

Dated 23 June 2005

STRATEGIC RAIL AUTHORITY
TO
SECRETARY OF STATE FOR TRANSPORT

NETWORK RAIL CREDIT SUPPORT
TRANSFER SCHEME

made by the Secretary of State
pursuant to section 1 of the Railways Act 2005

in respect of the property, rights and liabilities of the
Strategic Rail Authority relating to the indebtedness of
Network Rail

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TRANSFER SCHEME

RECITALS

- (A) The Strategic Rail Authority (the “SRA”) is a body corporate established by section 201 of the Transport Act 2000.
- (B) Section 1(1) and Schedule 1 of the Railways Act 2005 (the “2005 Act”) provide for the transfer of certain functions of the SRA under the Railways Act 1993, as amended by the Transport Act 2000 (the “1993 Act”).
- (C) Section 1(2) of the 2005 Act provides that the Secretary of State may make a scheme for the transfer of property, rights and liabilities from the SRA (or a company which is wholly owned by the SRA) to a person specified in section 1(3) of that Act or to two or more of those persons.
- (D) The Secretary of State is a person specified in section 1(3) of the 2005 Act.
- (E) The Secretary of State (after such consultation as may be required pursuant to section 1(5) of the 2005 Act) in exercise of the powers conferred on him by section 1 and Schedule 2 of the 2005 Act makes this scheme for the transfer to the Secretary of State of the property, rights and liabilities of the SRA relating to the indebtedness of Network Rail (as defined below).

PART I

DEFINITIONS AND INTERPRETATION

1 Definitions and Interpretation

1.1 In this Transfer Scheme the following definitions shall apply where the context so permits:

“Network Rail” means each of:

- (a) Network Rail MTN Finance plc;
- (b) Network Rail Infrastructure Finance plc; and
- (c) Network Rail Limited and/or (as the context may require) any of its subsidiaries;

“Secretary of State” means the Secretary of State for Transport;

“Transfer Date” means Sunday 26 June 2005, which is the date upon which this Transfer Scheme shall come into force for the purpose of paragraph 1(2) of Schedule 2 to the 2005 Act.

1.2 The headings and sub-headings are inserted for convenience only and shall not affect the construction of this Transfer Scheme.

- 1.3** Except as otherwise stated, a reference to a “paragraph”, “sub-paragraph” or “Schedule” means a paragraph or sub-paragraph of, or a schedule to, this Transfer Scheme.
- 1.4** The words “include”, “including” and “included” are to be construed without limitation.

PART II

TRANSFER PROVISIONS

2 Transfer of Property, Rights and Liabilities

- 2.1** Subject to paragraph 2.2, there shall be transferred to, and vest in, the Secretary of State on the Transfer Date:

all the property, rights and liabilities of the SRA in the contracts, contractual provisions, agreements, legal opinions, accountants’ reports, comfort or consent letters and other documents specified or described in the Schedule, as amended, novated, restated or supplemented from time to time;

all liabilities of the SRA arising out of or in connection with the issue by Network Rail of any securities, including any liabilities arising in respect of the publication or contents of any listing particulars (or supplementary listing particulars), any information memorandum or any offering circular, either at common law or under statute, including the Financial Services and Markets Act 2000 (or any equivalent law or legislation of any other jurisdiction) or under the listing rules of the UK Listing Authority (or any equivalent rules of any equivalent authority of any other jurisdiction); and

to the extent that such are not transferred by virtue of sub-paragraphs 2.1.1 and 2.1.2, all rights of the SRA against third parties arising out of or in connection with any of the matters referred to in paragraphs 2.1.1 and 2.1.2, including contractual or tortious rights in respect of advice given (whether to the SRA or otherwise) by legal, financial and accounting advisers.

- 2.2** The property, rights and liabilities of the SRA comprised in clause 6.1 (Financial Information) and clause 4.1 (Co-Operation in respect of Strategic Planning) of the Co-Operation Agreement specified in paragraph 1.1 of the Schedule are excluded from the transfer described in paragraph 2.1.1, for which purpose provisions that are equivalent in all respects to those set out in clause 1 (Definitions and Interpretation) and clauses 9 to 14 (inclusive) of the said Co-Operation Agreement shall continue to apply (in each case, to the extent applicable) as between the SRA and Network Rail.

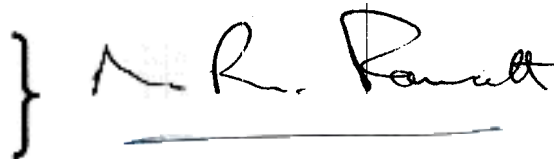
3 Supplementary Provisions

- 3.1** The property, rights and liabilities transferred by this Transfer Scheme include: -
- 3.1.1** any property, rights and liabilities that would not otherwise be capable of being transferred or assigned by the SRA;

- 3.1.2 any property acquired in the period after the making of this Transfer Scheme and before the Transfer Date and rights and liabilities arising in that period; and
- 3.1.3 any rights and liabilities arising on or after the Transfer Date in respect of matters occurring before the Transfer Date.
- 3.2 The transfers to which this Transfer Scheme gives effect shall take effect as if there were:-
 - no such requirement to obtain a person's consent or concurrence;
 - no such liability in respect of a contravention of any other requirement; and
- 3.2.3 no such interference with any interest or right;
 - as there would be, in the case of a transaction apart from the 2005 Act, by reason of a provision falling within paragraph 2(3) of Schedule 2 to the 2005 Act.
- 3.3 In relation to the transfers provided for in this Transfer Scheme and with effect from the Transfer Date: -
 - 3.3.1 the Secretary of State shall be treated as the same person in law as the SRA;
 - 3.3.2 all agreements made, transactions effected or other things done by or in relation to the SRA shall be treated, so far as may be necessary for the purposes of or in connection with the transfers, as made, effected or done by or in relation to the Secretary of State;
 - 3.3.3 subject to paragraph 7(3) of Schedule 2 to the 2005 Act, references in any agreement, instrument or other document to the SRA (or to any employee or office holder of the SRA) shall have effect as far as may be necessary for the purposes of or in connection with each transfer, as references to the Secretary of State (or to any employee or office holder appointed for the purpose by the Secretary of State); and
 - 3.3.4 any proceedings commenced by or against the SRA shall be continued by or against the Secretary of State.

Where a person would be entitled, in consequence of anything done or likely to be done by or under the 2005 Act in connection with this Transfer Scheme, to terminate, modify, acquire or claim an interest or right to which the SRA is entitled or subject (or to treat such an interest or right as modified or terminated), that entitlement shall not be enforceable but that entitlement to that interest or right (or to an equivalent interest or right) shall be preserved, such that it will arise and become enforceable in respect of the first occasion when corresponding circumstances next occur after the Transfer Date.

Signed by authority of the Secretary of State this 23rd day of June 2005



Senior Civil Servant
Department for Transport

M. R. FAWCETT

SCHEDULE Contracts etc.

(Cross reference paragraph 2)

A. Debt Issuance Programme

- A.1 Financial Indemnity dated 29 October 2004 between (1) the SRA and (2) HSBC Trustee (C.I.) Limited as security trustee.
- A.2 Security Trust Deed dated 29 October 2004 between (1) HSBC Trustee (C.I.) Limited as security trustee and note trustee, (2) the SRA, (3) Network Rail Infrastructure Finance plc, (4) Network Rail Infrastructure Limited for itself and as administrator, (5) HSBC Bank plc as issuing and paying agent, transfer agent, calculation agent, and security trustee calculation agent, (6) HSBC Bank USA as registrar, (7) HSBC Bank plc as account bank, (8) the Initial Facility Providers (as defined therein), (9) the Initial Swap Counterparties (as so defined) and (10) the Initial Dealers (as so defined), together with any Transaction Document (as defined in the Security Trust Deed) not otherwise referred to in this Schedule.
- A.3 Programme Participation Agreement dated 29 October 2004 between (1) the SRA, (2) Network Rail Infrastructure Limited for itself and as administrator and (3) Network Rail Infrastructure Finance plc.
- A.4 Use of Proceeds Side Letter dated 29 October 2004 addressed to the SRA by (1) Network Rail Infrastructure Limited and (2) Network Rail Infrastructure Finance plc.
- A.5 Co-operation Agreement Side Letter dated 29 October 2004 addressed to the SRA by (1) Network Rail Limited and (2) Network Rail Infrastructure Limited.
- A.6 SRA Representations Letter dated 29 October 2004 addressed to the Dealers described in the Schedule thereto by the SRA.
- A.7 Auditors' Arrangement Letter dated 13 October 2004 and Comfort Letter dated 29 October 2004 addressed to the directors of Network Rail Infrastructure Finance plc, the members of the Strategic Rail Authority, the Arranger (as defined therein) and the Dealers (as so defined) by PricewaterhouseCoopers LLP.
- A.8 Consent Letter dated October 2004 addressed to the directors of Network Rail Infrastructure Finance plc, the members of the Strategic Rail Authority and the Arranger (as defined therein) by the National Audit Office.
- A.9 Legal Opinion dated 29 October 2004 addressed to HSBC Trustee (C.I.) Limited as security trustee by the General Legal Counsel of the SRA.
- A.10 Legal Opinion dated 29 October 2004 addressed to the SRA by Allen & Overy LLP.
- A.11 Side Letter dated 13 October 2004 addressed to the SRA by Network Rail Infrastructure Finance plc.

A.12 Escrow Letter dated 13 October 2004 addressed to the Security Trustee, the Note Trustee, the FI Provider, the Issuer, NRIL and the Administrator, the Issuing and Paying Agent, the Transfer Agent, the Calculation Agent, the Account Bank and the Security Trustee Calculation Agent, the Registrar, the Initial Facility Providers, the Initial Swap Counterparties and the Initial Dealers (as each such term is defined therein) by Linklaters.

B. £10,000,000,000 Secured Medium Term Note Programme

B.1 Facility Agreement dated 26 February 2004 between (1) Network Rail MTN Finance plc, (2) Network Rail Limited and (3) the SRA.

B.2 SRA Direct Agreement dated 26 February 2004 between (1) the SRA, (2) Network Rail MTN Finance plc, (3) HSBC Trustee (C.I.) Limited as security trustee and (4) HSBC Bank plc as security trustee calculation agent.

B.3 Security Trust and Intercreditor Deed dated 26 February 2004 between (1) HSBC Trustee (C.I.) Limited as security trustee and note trustee (2) Network Rail MTN Finance PLC as the issuer (3) Network Rail Limited (4) Network Rail Infrastructure Ltd. (5) HSBC Bank PLC as security trustee calculation agent, issuing and paying agent, transfer agent and calculation agent (6) HSBC Bank USA as the registrar (7) the financial institutions listed therein as dealers (8) the financial institutions listed therein as swap counterparties (9) Merrill Lynch International as arranger and (10) HSBC Bank PLC as account bank, together with any MTNSF Finance Document (as defined in the Security Trust and Intercreditor Deed) not otherwise referred to in this Schedule.

B.4 SRA Representations Letter dated 26 February 2004 addressed to Merrill Lynch International and the other Dealers referred to therein.

B.5 Auditors' Arrangement Letter dated 20 February 2004 and Comfort Letter dated 26 February 2004 addressed to the directors of Network Rail MTN Finance plc, the members of the Strategic Rail Authority, the Arranger (as defined therein) and the other Dealers (as so defined) by PricewaterhouseCoopers LLP.

B.6 Consent Letter dated February 2004 addressed to the directors of Network Rail MTN Finance plc, the members of the Strategic Rail Authority and Merrill Lynch International by the National Audit Office.

B.7 Legal Opinion dated 26 February 2004 addressed to the persons listed in the annex thereto c/o HSBC Trustee (C.I.) Limited as security trustee by the General Legal Counsel of the SRA, as amended by a letter of the same date addressed to Barclays Bank plc as agent for the Finance Parties (as defined therein).

Legal Opinion dated 26 February 2004 addressed to the SRA by Linklaters.

Legal Opinion dated 26 February 2004 addressed to the SRA by Allen & Overy.

B.10 Side Agreement dated 26 February 2004 between (1) Network Rail MTN Finance plc, (2) the SRA, (3) Network Rail Infrastructure Limited, (4) Network Rail Holdco Limited and (5) Network Rail Limited.

C. £4,000,000,000 Commercial Paper Programme

C.1 Liquidity Facility Agreement dated 26 June 2003 between (1) Network Rail CP Finance PLC (2) Barclays Capital, HSBC Bank PLC, Merrill Lynch International, Royal Bank of Canada, The Royal Bank of Scotland plc, Citigroup Global Markets Limited, UBS Ltd, WestLB AG as arrangers (3) the financial institutions listed therein as the original lenders and (4) Barclays Bank PLC as facility agent and Network Rail Infrastructure Ltd as administrator, together with any other LWCSF Finance Document (as defined in the Security Trust and Intercreditor Agreement) not otherwise referred to in this Schedule.

C2. Security Trust and Intercreditor Deed dated 26 June 2003 between (1) the financial institutions listed therein as bank liquidity arrangers (2) the financial institutions listed therein as the bank liquidity lenders (3) Barclays Bank PLC as bank liquidity facility agent (4) HSBC Bank PLC as security trustee, (2) Network Rail CP Finance PLC as the issuer (3) Network Rail Limited, (4) Network Rail Infrastructure Ltd. (5) HSBC Bank PLC as ECP issuing and paying agent (6) HSBC Bank USA as USCP issuing and paying agent (7) the financial institutions listed therein as dealers (8) the financial institutions listed therein as swap counterparties (9) Merrill Lynch International as CP programme arranger (10) HSBC Bank USA as CP issuer US account bank and (10) HSBC Bank PLC as CP issuer UK account bank.

C.3 Facility Agreement dated 26 June 2003 between (1) Network Rail CP Finance plc, (2) Network Rail Limited and (3) the SRA.

C.4 SRA Direct Agreement dated 26 June 2003 between (1) the SRA, (2) Network Rail CP Finance plc and (3) HSBC Bank plc as security trustee.

C.5 LPSA Side Letter dated 26 June 2003 addressed to (1) Network Rail Limited and (2) Network Rail Infrastructure Limited by the SRA.

C.6 Reporting Side Letter dated 26 June 2003 addressed to the SRA by Network Rail CP Finance plc.

C.7 SRA General Consent dated 26 June 2003 addressed to (1) Network Rail Limited and (2) Network Rail Infrastructure Limited by the SRA.

C.8 Legal Opinion dated 26 June 2003 addressed to the Finance Parties (as defined therein) and the Dealers (as so defined) by the General Legal Counsel of the SRA.

C.9 Legal Opinion dated 26 June 2003 addressed to the SRA by Allen & Overy.

C.10 Letter of Consent dated 26 February 2004 addressed to (1) Network Rail CP Finance plc and (2) HSBC Bank plc as security trustee by the SRA.

C.11 Letter of confirmation dated 26 June 2003 addressed to the SRA by Network Rail CP Finance PLC.

C.12 Legal Opinion dated 26 June 2003 addressed to the SRA by Linklaters.

C.13 Letter of consent dated 2 June 2003 addressed to (1) Network Rail HoldCo Limited (2) Network Rail Infrastructure Ltd. and (3) Network Rail Limited by the SRA.

C.14 Deed of Amendment dated 29 October 2004 between (1) Network Rail CP Finance PLC (2) Network Rail Limited (3) Network Rail Infrastructure Limited (4) the financial institutions listed therein as bank liquidity arrangers (5) the financial institutions listed therein as bank liquidity lenders (6) the financial institutions listed therein as swap counterparties (7) the financial institutions listed therein as dealers (8) Barclays Bank PLC as bank liquidity facility agent (9) HSBC Bank PLC as security trustee (10) HSBC Bank PLC as ECP issuing and paying agent (11) HSBC Bank USA as USCP issuing and paying agent (12) Merrill Lynch International as CP programme arranger (13) HSBC Bank USA as CP issuer US account bank (14) HSBC Bank PLC as CP issuer UK account bank and (15) the SRA.

C.15 SRA General Consent Letter dated 29 October 2004 addressed to (1) Network Rail Limited (2) Network Rail Infrastructure Ltd. and (3) Network Rail CP Finance PLC by the SRA.

C.16 Escrow letter dated 13 October 2004 addressed to the persons countersigning the letter by Linklaters.

C.17 Legal Opinion dated 29 October 2004 addressed to the persons listed in the annex thereto c/o HSBC Bank plc as security trustee by the General Legal Counsel of the SRA.

D. £4,000,000,000 (formerly £7,000,000,000) OpCo Facility

D.1 Facility Agreement dated 3 October 2002 between (1) Railtrack plc, (2) Network Rail Limited, (3) Network Rail Holdco Limited and (4) the SRA.

D.2 Supplemental Facility Agreement dated 9 March 2004 between (1) Railtrack plc, (2) Network Rail Limited, (3) Network Rail Holdco Limited and (4) the SRA.

D.3 Amendment letter dated 26 February 2004 addressed to Assetfinance September (B) Limited and copied to the SRA by Network Rail Infrastructure Ltd.

D.4 Amendment letter dated 26 February 2004 addressed to (1) Lombard Finance Limited and (2) Lombard Corporate Finance (1) Limited and copied to the SRA by Network Rail Infrastructure Ltd.

D.5 Amendment letter dated 26 February 2004 addressed to Royal Bank Asset Management Limited and copied to the SRA by Network Rail Infrastructure Ltd.

D.6 Amendment letter dated 26 February 2004 addressed to (1) Dresdner Kleinwort Wasserstein Leasing June (3) Limited and (2) Fitzgeorge June (1) Limited and copied to the SRA by Network Rail Infrastructure Ltd.

D.7 Amendment letter dated 26 February 2004 addressed to (1) Lombard North Central Wheelease Limited and (2) RB Leasing September Limited and copied to the SRA by Network Rail Infrastructure Ltd.

D.8 Amendment letter dated 26 February 2004 addressed to (1) Railway Finance Limited and (2) Royal Bank Leasing Limited and copied to the SRA by Network Rail Infrastructure Ltd.

D.9 Amendment letter dated 26 February 2004 addressed to BMI (No. 9) Limited and copied to the SRA by Network Rail Infrastructure Ltd.

D.9 Amendment letter dated 26 February 2004 addressed to MCC Leasing (No. 21) Limited and copied to the SRA by Network Rail Infrastructure Ltd.

E. £9,000,000,000 HoldCo Facility

E.1 Facility Agreement dated 27 June 2002 between (1) Network Rail Holdco Limited, (2) Network Rail Limited and (3) the SRA.

E.2 Direct Agreement dated 26 September 2002 between (1) the SRA, (2) Network Rail Holdco Limited and (3) Barclays Bank plc as agent and trustee.

E.3 Consent and Amendment Letter dated 26 February 2004 addressed to (1) Barclays Bank plc as agent and (2) the SRA by Network Rail Holdco Limited and Network Rail Limited.

E.4 Letter of Consent dated 26 February 2004 addressed to (1) Network Rail Holdco Limited and (2) Barclays Bank plc as agent by the SRA.

E.5 Cancellation and Termination Agreement dated 31 January 2005 between (1) Network Rail Holdco Limited, (2) Network Rail Limited, (3) Barclays Bank plc as agent and trustee and (4) the SRA.

F. £800,000,000 EIB Support Facility

F.1 Facility Agreement dated 3 October 2002 between (1) Railtrack plc and (2) the SRA relating to the EIB Facilities (as defined therein).

F.2 SRA Direct Agreement dated 3 October 2002 between (1) the SRA, (2) Railtrack plc and (3) European Investment Bank.

F.3 Legal Opinion dated 26 September 2002 addressed to European Investment Bank by the General Legal Counsel of the SRA.

F.4 Deed of Amendment, Novation, Release, Termination and Waiver dated 17 June 2005 between (1) Network Rail Infrastructure Limited, (2) Network Rail Infrastructure Finance plc, (3) European Investment Bank and (4) the SRA relating to the finance contract dated 5 December 1997 between Network Rail Infrastructure limited and European Investment Bank.

F.5 Deed of Amendment, Novation, Release, Termination and Waiver dated 17 June 2005 between (1) Network Rail Infrastructure Limited, (2) Network Rail Infrastructure Finance plc, (3) European Investment Bank and (4) the SRA relating to the finance contract dated 8 December 1999 between Network Rail Infrastructure limited and European Investment Bank.

G. £250,000,000 KfW Support Facility

G.1 Facility Agreement dated 3 October 2002 between (1) Railtrack plc and (2) the SRA relating to the KfW Facilities (as defined therein).

G.2 SRA Direct Agreement dated 3 October between (1) the SRA, (2) Railtrack plc and (3) Kreditanstalt für Wiederaufbau.

G.3 Legal Opinion dated 26 September 2002 addressed to Kreditanstalt für Wiederaufbau by the General Legal Counsel of the SRA.

G.4 Deed of Release, Termination and Waiver dated 17 June 2005 between (1) Network Rail Infrastructure Limited, (2) Kreditanstalt für Wiederaufbau and (3) the SRA.

H. Legacy Project Support Agreement

Legacy Project Support Agreement dated 3 October 2002 between (1) the SRA and (2) Railtrack plc.

I. Co-Operation Agreement

I.1 Co-Operation Agreement dated 27 June 2002 between (1) the SRA, (2) Network Rail Limited and (3) the Acceding Party (as defined therein).

I.2 Supplemental Agreement dated 9 March 2004 between (1) the SRA, (2) Network Rail limited and (3) Network Rail Infrastructure Limited.

J. Miscellaneous

J.1 All rights and obligations arising pursuant to the Articles of Association from time to time of Network Rail Limited, in the SRA's capacity as the Special Member (as defined therein), including without limitation its rights to appoint and to remove the Special Director (as so defined) of Network Rail Limited.

J.2 All rights and obligations arising pursuant to the Articles of Association from time to time of Network Rail Infrastructure Limited, including without limitation the SRA's rights to appoint and to remove the Special Director (as defined therein) of Network Rail Infrastructure Limited.

J.3 All rights and obligations arising pursuant to the Articles of Association from time to time of Network Rail Holdco Limited, including without limitation the SRA's rights to appoint and to remove the Special Director (as defined therein) of Network Rail Holdco Limited.

J.4 All rights and obligations arising pursuant to the Articles of Association from time to time of any subsidiary of Network Rail Infrastructure Limited that contain rights exercisable by the SRA.

J.5 Letter Agreement dated 30 August 2002 addressed to Network Rail Limited by the SRA concerning Fundamental Financial Failure (as defined therein).

J.6 Letter of consent dated 1 June 2005 addressed to Network Rail Limited, Network Rail Holdco Limited, Network Rail Infrastructure Limited, Network Rail Infrastructure Finance plc, Network Rail CP Finance plc and Network Rail MTN Finance plc by the SRA concerning the granting of security over assets of NRIL's captive insurance company.