense	3	(2,804)	(3,104)
		872	4,840
Administrative expenses	4	(1,560)	(1,030)
(LOSS)/PROFIT BEFORE TAX		(688)	3,810
Tax credit/(expense)	5	481	(1,143)
(LOSS)/PROFIT FOR THE YEAR	9	(207)	2,667

There were no acquisitions, discontinued or discontinuing operations during the year.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 MARCH 2008

There has been no recognised income or expense other than the profit for the year as shown above.

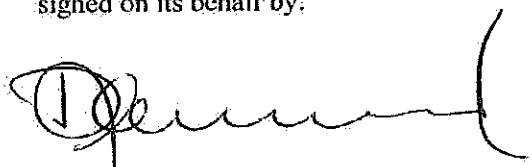
The notes on pages 8 to 17 form part of the financial statements

ASSETFINANCE MARCH (H) LIMITED

BALANCE SHEET AS AT 31 MARCH 2008

	Notes	2008 £	2007 £
ASSETS			
CURRENT ASSETS			
Finance lease receivables	6	51,148	64,107
TOTAL ASSETS		51,148	64,107
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables	7	47,415	57,086
TOTAL CURRENT LIABILITIES		47,415	57,086
NON CURRENT LIABILITIES			
Deferred tax	8	3,840	4,260
TOTAL NON CURRENT LIABILITIES		3,840	4,260
TOTAL LIABILITIES		51,255	61,346
EQUITY			
Called up share capital	9,10	100	100
(Accumulated losses)/Retained earnings	9	(207)	2,661
TOTAL EQUITY	9	(107)	2,761
TOTAL LIABILITIES AND EQUITY		51,148	64,107

These financial statements were approved by the Board of Directors on 4 December 2008 and were signed on its behalf by:



D R Turner
Director

The notes on pages 8 to 17 form part of the financial statements

ASSETFINANCE MARCH (H) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(688)	3,810
Adjustments for:			
Interest expense	3	2,804	3,104
Change in operating assets	6	12,959	11,761
NET CASH FROM OPERATING ACTIVITIES		15,075	18,675
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(2,804)	(3,104)
Received from parent undertaking in respect of group relief	5	61	182
Received from parent undertaking in respect of value added tax	7	157	-
Paid to parent undertaking in respect of other financing activities	7	(9,828)	(15,753)
Dividends paid	9	(2,661)	-
NET CASH FROM FINANCING ACTIVITIES		(15,075)	(18,675)
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT YEAR END		-	-

The notes on pages 8 to 17 form part of the financial statements

1. Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as published by the International Accounting Standards Board ('IASB') if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 March 2008, there were no unendorsed standards effective for 31 March 2008 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

Standards and Interpretations issued by the IASB and endorsed by the EU but not yet effective

- IFRS 8 'Operating segments' was issued on 30 November 2006 and is effective for periods commencing on or after 1 January 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2009.

At 31 March 2008, the Company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 March 2008 that have not already been adopted by the Company.

IFRS 7 'Financial Instruments: Disclosures' has been adopted in the year, which has required changes to the detailed disclosures about financial instruments.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling being the Company's functional currency and have been prepared on the historical cost basis.

General information

Assetfinance March (H) Limited is a company domiciled and incorporated in England and Wales.

2. Summary of significant accounting policies

(a) Finance leases

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the leases. It is shown as "Finance lease income" in the income statement.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

(b) Interest expense

Interest expense for all interest bearing financial instruments is recognised in 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

(c) Financial liabilities

Financial liabilities are initially measured at fair value plus any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised if the Company becomes party to the contractual provisions of the liability instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

A parent undertaking acts as a treasury function, providing funding for the Company through an inter-company current account.

2. Summary of significant accounting policies (continued)

(d) Income tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

The tax on items recognised directly in equity is transferred to profit or loss when those items are transferred to profit or loss.

(e) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

(f) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

2. Summary of significant accounting policies (continued)

(g) Cash flow statement

The cash flow statement has been prepared on the basis that movements in inter company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

(h) Use of assumptions and estimates

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

There are no accounting policies that are deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied, which involves a high degree of judgement and estimation.

(i) Impairment of financial assets

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both a specific and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

3. Interest expense

	2008 £	2007 £
Interest payable to parent undertakings	(2,804)	(3,104)

4. Administrative expenses

Administrative expenses include £1,574 (2007: £1,052) in respect of group management charges payable to a parent undertaking. The Directors made no charge for their services.

Auditor's remuneration has been borne by a parent undertaking and is therefore not charged in arriving at the loss before tax.

The Company has no employees and hence no staff costs.

5. Income tax

(a) Analysis of tax (credit)/charge for the year

	Notes	2008 £	2007 £
Current tax credit			
Group relief receivable		(61)	(182)
Current tax credit for the year		(61)	(182)
Deferred tax credit			
Effect of changes in tax rates	8	(274)	-
Origination/reversal of temporary differences	8	(146)	1,325
Total deferred tax (credit)/expense for the year		(420)	1,325
Total tax (credit)/expense for the year		(481)	1,143

(b) Factors affecting tax (credit)/charge for the year

	2008 £	2007 £
(Loss)/profit before tax	(688)	3,810
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 30%	(207)	1,143
Effects of:		
Effect of changes in tax rates	(274)	-
Total tax (credit)/charge for the year	(481)	1,143

6. Finance lease receivables

Finance lease receivables comprise:

	2008 £	2007 £
Gross investment in finance leases		
Amounts falling due:		
No later than one year	16,650	16,650
Later than one year and no later than five years	39,835	56,485
Gross investment in finance leases	56,485	73,135
Unearned finance income	(5,228)	(8,905)
Impairment provisions	(109)	(123)
Net investment in finance leases	51,148	64,107
Amortisation of finance lease receivables:		
Amounts falling due:		
No later than one year	13,450	12,718
Later than one year and no later than five years	37,698	51,389
Present value of minimum lease receivables	51,148	64,107
Fair value of amounts receivable under finance leases	50,355	62,872
Aggregate finance lease rentals receivable in the year	16,650	19,727

7. Payables

	2008 £	2007 £
Amounts owed to parent undertakings	46,266	56,094
Value added tax	1,149	992
	47,415	57,086

Amounts owed to parent undertakings have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

8. Deferred tax

	2008 £	2007 £
Leasing transactions temporary differences:		
Opening balance	4,260	2,935
Recognised in income statement:		
Origination/reversal of temporary differences	(146)	1,325
Effect of changes in tax rates	(274)	-
	3,840	4,260

Leasing transactions taxable temporary differences relate principally to accelerated capital allowances and depreciation.

Deferred tax has been calculated at the corporation tax rates applicable to the financial years in which it is expected that the assets will be realised or the liabilities settled, being 28%.

Under the terms of certain of the Company's finance leases, rentals will be adjusted to reflect both the rate change and changes in capital allowances.

During the year the Government has enacted a reduction in the UK corporation tax rate to 28% with effect from 1 April 2008. Where appropriate the benefit will be passed on to customers by way of reduced future rentals and the book value of finance lease receivables at 31 March 2008 has been recalculated accordingly.

The Government also announced changes to capital allowances which were substantively enacted on 2 July 2008 and may give rise to further rental adjustments, the effects of which will be reflected in the 2009 financial statements and have not yet been quantified

9. Capital and reserves

	Share capital £	Accumulated losses £	Total equity £
At 1 April 2006	100	(6)	94
Total recognised income and expense	-	2,667	2,667
Balance at 31 March 2007	100	2,661	2,761
Total recognised income and expense	-	(207)	(207)
Dividends	-	(2,661)	(2,661)
Balance at 31 March 2008	100	(207)	(107)

Shareholders' equity is wholly attributable to equity shareholders.

9. Capital and reserves (continued)

Capital management
The Company is not subject to externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis. The Company defines capital as total shareholders' equity. The Company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. There were no changes in the Company's approach to capital management during the year.

Dividends
For the year ended 31 March 2008 no dividend has been paid or declared (2007: £2,661 being £26.61 per share, paid during the 2008 financial year).

10. Share capital

	Authorised		Issued and fully paid up	
	2008	2007	2008	2007
	£	£	£	£
100 Ordinary shares of £1 each	100	100	100	100

There are no shares issued and not fully paid up.

11. Segmental analysis

The Company operates in one business segment being finance leasing and one geographical segment, United Kingdom.

12. Related party transactions

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is Assetfinance Limited. The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Particulars of transactions, arrangements and agreements involving related parties are disclosed elsewhere within the financial statements.

13. Risk management

The Company has exposure to the following types of risk arising from its use of financial instruments; credit risk, liquidity risk and market risk. Market risk includes interest rate risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

The Company participates in transactions to which other HSBC group companies are also party. The HSBC Business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from finance lease receivables.

The Business manages credit risk for this entity as described above for risks generally.

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis. The Directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The finance lease receivables are supported by investment grade companies.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets would be recoverable in case of default and it is anticipated sale proceeds would cover any shortfall in the amounts recovered from the lessee.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from parent entities. The Business manages liquidity risk for this entity as described above for risks generally.

13. Risk management (continued)

Liquidity risk management (continued)

The Company's assets are funded by borrowing from parent undertakings, which acts as a treasury function. This funding has no fixed date for repayment and therefore is technically repayable on demand. The treasury function provides funds as required to finance the leases, at the same interest rates that currently applies to the relevant borrowings, for the term of the leases.

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities (excluding interest) at the balance sheet date:

As at 31 March 2008:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	46,266	(46,266)	(46,266)

As at 31 March 2007:	Carrying amount	Contractual cash flows	Less than one year
	£	£	£
Amounts owed to parent undertakings	56,094	(56,094)	(56,094)

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

The Company's finance leases are "interest variable". This means that contingent rents will be receivable/payable in relation to money variation when there is a change in the interest rate. Such rents are determined by reference to the Company's net cash investment (being net investment less related tax balances) in the finance lease. This investment is funded by the Company's corresponding borrowings, which also carry a variable rate of interest.

Sensitivity analysis: interest rate risk
The interest rates on the financial asset and financial liability are both at variable rates.

A change in 100 basis points in interest rates as at the reporting date would neither increase or decrease profit or loss as the amount of contingent rents receivable/payable relating to money variation would be offset by the change in interest payable. This assumes that all other variables remain constant.

14. Contingent liabilities

There were no contingent liabilities at 31 March 2008 (2007: £nil).

15. Subsequent events

There are no subsequent events requiring disclosure in the financial statements.

REG STERED OFF CE
OF THE SSUER
8 Ca ada Square
Lo do E14 5HQ
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GUARANTORS
Ever olt Ra l Hold (UK) L ted
Ever olt F a e Hold L ted
Ever olt Ra l (UK) L ted
Ever olt De ot F a e (UK) L ted
Ever olt Ra l (38) L ted
Euro ea Ra l F a e (GB) L ted
Euro ea Ra l F a e Hold L ted
Euro ea Ra l F a e L ted

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PR NC PAL PAY NG AGENT
AND AGENT BANK
HSBC Ba k l
8 Ca ada Square
Lo do E14 5HQ
U ted K do

REG STRAR, TRANSFER AGENT,
PAY NG AGENT AND EXCHANGE AGENT

HSBC Ba k l
8 Ca ada Square
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U ted K do

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A&L Goodbody
ter at o al F a al Serv e Ce tre
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Dubl l
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Lo do EC2 7AE
U ted K do

Royal Ba k o Ca ada
Euro e L ted
71 Quee tor a Street
Lo do EC4 4DE
U ted K do

T e Royal Ba k o
S otla d l
135 B o ate
Lo do EC2M 3UR
U ted K do