



**National Express Group PLC**

*(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 2590560)*

**guaranteed by**

**West Midlands Travel Limited**

*(incorporated with limited liability in England and Wales under the Companies Act 1985 with registered number 2652253)*

**£1,500,000,000**

**Euro Medium Term Note Programme**

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Under the Programme, National Express Group PLC (the "**Issuer**") may from time to time issue notes (the "**Notes**") guaranteed by West Midlands Travel Limited (the "**Guarantor**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive (as defined below), the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of such Notes).

This base prospectus (the "**Base Prospectus**") has been approved by the Financial Conduct Authority (the "**FCA**"), in its capacity as United Kingdom competent authority for the purposes of Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU, the "**Prospectus Directive**") and the relevant implementing measures in the United Kingdom (the "**UK Listing Authority**"), as a base prospectus in accordance with Article 5.4 of the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for the Notes to be admitted during the period of twelve months after the date hereof to listing on the official list of the UK Listing Authority (the "**Official List**") and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**"). The London Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**").

The Issuer has been assigned a rating of Baa3 from Moody's Investors Service Ltd. ("**Moody's**") and BBB- from Fitch Ratings Ltd. ("**Fitch**"). Each of Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended, the "**CRA Regulation**"). A Series (as defined below) of Notes issued under the Programme may also be rated or unrated. Where a Series of Notes is rated, any such rating will be specified in the relevant Final Terms (as defined below) and will not necessarily be the same as the rating assigned to the Issuer. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations under the Notes are discussed under "Risk Factors" on pages 6 to 18 of this Base Prospectus.*

**Arranger**

**Barclays**

**Dealers**

**Banco Bilbao Vizcaya  
Argentaria, S.A.**

**Bank of China**

**Barclays**

**Bayerische Landesbank**

**BNP PARIBAS**

**BofA Merrill Lynch**

**CaixaBank**

**Commerzbank**

**HSBC**

**ING**

**MUFG**

**NatWest Markets**

**Banco Sabadell**

**Santander  
Corporate & Investment  
Banking**

**Wells Fargo Securities**

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## IMPORTANT NOTICES

The Issuer accepts responsibility for all the information contained in this Base Prospectus and any Final Terms (as defined below). To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Guarantor accepts responsibility for the information contained in this Base Prospectus and any Final Terms, excluding the information set forth under "Description of the Issuer" on pages 72 to 82 and item (i) under "1. Authorisation", the first paragraph under "4. Legal and Arbitration Proceedings" and the first paragraph under "5. Significant/Material Adverse Change" set forth under "General Information" on page 90 (the "**WMTL Information**"), and to the best of the knowledge of the Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in the WMTL Information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "Final Terms, Supplements and Drawdown Prospectuses" below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any documents incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

No person has been authorised to give any information or to make any representation not contained or incorporated by reference in or not consistent with this Base Prospectus and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.

None of the Dealers, the Trustee and any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or undertaking (express or implied) or accepts any responsibility or liability as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. None of the Issuer, the Guarantor or any of the Dealers represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or any Dealer which would permit a public offering of any Notes, or distribution of this document, in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations, and the Dealers have represented that all offers and sales by them will be made on the same terms.

Persons into whose possession this Base Prospectus or any Final Terms come, are required by the Issuer, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes and the Guarantee (as defined below) have not been and will not be registered under the United States Securities

Act of 1933 (as amended, the "**Securities Act**") and will include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of an investment in the Notes in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which the potential investor's financial activities are principally denominated;
- (iv) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of such Notes).

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed £1,500,000,000 (and for this purpose, any Notes denominated in another currency shall be converted into pounds sterling at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".

**PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC on insurance mediation ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA

has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Union, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**", "**euro**" or "**€**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 947/98 of 3 May 1999 on the introduction of the euro, as amended, references to "**sterling**", "**pounds sterling**" or "**£**" are to the currency of the United Kingdom and references to "**CAD**" are to Canadian dollars.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.**

Certain alternative performance measures ("**APMs**") are included or referred to in this Base Prospectus (including in the documents incorporated by reference). APMs are non-GAAP measures used by the Group within its financial publications to supplement disclosures prepared in accordance with other applicable regulations such as IFRS. The Issuer considers that these measures provide useful information to enhance the understanding of financial performance. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to other regulatory measures. An explanation of each such metric's components and calculation method can be found in the section entitled "*Definitions*" on pages 41 to 42 of the unaudited consolidated financial statements of the Group in respect of the six months ended 30 June 2018 (incorporated by reference into this Base Prospectus).

**BENCHMARKS REGULATION** - Amounts payable under the Floating Rate Notes may be calculated by reference to LIBOR or EURIBOR (each as defined in the Terms and Conditions of the Notes), as specified in the applicable Final Terms. As at the date of this Prospectus, the administrator of LIBOR, ICE Benchmark Administration Limited, is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmarks Regulation**"). The administrator of EURIBOR, the European Money Markets Institute ("**EMMI**"), is not included in ESMA's register of administrators and benchmarks. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that EMMI is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Base Prospectus includes forward-looking statements. The words "believe", "anticipate", "expect", "intend", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements under the headings "Overview", "Risk Factors", "Description of the Issuer" and "Description of the Guarantor" regarding the Group's strategy and other future events or prospects are forward-looking statements. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Issuer's and/or the Guarantor's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Recipients of this Base Prospectus are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this Base Prospectus. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or the Guarantor, or persons acting on their behalf, may issue. Factors that may cause the Group's actual results to differ materially from those expressed or implied by the forward-looking statements in this Base Prospectus include but are not limited to the risks described under "Risk Factors".

These forward-looking statements reflect the Issuer's and/or the Guarantor's judgement at the date of this Base Prospectus and are not intended to give any assurances as to future results. Save as required by the rules of the UK Listing Authority, the Issuer and the Guarantor undertake no obligation to update these forward-looking statements, and will not publicly release any revisions they may make to these forward-looking statements that may result from events or circumstances arising after the date of this Base Prospectus. The Issuer and the Guarantor will comply with their obligations to publish updated information as required by law or by any regulatory authority but assume no further obligation to publish additional information.

## OVERVIEW

*The following is an overview of the principal features of the Notes and is qualified in its entirety by the detailed information appearing elsewhere in this Base Prospectus and, in particular, under "Terms and Conditions of the Notes". Potential purchasers of Notes should read this Base Prospectus in its entirety. Terms used in this overview and not otherwise defined shall have the meanings given to them in the "Terms and Conditions of the Notes".*

<b>Issuer:</b>	National Express Group PLC (the " <b>Issuer</b> ")
<b>Guarantor:</b>	West Midlands Travel Limited (the " <b>Guarantor</b> " or " <b>WMTL</b> ")  Other subsidiaries of the Issuer may become guarantors of the obligations under the Notes to be issued under the Programme as described in Condition 4 ( <i>Status of Notes and Guarantees</i> ). WMTL and any other subsidiary that becomes a guarantor of the obligations under the Notes to be issued under the Programme may also cease to be a guarantor in certain circumstances, as described in Condition 4 ( <i>Status of Notes and Guarantees</i> ).
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer and each Guarantor to fulfil their respective obligations under the Notes are discussed under "Risk Factors".
<b>Arranger:</b>	Barclays Bank PLC
<b>Dealers:</b>	Banco Bilbao Vizcaya Argentaria, S.A. Banco de Sabadell, S.A. Banco Santander, S.A. Bank of China Limited, London Branch Barclays Bank PLC Bayerische Landesbank BNP Paribas CaixaBank, S.A. Commerzbank Aktiengesellschaft HSBC Bank plc ING Bank N.V. Merrill Lynch International MUFG Securities EMEA plc NatWest Markets Plc Wells Fargo Securities International Limited  The Issuer and the Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Trustee:</b>	BNY Mellon Corporate Trustee Services Limited

<b>Paying Agent:</b>	The Bank of New York Mellon
<b>Final Terms or Drawdown Prospectus:</b>	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed by the relevant Final Terms or, as the case may be, the relevant Drawdown Prospectus.  The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
<b>Clearing Systems:</b>	Euroclear Bank SA/NV (" <b>Euroclear</b> ") and/or Clearstream Banking SA (" <b>Clearstream, Luxembourg</b> ") and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
<b>Initial Programme Amount:</b>	Up to £1,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
<b>Issuance in Series:</b>	Notes will be issued in Series (each a " <b>Series</b> "). Each Series may comprise one or more Tranches (each a " <b>Tranche</b> ") issued on different issue dates. Each Tranche will be the subject of Final Terms which complete certain Terms and Conditions of the Notes.
<b>Forms of Notes:</b>	Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a " <b>Classic Global Note</b> " or " <b>CGN</b> "), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a " <b>New Global Note</b> " or " <b>NGN</b> "), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes only in certain limited circumstances specified therein. Definitive Notes, if issued, will, if interest-bearing, have Coupons attached and, if appropriate a Talon for further Coupons.
<b>Currencies:</b>	Notes may be denominated in such currencies as the Issuer and the relevant Dealers may agree, as specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or

linked to any currency or currencies other than the currency in which such Notes are denominated.

**Status of the Notes:**

The Notes and the Coupons constitute direct, unconditional and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer which will rank *pari passu* among themselves and (subject to the provisions of Condition 4(a) (*Status of the Notes*)) at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. See "Terms and Conditions of the Notes".

**Status of the Guarantee:**

The payment obligations of the Guarantor constitute direct, unconditional and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Guarantor and (subject to the provisions of Condition 4(b) (*Status of the Guarantee*)) will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. See "Terms and Conditions of the Notes".

**Issue Price:**

Notes may be issued at any price as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Maturities:**

Any maturity as specified in the relevant Final Terms, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Any Notes having a maturity of less than one year must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer.

**Redemption:**

Notes may be redeemable at the Redemption Amount specified in the relevant Final Terms.

**Optional Redemption:**

Notes may be redeemed before their stated maturity at the option of the Issuer as described in Condition 9(c) (*Redemption at the option of the Issuer*) and/or the Noteholders as described in Condition 9(e) (*Redemption at the option of the Noteholders*) to the extent (if at all) specified in the relevant Final Terms.

**Tax Redemption:**

Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (*Redemption for tax reasons*).

<b>Change of Control Redemption:</b>	Noteholders may have the option to require the Issuer to redeem or, at the Issuer's option, purchase Notes on the occurrence of a Change of Control Put Event to the extent (if at all) specified in the relevant Final Terms, as described in Condition 9(f) ( <i>Change of control redemption</i> ).
<b>Interest:</b>	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
<b>Denominations:</b>	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer or such other amount as may be required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, save that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of such Notes). See also "Maturities" above.
<b>Negative Pledge:</b>	The Notes will have the benefit of a negative pledge as described in Condition 5 ( <i>Negative Pledge</i> ).
<b>Cross Default:</b>	The Notes will have the benefit of a cross default as described in Condition 12(c) ( <i>Cross Default</i> ).
<b>Taxation:</b>	All payments in respect of Notes and Coupons by or on behalf of the Issuer or the Guarantor will be made free and clear of, and without withholding or deduction for or on account of taxes in the United Kingdom, unless the withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor will (subject as provided in Condition 11 ( <i>Taxation</i> )) pay such additional amounts as will result in the Noteholders and Couponholders receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.
<b>Governing Law:</b>	The Notes, and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law.
<b>Selling Restrictions:</b>	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, Japan, Belgium and the European Economic Area (including the United Kingdom), see "Subscription and Sale" below.
<b>Rating:</b>	The Issuer has been assigned a rating of Baa3 from Moody's and BBB- from Fitch. Each of Moody's and Fitch is established in the European Union and is registered under the CRA Regulation). A Series (as defined below) of Notes issued under the Programme may also be rated or unrated. Where a Series of Notes is rated,

any such rating will be specified in the relevant Final Terms and will not necessarily be the same as the rating assigned to the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing and Trading:**

Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market.

**Legal Entity Identifier:**

Issuer: 213800A8IQEMY8PA5X34

Guarantor: 213800XRAKT7AG94Z543

## RISK FACTORS

*Prospective investors should consider carefully the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer and the Guarantor which, in turn, could affect their ability to fulfil their respective obligations under the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.*

*Prospective investors should note that the risks described below are not the only risks the Issuer and Guarantor face. The Issuer and the Guarantor have only described those risks in connection with the Notes and their ability to fulfil their respective obligations under them which they consider to be material. There may be additional risks that the Issuer and the Guarantor currently consider not to be material or of which they are not currently aware, and any of these risks could have the effects set forth above.*

*Prospective investors should read the entire Base Prospectus, together with the documents incorporated by reference herein. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.*

*Investing in Notes issued under the Programme involves certain risks. Prospective investors should consider, among other things, the following:*

### **Risks Relating to the Issuer, the Guarantor and the Group**

#### ***Failure by the Group to maintain certain financial ratios set out in the Facilities (as defined below) could result in an event of default under the Facilities***

The Group is dependent on maintaining certain financial ratios in order to comply with its banking covenants in the £399,000,000 Sterling Revolving Credit Facility dated 13 April 2018, and additional unsecured committed revolving credit facilities totalling £32,000,000 and £96,000,000 entered into in September 2016 and April 2018 respectively (the "**Facilities**"). These financial ratios relate to the ratio of the Group's net debt to its earnings before exceptional items, interest, tax, depreciation and amortisation ("**EBITDA**") and the ratio of the Group's net interest to its EBITDA. The Group is currently in compliance with its banking covenants which were last tested as at 30 June 2018 and the board of directors of the Issuer (the "**Board**") believes that the Group will continue to maintain appropriate levels of covenant headroom for at least the next 12 to 18 months.

There can be no certainty that in the longer term the Group will be able to maintain the required financial ratios in order to comply with its banking covenants. In particular, the ability of the Group to maintain these financial ratios may depend on matters that are either wholly or partly outside the Group's control, including the results of ongoing operations. In these circumstances, the Group would need to seek to agree with its lenders an extension or deferral of these covenants or a waiver of any such covenant breach. However, there can be no certainty that the lending banks under the Facilities would in these circumstances agree to an extension or deferral of the Group's banking covenants or a waiver of any likely breach of these covenants.

In the event of any breach of the Group's banking covenants, the Group's lending banks would be entitled to call an event of default under the Facilities and, as a result of cross-default provisions, default may also arise in respect of certain other financial indebtedness of the Group, including the Notes. In these circumstances, the lending banks under the Facilities would be permitted to exercise certain rights, including the right to cancel the Facilities, accelerate the payment of sums owing under the Facilities, enforce any security and guarantees granted by the Issuer and certain other members of the Group, and initiate insolvency or similar proceedings against the Issuer and any Group companies which have granted such security and/or guarantees in connection with the Facilities. Any of these steps could, whether singularly or in aggregate, have a material adverse effect on the Group. In such circumstances the Group may be unable to continue trading.

#### ***Bid assumptions on the part of the Group may prove to be incorrect***

Part of the Group's business is secured through winning new contracts, particularly in connection with its German Rail division, and also its bus and coach businesses outside of the UK. An inherent risk in contract bidding is that bid assumptions might prove to be incorrect. If any of the Group's significant bid assumptions, including

estimated costs of contract mobilisation, prove to be incorrect, this could have a material adverse effect on the Group's business, financial condition and results of operations. Where possible, the Group will seek to recover lost profits through enforcement of its contractual rights and/or negotiation with awarding authorities or other stakeholders, although the extent to which these measures will be successful cannot be guaranteed.

***The Group relies on the ability of management to successfully implement initiatives and other organisational changes designed to increase operating efficiencies and improve results of operations***

To reflect changing economic, market and technological conditions, from time-to-time management undertakes initiatives and other organisational changes designed to increase operating efficiencies and improve results of operations. Undertaking such initiatives and organisational changes can create uncertainty and increase the Group's financial risk, and the Group relies on the ability of management to implement these initiatives successfully in order to mitigate such uncertainty and risk and to increase operating efficiencies and improve its results of operations. In addition, should the Group contemplate any disposals as part of such initiatives or organisational changes, there can be no assurance that the Group will be able to anticipate all associated organisational and separation issues. If the Group's management is unable to implement such initiatives and organisational changes successfully, this could have a material adverse effect on the Group's business, financial condition and results of operations.

***The continuing financial viability of certain of the Group's contract-based businesses is dependent on maintaining a minimum number of contracts***

Certain of the Group's contract-based businesses, particularly its North American school bus business and its Spanish coach business, need to maintain a minimum number of contracts (such minimum number being dependent on the size of contracts obtained) in order to justify the overheads of running those businesses.

In Spain, even though the concession renewal process for the awarding of national, intercity contracts has recently changed in the Group's favour, and the new framework under which tenders are to be conducted emphasise technical goals over economic ones, the renewal process could still result either in the loss of contracts by National Express or in a reduction in profitability on retention. Around 30 per cent of National Express' revenues in Spain are generated from national, intercity coach contracts, and the vast majority of these contracts are due to be re-tendered in the next two to three years. There is a risk that when the long distance coach contracts operated by National Express in Spain come to be re-tendered the business may not retain a number of key contracts, or that contracts are secured on less favourable terms, which could significantly impact its revenues and profitability from 2020 onwards.

If the Group is unable to bid competitively for new contracts, or if the Group is unable to maintain appropriate relationships with key stakeholders by, among other things, maintaining high standards of passenger service and satisfaction, such contract-based businesses may not be able to retain their existing scale of operations. This would result in a negative impact on the relevant business' cost assumptions and profitability thereby having a material adverse effect on the Group's business, financial condition and results of operations, although no one contract makes up more than 4% of the Group's earnings.

***The Group's UK coach business is dependent on a number of third party operators***

The Group's UK coach business is dependent on the outsourcing of the operation of the majority of its services to third parties. Whilst the Group contractually regulates the performance of these third party services, it can only exercise limited control over many of these third party operators' day-to-day actions and is reliant on them to perform their services in accordance with the terms of their contracts and UK law, which increases its vulnerability to problems with the services they provide. The Group may not be successful in recovering any losses which result from the failure of third party operators to comply with their contractual obligations to the Group and third party operators may seek to recover losses from the Group under indemnities or in respect of breaches of obligations or warranties under their agreements with the Group. In addition, third party operators may give notice of termination of service (typically twelve months in advance), requiring the Group to find a new operator which may result in service disruption. Such events could potentially have a material adverse effect on the Group's reputation, and consequently a material adverse effect on its business, financial condition and results of operations.

To help mitigate this risk, the Group's UK coach business has implemented robust controls and procedures to monitor third party operators' operating performance and provide support where required. In previous instances

where third party operators have left the network, the transmission to new operators has been smooth, helped by the UK coach business' extensive list of pre-approved coach operators who can step in at short notice.

***The Group participates in defined benefit pension schemes and the contributions payable to these schemes might vary over time***

The Group operates two main defined benefit pension schemes, along with some smaller schemes, and is consequently exposed to the risk that the cash contributions required to be made to these schemes increase due to changes in factors such as investment performance, interest rates used to discount liabilities and life expectancies. In the first six months of 2018, these schemes experienced a decrease in combined actuarial deficits due to a small increase in high quality corporate bond yields (which is used as the basis for the discount rate applied to the schemes) and a small reduction in projected inflation rates. As well as market movements, material changes in the regulatory and funding environment for defined benefit pension schemes could also impact the contributions required and potentially result in the Group being required to increase its future cash funding.

During 2012, the Group completed a buy-in of the existing pensioner liabilities in the West Midlands Integrated Transport Authority Pension Fund (the "**West Midlands Fund**") with Prudential. This insurance policy covers around 48 per cent. of the Fund's liabilities, with Prudential becoming responsible for payments (excluding future inflationary increases) to pensioners at the date of the buy-in. This transaction has helped reduce the overall risk associated with the West Midlands Fund by passing the risks of investment market volatility and any unanticipated increases in life expectancy of the pensioners to Prudential.

The other main defined benefit scheme, The National Express Group Staff Pension Plan, is closed to future accrual and is currently in a surplus position.

Triennial reviews of the funding positions for the West Midlands Fund and the Group Staff Pension Plan were completed in 2016 and are reflected in the latest reported position (being the interim financial statements for the period to 30 June 2018).

The Group's defined benefit pension scheme deficits are calculated on an IAS19 basis and as at 30 June 2018 the two schemes had a combined IAS 19 deficit of £66.2 million. Under applicable legislation, the pension scheme trustees may adopt a funding basis which results in calculated deficits that are higher than those calculated on an IAS19 basis. Accordingly, the contributions necessary to remedy those deficits may be higher than the IAS19 position suggests.

***The Group retains a significant proportion of risk for certain types of insurance claims, before it is able to claim under external insurance policies***

The Group's policy is to adopt a level of self-insurance within its business, particularly for high frequency claims. As a result, the policy deductibles on a number of the Group's external insurance policies provide that a significant proportion of any such claims must be met by the Group, before cover attaches under the applicable policy (or policies).

In the UK, the Group's external insurance policies are subject to certain deductibles, which means that the Group is responsible for (as at the date of this Prospectus):

- The first £250,000 of claims relating to motor liabilities.
- The first £250,000 of claims relating to employer's liability.
- The first £250,000 of claims relating to public liability.
- The first £500,000 of claims relating to damage to the Group's own property, including buses/coaches while parked at the Group's premises.

In North America, the Group's external insurance policies are also subject to certain deductibles, which means that the Group is responsible for (as at the date of this Prospectus):

- The first \$5 million (U.S./CAD) of claims relating to auto or general liability.

- The first \$2 million (U.S.\$) of claims relating to workers' compensation (employee injury, US only).
- The first \$250,000 (U.S.\$) of claims relating to damage to the Group's own property, including buses parked at the Group's premises.

Across the Group, the crime insurance policy provides cover for any losses arising from theft or fraud, but only covers incurred losses above £1 million.

Therefore, the Group must in certain circumstances cover a significant proportion of insurance claims prior to external coverage attaching. Any requirement beyond normal expectations for the Group to make substantial payments or provisions in respect of any such claims could result in significant cash outflows or income statement charges and there can be no assurance that such cash outflows would not have a material adverse effect on the Group's profitability and cashflow position.

***The Group relies on the experience and continuity of key personnel for the success of its business***

Attracting and retaining key members of senior management is vital in ensuring that the Group continues to have the necessary expertise and continuity to execute its strategy. However, there can be no assurances that the Group will continue to be able to attract and retain the appropriate members of senior management. A failure to attract, or the loss of, such key members of senior management could have a material adverse effect on the Group's business, financial condition and results of operations.

***If the Group is unable to successfully recruit and retain qualified employees, this may adversely impact its business, financial condition and results of operations, and impact opportunities for growth in new markets***

The Group's business depends on delivering high quality, reliable services and cost efficiency. Staff costs are the largest single component of the Group's costs, representing around one half of the Group's total operating costs in the 2017 financial year. Service delivery and the ability to exploit future growth opportunities therefore requires access to, and retention of, high calibre staff, including in particular operational management, train, bus and coach drivers, at an affordable cost. Labour shortages, or low unemployment rates, could hinder the Group's ability to recruit and retain qualified employees leading to a higher than expected increase in the Group's staff costs, including the costs of recruiting and training train, bus and coach drivers, in addition to having a material adverse effect on the Group's service delivery. If the Group is not successful in its recruitment and retention of qualified employees, this may have a material adverse effect on the Group's business, financial condition, results of operations and ability to grow.

***Industrial actions taken by organised labour unions could have a material adverse effect on the Group's business, financial condition and results of operations***

The Group's UK and Spanish divisions are unionised with around 73 per cent. of the UK division's employees and around 50 per cent. of the Spanish division's employees represented by collective bargaining agreements. Approximately 32 per cent. of employees in the North American division are represented by local collective bargaining agreements. The Group operates within its Workplace Rights Policy on a global basis, but significant industrial action in any of the Group's businesses could result in a significant disruption of operations and increased costs and/or damage to its reputation, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***Changes in employment legislation could add cost to the business and have a material impact on financial results***

With staff costs making up approximately one half of the Group's operating expenditure, the cost base could be adversely affected by legislative changes if these significantly alter minimum/living wage costs or provisions around paid leave. These risks include, but are not limited to, potential changes to minimum/living wage rates in the UK, Europe and North America, extensions of paid leave provisions and funding of medical insurance in the U.S., and changes to the basis for calculation of holiday pay in the UK and Spain.

***The Group's businesses are dependent on it maintaining its brands in each jurisdiction in which it operates and the Group is also exposed to reputational risks related to the transport industry***

The Group is dependent on maintaining its brands in each jurisdiction in which it operates in order to maintain and grow its business. The Group's brands are an important asset of its businesses and central to the Group's success. The Group is exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, could harm its reputation. The Group's reputation could also be adversely affected if its services do not perform as expected. In addition, the Group's reputation could be affected by the conduct or performance of third parties, such as those to which it outsources the operation of its UK coach business, and over which it does not have full control. The Group may also be unable to protect its brands against third party competition, and any future re-branding or brand expansion could be restricted by pre-existing third party intellectual property rights.

Furthermore, negative publicity may result in greater regulatory scrutiny of the Group's operations and of the industry generally. If the Group is unable to maintain its brands in each of the jurisdictions in which it operates or should there be reputational damage to the transport industry as a whole, this could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is subject to risks resulting from currency fluctuations and hedging activities***

Fluctuations in foreign exchange rates give rise to translation risk and effect the value of those liabilities denominated in foreign currencies. In addition, there can be no certainty that the Group's cashflows across its various operational currencies will be in similar proportions to the Group's financial liabilities in those same currencies. Accordingly, exchange rate fluctuations may have an impact on the Group's longer term financial position, including its ability to comply with its financial covenants.

The Group also prepares its financial statements in Sterling, but generates a significant proportion of its revenue in other currencies. To the extent that its revenues are received in currencies other than Sterling, and currency exchange rates become unfavourable, the Group may lose some of the economic value of its revenue in Sterling terms. As the Group grows its overseas operations, it may receive more of its revenue in currencies other than Sterling. Hedging strategies, such as forward contracts, options and foreign exchange swaps, that may be implemented to mitigate this risk may not eliminate the Group's exposure to foreign exchange rate fluctuations which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to the risk of litigation and other adversarial proceedings***

The Group is exposed to the risk of litigation, regulatory proceedings and other adversarial proceedings (with or without merit) from its passengers, employees, recognised trade unions, regulatory authorities, competitors and other parties. Although as stated in the section under "General Information" of this Base Prospectus under "4. Legal and Arbitration Proceedings", neither the Issuer, the Guarantor nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have, or have had during the 12 months prior to the date of this document, a significant effect on the Issuer's, the Guarantor's and/or the Group's financial position or profitability, no assurance can be given that proceedings or disputes (actual or threatened) which could have such effect will not arise in the future or that proceedings and disputes to which the Group is currently party and which it does not expect to have such effect will not ultimately turn out to do so.

***The Group may be unable to retain, extend or renew a number of its short-term property leases and licences in respect of its North America, UK coach and ALSA businesses***

A significant proportion of the Group's operational property interests in respect of its North America, UK coach and ALSA businesses are short-term leases due to expire within the next five years. The Group also occupies other properties for its UK coach business on the basis of licences to occupy and rights contained within management operating agreements, which may be terminated on relatively short notice. Actions are agreed with the operational teams to mitigate the risk of the loss of the property so not to effect operational capability of performance. The North American, UK and European occupancy of property under agreements is protected by statute law and case law such that tenants have agreed and well known protected rights.

The Group also operates in the Middle East where the influence of Sovereign State decisions can have a direct impact on occupancy. In the Middle East, property is occupied under lease agreements but these may and can be

overridden by direct Sovereign State influence and instruction. This risk does not occur outside the region where the Group operates.

There is a risk that the Group may be unable to renew such arrangements when they expire or are terminated. If the Group is able to renew such arrangements, such renewals may be on terms that are less favourable to the Group than those under existing arrangements. Where the Group is unable to renew such arrangements or otherwise continue to use such properties, there can be no assurance that the Group will be able to secure substantially similar alternative properties in equivalent locations at equivalent terms, or at all. Accordingly, if the Group loses its ability to continue to operate from its current operational locations, or if the Group accepts leases or licences on significantly less favourable terms, this could have a material adverse effect on the Group's business, financial condition and results of operations.

***Continuity of the Group's businesses is dependent on the Group's IT systems, which may fail or be subject to disruption***

The Group's operations are highly dependent on advanced information systems, including internal bespoke and third party licensed software, and there is a risk that such technology could fail. In addition to such failure, there can be no assurance that such technology or systems will not be subject to damage or interruption caused by human error, unauthorised access, computer viruses, denial of service, attacks, sabotage, natural hazards or disasters or other similarly disruptive events, including other security breaches. The Group has in place disaster recovery procedures, security measures, support and maintenance, usually provided in-house in the first instance and thereafter by third party contractors, in the event of failure or disruption, but such procedures and measures may not anticipate, prevent or mitigate any material adverse effect of such failure or disruption on the Group's business, financial condition and results of operations.

Furthermore, the Group may at any time be required to expend significant capital or other resources to protect against failure and disruption, including the replacement or upgrading of its existing business continuity systems, procedures and security measures. If replacements, expansions, upgrades and other maintenance are not completed efficiently or there are operational failures, the quality of service experienced by passengers may decline. If, as a result, passengers were to reduce or stop their use of the Group's services, this could have a material adverse effect on the Group's business, financial condition and results of operations. Additionally, if the Group is unable to acquire or implement new technology, it may suffer a competitive disadvantage, which could also have a material adverse effect on the Group's business, financial condition and results of operations.

***Demand for the Group's services may be adversely affected by economic conditions beyond the Group's control***

Demand for the Group's services, like those of other public transportation operators and those of other participants in any industry, is influenced by general economic trends. There can be no assurance that the Group's business, financial condition and results of operations will not be materially and adversely affected by general economic trends. In the UK, and, potentially, in other members states of the European Union, economic conditions may be particularly adversely affected by the UK's impending exit from the European Union.

If economic conditions were to deteriorate in any of the markets in which the Group operates, the number of journeys taken by passengers in those markets would be likely to decrease as relative disposable income decreases, unemployment increases and the spending habits of passengers change to reflect increased uncertainty and nervousness regarding the economic outlook. Whilst some of the Group's businesses have naturally defensive characteristics, often being the cheapest mode of transport, some of the more discretionary parts of the business, such as the UK coach business and Spanish coach divisions, and those that are reliant to some degree on revenues from commuters such as the UK bus business and German Rail division, may be adversely affected by reduced economic activity and higher unemployment. The Group's ability to reduce service levels in times of weaker demand varies from business to business, and there can be no assurance that the Group will be able to reduce service levels appropriately to mitigate any material effect of a decrease in passenger journeys on its profitability.

In addition, though it is likely that a downturn in the economy of a particular jurisdiction in which the Group operates may adversely affect the Group's business, financial condition and results of operations, the extent of such impact is uncertain.

***Increases in energy and/or fuel costs could have a material adverse effect on the Group's business, financial condition and results of operations***

All of the Group's businesses incur energy and/or fuel costs, and in particular the Group is exposed to commodity price risk as a result of fuel usage. Fuel costs constitute a significant portion of the Group's costs. Fuel costs from non-rail divisions amounted to around 8 per cent. of the Group's related revenue in the 2017 financial year, the same proportion as in the 2016 financial year. The price of crude oil (and therefore the refined petroleum products used in the Group's operations) can be volatile, for example rising from U.S.\$42 per barrel in January 2016 to U.S.\$79 per barrel in May 2018 (*Source: Reuters*). Fuel prices and supply levels can be influenced significantly by international, political and economic circumstances. If fuel supply shortages were to arise because of national strikes, world supply difficulties or disruption of refining capacity or oil imports, this could result in higher fuel prices and disruption to services. The Group seeks to mitigate the risks of increases in fuel costs by entering into fuel swaps and purchase contracts. As at 30 June 2018, the Group had hedged approximately 100 per cent. of its fuel usage for the 2018 financial year, 80 per cent. of its expected fuel usage for the 2019 financial year, 57 per cent. of its expected fuel usage for the 2020 financial year and 8 per cent. of its expected fuel usage for the 2021 financial year. There can be no assurance that increases in energy costs, including increases in fuel costs, will not have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's businesses are exposed to competitive pressures from other modes of transport and other operators in the same modes of transport***

The Group's businesses are exposed to competitive pressures, including in the areas of pricing and service, from modes of transport other than buses, coaches and rail and from other operators in the same modes of transport.

In the Group's UK bus business and UK coach business, the Group's main competitor is the car. The cost of driving a car is generally perceived as being lower than travelling by bus or coach, especially if there is more than one person in the car. As such, car-sharing and on-demand taxi services are also an emerging source of potential competition. In addition, the Group's UK coach business also competes with rival coach operators, as well as services provided by train operating companies which offer reduced price fares in order to increase capacity utilisation and drive passenger revenue growth in a period of economic uncertainty in the UK. The UK bus business competes with other operators, where deregulation of the industry has made it possible for any company to begin operating a commercial service (except for local bus services within London), after giving notice to and receiving the necessary operating licence from the Traffic Commissioners appointed by the Secretary of State for Transport.

The Group's German Rail business competes at both the bid and operating stages of the business. The Group competes at the bid stage with other train operators. The main competitors to the Group's rail business at the operating stage are the car, other train operators, open-access operators and, to a lesser extent, budget airlines and other coach operators.

In North America, the Group's student transportation business competes with several large, national companies as well as a substantial number of smaller, locally owned operators. The Group's competitors in the student transportation business can also include school districts (which are governmental bodies), as many school districts also operate their own school buses.

In Spain, the Group's long distance coach business competes primarily with high-speed train operators and to a lesser extent budget airlines and online car sharing services. The Group's patronage in Spain also faces competition from national and international competitors in the market.

There can be no assurance that competitive pressures may not in the future have a material adverse effect on the Group's business, financial condition and results of operations.

***The success of the Group's business is dependent upon its relationships with government authorities and key external stakeholders***

The Group's relationships with government authorities regulating public transportation operators in the jurisdictions in which it operates and with key external stakeholders are significant factors contributing to the success of the Group's business. As part of the UK government's devolution agenda, in certain areas of the UK, powers have been devolved to regional authorities to set local public transportation policy, which increases the

potential for bus franchising in these regions and will make it much easier for local authorities to directly contract commercial services in a similar way to London.

The Group engages fully with its regulators and key stakeholders with regard to issues of shared concern, such as the regulation of transport services, supply arrangements, environmental issues and safety and punctuality initiatives. If the Group fails to maintain such relationships or if such relationships were adversely affected for any reason, any action or inaction on the part of the Group, negative publicity concerning the Group or the public transportation industry or the development of mutually exclusive interests between the Group and the other party, this could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may be adversely affected by political and regulatory changes***

The Group's businesses are subject to numerous laws in the jurisdictions in which they operate regulating safety procedures, equipment specifications, employment requirements, environmental procedures, insurance coverage and other operating issues. These laws are constantly subject to change. There is a risk that the transport industry will become more regulated in the jurisdictions in which the Group operates. In addition, local authorities with whom the Group contracts could specify levels of quality and service with which the Group must comply. The costs associated with complying with changes in interpretations of existing, or the adoption of new, legislation, regulations or other laws in the jurisdictions in which the Group operates and of meeting specific levels of quality and service under contractual obligations could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may be adversely affected by environmental requirements and liabilities***

The Group is subject to extensive and constantly evolving national and local environmental laws and regulations in the jurisdictions in which it operates, including laws and regulations governing air emissions, wastewater discharges, the storage, handling and transportation of chemicals and hazardous substances and the remediation of contaminated soil and groundwater. The Group is also subject to environmental agency legislation in the jurisdictions in which it operates and certain contractual requirements relating to the environment and may incur liabilities arising from historical environmental contamination at properties it owns or has owned. Additional expenditures may be incurred by the Group in order to comply with either new environmental legislation and regulations, new interpretations of existing laws and regulations or more rigorous enforcement of such laws and regulations, as well as in connection with fulfilling contractual and historical environmental contamination obligations at Group sites. There can be no assurance that any such expenditures will not have a material adverse effect on the Group's business, financial condition and results of operations; however, the Group is constantly monitoring its environmental operations and risks. Mitigation strategies are in place to seek to avoid any such occurrence having a material effect.

In addition, the Group's adaptation and mitigation measures on climate change risks are managed under the Group's regulatory and physical climate related frameworks.

***The Group is exposed to the risk of operational and other safety incidents***

The Group, like all public transportation operators, is exposed to the risk of operational incidents. Any operational or other safety incident involving loss of life or significant damage to property or assets or harm to any person relating to the Group's services could result in a substantial loss in public confidence in the Group. Any such loss in public confidence in the Group could have a material adverse effect on the Group's business, financial condition and results of operations, as well as negatively impacting the ability of the Group to win and retain contracts or franchises.

Any operational or other safety incident involving loss of life or significant damage to property or assets or harm to any person exposes the Group to financial risk, including personal injury and other liability claims or criminal proceedings as well as the possibility that its operations may be suspended or terminated, and accordingly, any such incident could have a material adverse effect on the Group's business, financial condition and results of operations.

Certain operational incidents are outside the Group's control, such as incidents involving the suspension of services caused by adverse weather conditions. Such incidents could affect the Group's profitability and also result in a loss in public confidence in the Group and could consequently have a material adverse effect on the Group's business, financial condition and results of operations.

***Actual or attempted terrorist activities in the United Kingdom, North America, Spain or elsewhere in the world and other acts of violence may adversely affect the Group***

The increasing number of actual or attempted terrorist activities and other acts of violence within and outside the United Kingdom, North America, Spain and elsewhere in the world has adversely affected, and is expected to continue to adversely affect, the general economic activities of the Group's passengers. In particular, terrorist acts and the public's concerns about potential attacks could adversely affect demand for the Group's services. There have been multiple acts of terrorism on public transport systems and other terrorist attacks that whilst not directly targeting public transport have discouraged travel. In addition, if the Group was to be perceived as not taking all reasonable precautions to guard against potential terrorist acts and other acts of violence, this could negatively impact the Group's reputation with passengers, thereby reducing demand for the Group's services. Any fall in demand for the Group's services could have a material adverse effect on the Group's business, financial condition and results of operations.

As a result of actual or attempted terrorist activities or other acts of violence, governmental authorities may mandate security procedures in addition to those currently employed by the Group, thereby increasing the Group's costs, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may be exposed to a number of political, social and macroeconomic risks relating to an exit by the United Kingdom from the European Union***

The Group is a multinational company headquartered in the UK with international operations, including significant business operations in the North America, Europe, North Africa and the Middle East. On 23 June, 2016, a majority of voters in the UK elected to withdraw from the European Union ("EU") in a non-binding national referendum (commonly referred to as "Brexit"). The UK Government invoked Article 50 of the Treaty on the European Union on 29 March, 2017 which began the process of the UK's withdrawal from the EU.

Article 50 provides that the European Union treaties will cease to apply to the UK two years after the Article 50 Notice unless a withdrawal agreement is entered into prior to this or the two year period is extended by unanimous agreement of the UK and the European Council. The terms of the UK's exit from the European Union are also unclear and its future relationship with the European Union will be determined by the negotiations which have been taking (and will to continue to take) place surrounding the draft withdrawal agreement. On 26 June 2018 the European Union (Withdrawal) Act 2018 received royal assent in the UK, which fixes (i) the date that the UK will leave the European Union as 29 March 2019 (unless otherwise agreed between the UK and the European Union), and (ii) 21 January 2019 as the date that the UK government must decide how to proceed if negotiations on the withdrawal agreement and the UK's future relationship with the European Union have not reached agreement in principle. It is possible that the UK will leave the European Union with no withdrawal agreement in place, which is likely to result in a high degree of political, legal, economic and other uncertainty. Until these negotiations have concluded, however, the impact of Brexit on the United Kingdom and the rest of the European Union is unclear.

A withdrawal by the UK from the European Union may result in macroeconomic deterioration and prolonged economic uncertainty in the markets in which the Group operates, including, but not limited to, decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies), decreased gross domestic product in the United Kingdom and a downgrade of the United Kingdom's sovereign credit rating. Any of the foregoing could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

Depending on the contours of the agreement reached between the United Kingdom and European Union on migration and immigration (if any), the United Kingdom's exit from the European Union could result in restrictions on mobility of personnel and could create difficulties for the Group in recruiting and retaining qualified employees.

In addition, an exit by the UK from the European Union and any consequential loss of the ability of UK-based businesses to sell goods and services freely and bid for work within the European Union may result in an increase in UK unemployment, potentially as a result of the relocation of businesses and jobs to other member states of the European Union. This could have a particularly adverse effect on the Group's UK operations.

Any of these risks could result in lower revenue, higher operating costs and could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### **Risks related to the structure of a particular issue of Notes**

#### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### ***Regulation and reform of benchmarks, including LIBOR, EURIBOR and other interest rates and other types of benchmarks***

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rate, equity, commodity, foreign exchange rate and other types of rates and indices which are deemed to be "benchmarks", are the subject of ongoing national and international regulatory reform.

On 27 July 2017, the FCA announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

The "Terms and Conditions of the Notes" provide for certain fallback arrangements in the event that a published Benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR or other relevant reference rates, (including any page on which such Benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event (as defined in the Terms and Conditions of the Notes) otherwise occurs, including the possibility that the rate of interest could be set by the Issuer, in consultation with an Independent Adviser (without a requirement for the consent or approval of the Noteholders) by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant Benchmark. In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of

international or national reforms or other initiatives or investigations could have a material adverse effect on the value and return on any Notes linked to or referencing a “benchmark”.

Investors should consult their own independent advisors and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark.”

#### ***Notes issued at a substantial discount***

The market values of securities issued at a substantial discount to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### ***The Notes may be redeemed by the Issuer prior to maturity***

If in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer’s option, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

#### **Risks related to Notes generally**

##### ***Modification and waivers and substitution***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification to the Conditions or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes, (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such, and (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16 (*Meetings of Noteholders; Modification and Waiver*).

##### ***There is no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor. Although applications have been made for the Notes issued under the Programme to be admitted to the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

##### ***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfers, payments with the Issuer***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or, as the case may be, common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a

beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

### ***Change of Tax Law***

Statements in this Base Prospectus concerning the taxation of investors are of a general nature and are based upon current tax law and published practice in the jurisdictions stated. Such law and practice is subject to change, possibly with retrospective effect, and this could adversely affect investors.

In addition, any change in the Issuer's tax status or in taxation legislation or in practice in a relevant jurisdiction could adversely impact (i) the ability of the Issuer to service the Notes and (ii) the market value of the Notes.

### ***Change of law***

The Conditions are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

### ***If Definitive Notes are issued, such Notes may be illiquid and difficult to trade***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denominations (as defined in the Conditions). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### **Risks related to the market generally**

#### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is disclosed on the front cover of this Base Prospectus and if a Tranche of Notes is rated such rating will be disclosed in the relevant Final Terms.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general funding purposes.

## DOCUMENTS INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (1) the audited consolidated financial statements (comprising the auditor's report thereon and notes set out at the following pages of the Group's 'Annual Report 2017' and 'Annual Report and Accounts 2016') of the Group in respect of the financial years ended 31 December 2017 and 31 December 2016:

	2017	2016
Consolidated Financial Statements and Notes	pages 114-198	pages 130-199
Independent Auditor's Report	page 106-113	page 121-129
the table entitled "Free cash flow"	page 21	page 42
the table entitled "Net funds flow"	page 22	page 43
the section entitled "Treasury Management"	Page 22	page 43

- (2) the unaudited consolidated financial statements of the Group in respect of the six months ended 30 June 2018 and 30 June 2017 set out at the following pages of the Group's 'Half Year results for the six month period ended 30 June 2018' and the Group's 'Half Year results for the six month period ended 30 June 2017' respectively:

	2018	2017
Consolidated Financial Statements and Notes	pages 21*-42*	pages 21*-38*
Independent Review Report	page 43*	page 39*
the table entitled "Free cash flow"	page 17*	page 15*
the table entitled "Net funds flow"	page 18*	page 16*
the sections entitled "Dividend", "Treasury Management", "Pensions" and "Fuel Costs"	pages 18* – 19*	pages 17* – 18*

\*These page numbers are references to the PDF pages included in the Group's 'Half Year results for the six month period ended 30 June 2018' and the Group's 'Half Year results for the six month period ended 30 June 2017' respectively.

- (3) the audited non-consolidated financial statements (including the auditor's report thereon and notes thereto) of the Guarantor in respect of the financial years ended 31 December 2016 and 31 December 2017;
- (4) the section entitled "Terms and Conditions" on pages 28 to 55 of the base prospectus dated 21 December 2009;
- (5) the section entitled "Terms and Conditions" on pages 25 to 59 of the base prospectus dated 3 October 2016; and
- (6) the section entitled "Terms and Conditions" on pages 24 to 56 of the base prospectus dated 3 October 2017.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so

modified or superseded, constitute a part of this Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus may be obtained, free of charge, from the registered office of the Issuer at National Express House, Birmingham Coach Station, Mill Lane, Digbeth B5 6DD, United Kingdom and its website <http://www.nationalexpressgroup.com/investors/debt-information/>.

## **FINAL TERMS, DRAWDOWN PROSPECTUSES AND SUPPLEMENTS**

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer and the Guarantor have endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as completed by the relevant Final Terms.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the Guarantor and the relevant Notes. The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

In the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and/or the Guarantor and/or the rights attaching to the Notes, the Issuer will prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with such Notes and any subsequent issue of Notes.

## FORM OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with one of Euroclear or Clearstream, Luxembourg (or another entity approved by Euroclear and Clearstream, Luxembourg) as common safekeeper.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (the "**D Rules**") unless (a) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**C Rules**") or (b) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Where the Global Notes issued in respect of any Tranche are in NGN form, the Issuer will also notify the relevant clearing system as to whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon the European Central Bank (the "**ECB**") being satisfied that the Eurosystem eligibility criteria have been met. Furthermore, any indication that the Global Notes are not intended to be so held may be the case at the date of the relevant Final Terms. However, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of Euroclear or Clearstream, Luxembourg (or another entity approved by Euroclear and Clearstream, Luxembourg) as common safekeeper. Similarly, this would not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

### **Temporary Global Note exchangeable for Permanent Global Note**

If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification of non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Paying Agent; and
  - (ii) receipt by the Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,
- within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; provided, however, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") only if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no other clearing system is available.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Paying Agent within 30 days of the bearer requesting such exchange.

### **Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

### **Legend concerning United States persons**

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

**"ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES OF AMERICA) WHO HOLDS THIS OBLIGATION, DIRECTLY OR INDIRECTLY, WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE OF THE UNITED STATES OF AMERICA."**

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

### 1. Introduction

#### (a) Programme:

National Express Group PLC (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to £1,500,000,000 in aggregate principal amount of notes (the "**Notes**") unconditionally and irrevocably guaranteed by West Midlands Travel Limited (the "**Guarantor**").

#### (b) Final Terms:

Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

#### (c) Trust Deed:

The Notes are constituted by, have the benefit of and are in all respects subject to a trust deed dated 2 October 2015 (the "**Trust Deed**"), as supplemented by a supplemental trust deed dated 3 October 2017 (the "**First Supplemental Trust Deed**") and a second supplemental trust deed dated 3 October 2018 (the "**Second Supplemental Trust Deed**"), between the Issuer, the Guarantor and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below).

#### (d) Agency Agreement:

The Notes are the subject of an agency agreement dated 2 October 2015 (the "**Agency Agreement**"), as supplemented by a supplemental agency agreement dated 3 October 2017 (the "**First Supplemental Agency Agreement**") between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and the other agents appointed by the Issuer from time to time (together with the Principal Paying Agent, the "**Paying Agents**" which expression shall include any additional or successor paying agents).

#### (e) Guarantee:

The Guarantor has in the Trust Deed given an unconditional and irrevocable guarantee (a "**Guarantee**") for the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons, subject to the provisions of Condition 4 (*Status of the Notes and Guarantee*).

#### (f) The Notes:

All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing during normal business hours and copies may be obtained from the Specified Office(s) of the Paying Agent(s), the initial Specified Office of the Principal Paying Agent being set out at the end of these Conditions.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the relevant Final Terms.

(g) **Summaries:**

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**"), the holders of the related interest coupons (the "**Coupons**"), and, where applicable, talons for further coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Office(s) of the Paying Agent(s).

2. **Interpretation**

(a) **Definitions:**

In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre; "**Business Day Convention**", in relation to any particular date, means the convention specified in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

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

(e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

**"Calculation Amount"** has the meaning given in the relevant Final Terms;

a **"Change of Control"** will be deemed to have occurred if:

- (a) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer or any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (i) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (ii) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or
- (b) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (i) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect holding company of the Issuer or (ii) shares in the capital of any direct or indirect holding company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of any such direct or indirect holding company of the Issuer;

**"Change of Control Optional Redemption Amount"** means, in respect of any Note, the amount as specified in the relevant Final Terms;

**"Change of Control Optional Redemption Date"** has the meaning stated in paragraph (c) of the definition of Change of Control Put Event Notice;

**"Change of Control Period"** means the period commencing on the date that is one business day in London prior to the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a **"Change of Control Put Event"** will be deemed to occur if while any of the Notes remain outstanding a Change of Control has occurred and on the Relevant Announcement Date, either:

- (a) the Notes are unrated or do not have an Investment Grade rating from at least one of the Rating Agencies; or
- (b) the Notes have an Investment Grade rating from at least one of the Rating Agencies and at any time during the Change of Control Period any such Rating Agency rates the Notes as Non-Investment Grade and such rating is not within the Change of Control Period restored to an Investment Grade rating by any such Rating Agency or replaced by an Investment Grade rating of another Rating Agency, or any such Rating Agency withdraws its rating of the Notes and the rating of such Rating Agency is not within the Change of Control Period restored by such Rating Agency or replaced by an Investment Grade rating of another Rating Agency and in each case such Rating Agency announces or publicly confirms or informs the Trustee in writing that the assignment of such Non-Investment Grade rating or withdrawal of rating was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control (whether or not the Change of Control shall have occurred at the time such rating is given or rating is withdrawn);

**"Change of Control Put Event Notice"** means the notice to be given pursuant to the Change of Control Put Option by the Issuer or, as the case may be, the Trustee to the Noteholders in accordance with Condition 18 (*Notices*) stating:

- (a) that a Change of Control Put Event has occurred and that each Noteholder is entitled to require the Issuer to redeem or purchase the Notes of such holder pursuant to the Change of Control Put Option;
- (b) the circumstances and relevant facts regarding such Change of Control Put Event;

- (c) the Change of Control Optional Redemption Amount and the redemption or purchase date (which shall be the date falling seven days after the expiry of the Change of Control Period (the "**Change of Control Optional Redemption Date**")); and
- (d) the procedures for exercising the Change of Control Put Option;

"**Change of Control Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note pursuant to Condition 9(f) (*Change of control redemption*);

"**Change of Control Put Period**" means the period of 45 days after a Change of Control Put Event Notice is given;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of: (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if "30E/360" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

**PROVIDED, HOWEVER, THAT** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

**"Determination Date"** has the meaning given in the relevant Final Terms;

**"Determination Time"** has the meaning given in the relevant Final Terms;

**"Early Redemption Amount (Tax)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Early Termination Amount"** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**"Exercise Notice"** means a notice in the form obtainable from the Specified Office of any Paying Agent, which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder pursuant to Condition 9(f) (*Change of control redemption*);

**"Extraordinary Resolution"** has the meaning given in the Trust Deed;

**"Final Redemption Amount"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Financial Adviser"** has the meaning has the meaning stated in Condition 9(c) (*Redemption at the option of the Issuer*);

**"Financial Indebtedness"** means in respect of any Person (without double-counting):

- (a) any indebtedness for or in respect of moneys borrowed;
- (b) any acceptance credit (including any dematerialised equivalent);
- (c) the principal amount of and any premium in relation to any bond, note, debenture, loan stock or other similar instrument for the payment of which such Person is responsible;
- (d) any redeemable preference share which can be redeemed on or before the maturity date of the relevant Notes outstanding under the Programme;
- (e) any agreement treated as a finance or capital lease in accordance with generally accepted accounting principles in England;
- (f) receivables sold or discounted (otherwise than on a non-recourse basis, and for these purposes recourse does not include claims for breach of contract in respect of warranties given as to the existence, quality or status of the relevant receivables at the time of sale);
- (g) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
- (h) any other transaction (including any forward sale or purchase agreement) which has (primarily and not incidentally) the commercial effect of a borrowing;
- (i) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; or
- (j) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in the above paragraphs;

**"First Interest Payment Date"** means the date specified in the relevant Final Terms;

"**Fitch**" means Fitch Ratings Ltd;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Fixed Rate Note**" means a Note specified as such in the relevant Final Terms;

"**Floating Rate Note**" means a Note specified as such in the relevant Final Terms;

"**Gross Redemption Yield**" means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Trustee by the Financial Adviser;

"**Group**" means the Issuer and its Subsidiaries for the time being;

"**Guarantee**" has the meaning stated in Condition 1(e) (*Guarantee*);

"**Guarantor**" has the meaning stated in Condition 1(a) (*Programme*);

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium or interest) for or in respect of any notes, bonds, debenture stock, loan stock or other securities or any indebtedness for borrowed money or any liability under or in respect of any acceptance or acceptance credit;

"**Initial Step Up Event**" means that the Notes have not been publicly assigned an Investment Grade credit rating by at least two of the Rating Agencies or have been publicly assigned a Non-Investment Grade rating by any Rating Agency as at the First Interest Payment Date;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" shall mean the date specified as such in the Final Terms or if none is so specified:

- (i) if the Reference Rate is the London interbank offered rate ("**LIBOR**") (other than Sterling or Euro LIBOR), the second London business day prior to the start of each Interest Period;
- (ii) if the Reference Rate is Sterling LIBOR, the first day of each Interest Period; and
- (iii) if the Reference Rate is Euro LIBOR or the Euro-zone interbank offered rate ("**EURIBOR**"), the second day on which the TARGET2 System is open prior to the start of each Interest Period;

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms as the same may be adjusted in accordance with the relevant Business Day Convention;

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**Investment Grade**" means a credit rating of BBB– by Fitch, Baa3 by Moody's or BBB– by S&P, or equivalent, or higher;

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Final Terms;

**"Issuer Maturity Par Call Redemption Date"** has the meaning stated in Condition 9(c) (*Redemption at the option of the Issuer*);

**"Margin"** has the meaning given in the relevant Final Terms;

**"Material Subsidiary"** means, at any time, any Subsidiary of the Issuer whose gross assets or pre-tax profits (excluding intra-Group items) then equal or exceed 10 per cent. of the gross assets or pre-tax profits of the Group, but excluding any Subsidiary (an **"Excluded Subsidiary"**) that is a single-purpose company whose principal assets are constituted by one or more projects or contracts, none of whose Indebtedness for Borrowed Money is the subject of security, a guarantee or indemnity from the Issuer or any Material Subsidiary, and which the Issuer has designated as such for the time-being by written notice to the Trustee.

For this purpose:

- (a) the gross assets or pre-tax profits of a Subsidiary of the Issuer (excluding intra-Group items) will be determined from its financial statements (unconsolidated if it has Subsidiaries) upon which the latest audited financial statements of the Group have been based;
- (b) if a Subsidiary of the Issuer becomes a member of the Group after the date on which the latest audited financial statements of the Group have been prepared, the gross assets or pre-tax profits (excluding intra-Group items) of that Subsidiary will be determined from its latest financial statements;
- (c) the gross assets or pre-tax profits (excluding intra-Group items) of the Group will be determined from its latest audited financial statements, adjusted (where appropriate) to reflect the gross assets or pre-tax profits (excluding intra-Group items) of any company or business subsequently acquired or disposed of; and
- (d) if a Material Subsidiary disposes of all or substantially all of its assets to another Subsidiary of the Issuer, it will immediately cease to be a Material Subsidiary and the other Subsidiary (if it is not already) will immediately become a Material Subsidiary; the subsequent financial statements of those Subsidiaries and the Group will be used to determine whether those Subsidiaries are Material Subsidiaries or not.

If there is a dispute as to whether or not a member of the Group is a Material Subsidiary, a certificate of the auditors of the Issuer will be, in the absence of manifest error, conclusive;

**"Maturity Date"** has the meaning given in the relevant Final Terms;

**"Maximum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Minimum Rating Requirement"** means that the Notes have been publicly assigned an Investment Grade credit rating by at least two of the Rating Agencies and have not been publicly assigned a Non-Investment Grade rating by any Rating Agency as at any particular time except that any credit rating assigned and published by a Rating Agency on an unsolicited basis shall not be deemed to be "publicly assigned" for the purposes of this definition;

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Moody's"** means Moody's Investors Service Ltd.;

**"Non-Investment Grade"** means a credit rating of BB+ by Fitch, Ba1 by Moody's or BB+ by S&P, or equivalent, or lower;

**"Non-Recourse Debt"** means any Financial Indebtedness incurred by a project company in connection with a project where the relevant project assets comprise all of the business of that project company and where the provider of the Financial Indebtedness has no recourse against any member of the Group or its assets except for recourse to:

- (a) the project assets;

- (b) the project company for the purpose of enforcing a Security Interest against it, so long as the recourse is limited to recoveries in respect of the project assets;
- (c) a member of the Group to the extent of its shareholding or other interest in the relevant project company;
- (d) a member of the Group under any form of assurance, undertaking or support, where:
  - (i) the recourse is limited to a claim for damages (not being liquidated damages or damages required to be calculated in a specified way) for breach of an obligation; and
  - (ii) the obligation is not in any way a guarantee, indemnity or other assurance against financial loss or an obligation to ensure compliance by another with a financial ratio or other test of financial condition.

For the purposes of this definition: "project" means any particular project of a member of the Group for the ownership, creation, development or exploitation of any of its assets; "project assets" means any assets used in connection with that project; and "project company" means the member of the Group which owns the project assets;

**"Optional Redemption Amount (Call)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Amount (Put)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Amount (Make Whole Call)"** has the meaning stated in Condition 9(c) (*Redemption at the option of the Issuer*);

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"Participating Member State"** means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

**"Paying Agents"** has the meaning stated in Condition 1(d) (*Agency Agreement*) and a "Paying Agent" means any of them;

**"Payment Business Day"** means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"Permitted Security"** means:

- (a) any Security Interest existing at 19 November 2012;
- (b) any Security Interest over project assets or a project company securing Non-Recourse Debt;
- (c) any Security Interest comprising a netting or set-off arrangement entered into by a member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (d) any lien arising by operation of law and in the ordinary course of trading;
- (e) any Security Interest on an asset, or an asset of any person, acquired by a member of the Group after 19 November 2012 provided that the principal amount secured by that Security Interest has not been incurred or increased in contemplation of, or since, the acquisition;
- (f) Security Interests granted pursuant to the requirements of the Strategic Rail Authority and/or the Railways Act 1993 including those granted in connection with season ticket bonds;
- (g) any Security Interest arising as a result of the cash collateralisation of season ticket bonds but only up to a maximum aggregate amount of £100,000,000 or its equivalent at any time;
- (h) Security Interests over cash deposited by members of the Group with the issuing bank to cash collateralise the counter-indemnity obligations of members of the Group in respect of performance or other similar bonds issued by banks on behalf of members of the Group;
- (i) any Security Interest over goods and products or over the documents of title or insurance policies relating to such goods and products, arising in the ordinary course of trading in connection with letters of credit and similar transactions, provided such Security Interest secures only so much of the acquisition cost or selling price (and amounts incidental thereto) of these goods and products which is required to be paid within six months after the date upon which the same was first incurred;
- (j) set-off rights on market standard terms contained in any hedging agreement;
- (k) set-off rights in the ordinary course of trading;
- (l) any Security Interest created in substitution for any of the above Security Interests but only:
  - (i) if the Security Interest is over the same asset;
  - (ii) if the principal amount secured does not exceed the principal amount secured by the Security Interest which it replaced; and
  - (iii) if the Security Interest which is replaced was only permitted to be outstanding for a certain period of time, to the extent the new Security Interest is not outstanding beyond a date which is after the date until which the original Security Interest was permitted to subsist; and
- (m) any Security Interest securing Financial Indebtedness the amount of which (when aggregated with the amount of any other Financial Indebtedness which has the benefit of a Security Interest not allowed under the preceding subparagraphs) does not exceed £25,000,000 or its equivalent at any time;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder pursuant to Condition 9(e) (*Redemption at the*

*option of Noteholders*);

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Rating Agency"** means each of Fitch, Moody's and S&P or any of their respective successors or any Substitute Rating Agency;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Make Whole Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**"Reference Banks"** means in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank, in each case, as selected by the Calculation Agent;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** shall mean LIBOR or EURIBOR in each case for the relevant period, as specified in the relevant Final Terms;

**"Reference Stock"** has the meaning given in the relevant Final Terms;

**"Regular Period"** means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Relevant Announcement Date"** means the date that is the earlier of (a) the date of the first public announcement of the relevant Change of Control and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any);

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** shall mean London, in the case of a determination of LIBOR and Brussels, in the case of a determination of EURIBOR;

**"Relevant Period"** means:

- (a) each financial year of the Issuer; and
- (b) each period beginning on the first day of the second half of a financial year of the Issuer and ending on the last day of the first half of its next financial year;

**"Relevant Potential Change of Control Announcement"** means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** shall mean in the case of LIBOR, 11.00 a.m. and in the case of EURIBOR, 11.00 a.m. in each case in the Relevant Financial Centre ;

**"Reserved Matter"** means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity;
- (b) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed (other than as permitted under Clause 9.3 of the Trust Deed);
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or
- (e) to amend this definition;

**"S&P"** means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc.;

**"Security"** means a mortgage, charge, pledge, lien (other than a lien arising by operation of law), assignment, hypothecation, security interest or other charge or encumbrance entered into for the purpose of securing any obligation of any person;

**"Security Interest"** means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect;

**"Specified Currency"** has the meaning given in the relevant Final Terms;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms;

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Sterling Make Whole Call Option"** has the meaning given in the relevant Final Terms;

**"Sterling Make Whole Optional Redemption Date"** has the meaning given in the relevant Final Terms;

**"Step Down Rating Change"** means the reinstatement of the Minimum Rating Requirement following the occurrence of a Step Up Rating Change or an Initial Step Up Event;

**"Step Up Rating Change"** means (i) an Initial Step Up Event or (ii) a failure to meet the Minimum Rating Requirement at any time after the First Interest Payment Date;

**"Step Up Margin"** means a rate of 1.25 per cent. per annum.;

**"Subsidiary"** means any company where the Issuer:

- (a) holds a majority of the voting rights in the company or
- (b) is a member of the company and has the right to appoint or remove a majority of its board of directors, or
- (c) is a member of the company and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it,

or if the company is a Subsidiary of a company that is itself a Subsidiary of the Issuer;

**"Substitute Rating Agency"** means any international recognised securities rating agency or agencies substituted for a Rating Agency by the Issuer from time to time with the prior written approval of the Trustee, such approval not to be unreasonably withheld or delayed;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**"TARGET Settlement Day"** means any day on which TARGET2 is open for the settlement of payments in euro;

**"Treaty"** means the Treaty establishing the European Communities, as amended; and

**"Zero Coupon Note"** means a Note specified as such in the relevant Final Terms.

**(b) Interpretation:**

In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Trust Deed shall be construed as a reference to the Agency Agreement or the Trust Deed, as the case may be, as amended, supplemented and/or restated

from time to time up to and including the Issue Date of the Notes.

### **3. Form, Denomination and Title**

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination.

Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Title to the Notes, Coupons and Talons will pass by delivery. The holder of any Note, Coupon or Talon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

### **4. Status of the Notes and Guarantee**

#### **(a) Status of the Notes:**

The Notes and Coupons constitute direct, unconditional and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer which will rank *pari passu* among themselves and (subject as aforesaid) at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

#### **(b) Status of the Guarantee:**

The payment obligations of the Guarantor constitute direct, unconditional and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Guarantor and (subject as provided above) will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

#### **(c) Release of a Guarantor:**

The Issuer may by written notice to the Trustee signed by two Directors of the Issuer request that a Guarantor cease to be a guarantor in respect of any Tranche of Notes if a Guarantor is no longer providing a guarantee in respect of any Indebtedness for Borrowed Money of the Issuer. Upon the Trustee's receipt of such notice (receipt of such notice to be confirmed to the Issuer by the Trustee as soon as possible), a Guarantor shall irrevocably be released and relieved of any obligation under the Guarantee of these Notes. Such notice must also contain the following certifications:

- (i) no Event of Default is continuing or will result from the release of a Guarantor;
- (ii) no sums advanced pursuant to any Indebtedness for Borrowed Money in respect of which a Guarantor is or was providing a guarantee is at that time due and payable but unpaid; and
- (iii) a Guarantor is not (or will cease to be simultaneously with such release) providing a guarantee in respect of any other Indebtedness for Borrowed Money of the Issuer.

If a Guarantor provides a Guarantee in respect of any other Indebtedness for Borrowed Money of the Issuer at any time subsequent to the date on which it is released from the Guarantee of these Notes as described above, such Guarantor will be required to provide a guarantee as described in paragraph (d) below.

(d) **Additional Guarantors:**

If at any time after the Issue Date, any subsidiary of the Issuer, direct or indirect holding company of the Issuer (a "**Holdco**") or any subsidiary of a Holdco (each, a "**Guarantee Entity**") provides or at the time it becomes a subsidiary is providing a guarantee in respect of any Indebtedness for Borrowed Money of the Issuer, the Issuer has covenanted in the Trust Deed that it shall procure that such Guarantee Entity shall at or prior to the date of the giving of such guarantee or at the time it so becomes a Guarantee Entity and is providing such a guarantee execute and deliver a supplemental trust deed to the Trustee, such supplemental trust deed to be in a form and with substance reasonably satisfactory to the Trustee, and accompanied by such opinion(s) as the Trustee shall require pursuant to which such Guarantee Entity shall guarantee the obligations of the Issuer in respect of the outstanding Notes, the Coupons and the Trust Deed on terms mutatis mutandis as the Guarantee including, but not limited to, such guarantee being joint and several (if there is more than one Guarantor). Each other Guarantor (an "**Existing Guarantor**") has in the Trust Deed confirmed that it has consented to any such entity becoming a Guarantor as aforesaid without any need for such Existing Guarantor to execute any supplemental trust deed.

(e) **Change of Guarantors:**

Notice of any release of a Guarantor or addition of a Guarantor pursuant to this provision will be given to the Noteholders in accordance with Condition 18 (*Notices*). Following the release of a Guarantor pursuant to Condition 4(c) (*Release of a Guarantor*) or the addition of a Guarantee Entity pursuant to Condition 4(d) (*Additional Guarantors*), the terms "**Guarantor**" and "**Guarantee**" shall be construed accordingly.

5. **Negative Pledge**

So long as any of the Notes or Coupons remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor shall not, and the Issuer shall procure that no other Material Subsidiary shall, create, assume or permit to subsist, as security for any Financial Indebtedness, any Security other than any Permitted Security upon the whole or any part of its present or future revenues or assets unless, in any such case, the Issuer and/or the Guarantor and/or the other Material Subsidiary, as the case may be, shall simultaneously with, or prior to, the creation or assumption of such Security and, in any other case, promptly, take any and all action necessary to procure that all amounts payable in respect of the Notes and Coupons by the Issuer and by the Guarantor in respect of the Guarantee of the Notes, are secured equally and rateably with the Financial Indebtedness secured by such Security to the satisfaction of the Trustee or that such other Security is provided or such other arrangement (whether or not including the giving of Security) is made as the Trustee shall, in its absolute discretion, deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

6. **Fixed Rate Note Provisions**

(a) **Application:**

This Condition 6 is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) **Accrual of interest:**

The Notes bear interest at their principal amount from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (after as well as before any judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) **Fixed Coupon Amount:**

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed

Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

**(d) Calculation of Interest Amount:**

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

**7. Floating Rate Note Provisions**

**(a) Application:**

This Condition 7 is applicable to the Notes only if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable.

**(b) Accrual of interest:**

The Notes bear interest at their principal amount from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

**(c) Screen Rate Determination:**

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

If the Relevant Screen Page is not available or if, in the case of (i) above, no offered quotation appears or, in the case of (ii) above, fewer than three offered quotations appear, in each case as at the Relevant Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for the purpose) inform the Calculation Agent it is/they are quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

**(d) ISDA Determination:**

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is a date specified in the relevant Final Terms.

**(e) Linear Interpolation:**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent (or if the Principal Paying Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Applicable Maturity (as defined below) were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period, provided however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent (or if the Principal Paying Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

**(f) Maximum or Minimum Rate of Interest:**

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise stated in the relevant Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

**(g) Calculation of Interest Amount:**

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

**(h) Calculation of other amounts:**

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

**(i) Publication:**

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

**(j) Notifications etc.:**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**(k) Determination or Calculation by Trustee:**

If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate an Interest Amount, the Trustee (or a person appointed by the Trustee for the purpose) will determine such Rate of Interest and make such determination or calculation which shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee (or a person appointed by the Trustee for the purpose) shall apply all of the provisions of these Conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Trustee shall be binding on the Issuer, the Guarantor, the Noteholders and the Couponholders.

(l) **Benchmark Replacement:**

Notwithstanding the other provisions of this Condition 7, if a Benchmark Event occurs in relation to an Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions of this Condition 7(l) shall apply.

(i) **Independent Adviser**

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(l)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 7(l)(iii)) and any Benchmark Amendments (in accordance with Condition 7(l)(iv)).

(ii) **Successor Rate or Alternative Rate**

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(l)(iii)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 7(l)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(l)(iii)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 7(l)).

(iii) **Adjustment Spread**

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(l) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 7(l)(v), without any requirement for the consent or approval of Noteholders, direct the Principal Paying Agent and the Trustee, at the Issuer's expense, to vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice. The Trustee shall not be obliged to concur if in the opinion of the Trustee doing so would impose more onerous obligations on it or expose it to any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to the Trustee in these Conditions or in the Trust Deed or any other document to which it is a party (including for the avoidance of doubt, any supplemental trust deed) in any way. For the avoidance of doubt, no consent of the Noteholders or the Couponholders of the relevant Series shall be required in connection with effecting the Benchmark Amendments or such other changes, including for the execution of any documents or the taking of other steps by the Trustee, the Issuer or any of the parties to the Agency Agreement (if required).

In connection with any such variation in accordance with this Condition 7(l)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) **Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(l) will be notified promptly by the Issuer to the Principal Paying Agent, the Trustee and the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any, and will be binding on the Issuer, the Principal Paying Agent, the Trustee and the Noteholders.

*(vi) Survival of Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 7(l)(i) to (v), the Reference Rate and the fallback provisions provided for in Condition 7(c) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 7(l)(v).

*(vii) Definitions*

As used in this Condition 7(l):

**"Adjustment Spread"** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions or is in customary market usage in the debt capital market for transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged)
- (iii) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

**"Alternative Rate"** means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 7(l)(ii) has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

**"Benchmark Amendments"** has the meaning given to it in Condition 7(l)(iv).

**"Benchmark Event"** means:

- (1) the Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Reference Rate that it will, by a specified date within the following six months, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); or
- (3) the first public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Reference Rate that means the Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in

each case within the following six months; or

(5) it has become unlawful for the Principal Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Reference Rate.

**"IA Determination Cut-Off Date"** means no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period.

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer (at its own expense) under Condition 7(1)(i).

**"Reference Rate"** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**"Successor Rate"** means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

## **8. Zero Coupon Note Provisions**

### **(a) Application:**

This Condition 8 is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Final Terms as being applicable.

### **(b) Late payment on Zero Coupon Notes:**

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## **9. Redemption and Purchase**

### **(a) Scheduled redemption:**

Unless previously redeemed, or purchased and cancelled in accordance with Condition 9(j) (*Cancellation*), the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*).

**(b) Redemption for tax reasons:**

The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if the Floating Rate Note provisions are specified in the relevant Final Terms as being not applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

- (A) on the occasion of the next payment due under the Notes the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*), or the Guarantor would be unable (or unable without incurring a material tax expense) for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay additional amounts as provided or referred to in Condition 11 (*Taxation*), in each case as a result of any change in, or amendment to, the tax laws or regulations of a Tax Jurisdiction (as defined in Condition 11(b) (*Taxing Jurisdiction*)), or any change in the published application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective (a) on or after the date on which agreement is reached to issue the first Tranche of a Series of the Notes or (b) in the case of any Subsidiary which becomes a Guarantor after the Issue Date of a relevant Tranche of Notes, the first day after such Subsidiary becomes a Guarantor pursuant to Condition 4(d) (*Additional Guarantors*); and
- (B) such obligation cannot be avoided by the Issuer and/or the Guarantor, as the case may be, taking reasonable measures available to it or them, as the case may be,

**PROVIDED, HOWEVER, THAT** no such notice of redemption shall be given earlier than:

- (I) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer and/or the Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (II) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer and/or the Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (i) if the Trustee so requests, an opinion of independent legal advisers of recognised standing to the effect that the Issuer and/or the Guarantor, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment and (ii) a certificate signed by two authorised officers of the Issuer and/or the Guarantor, as the case may be, stating that the obligation referred to in (A) above cannot be avoided by the Issuer and/or the Guarantor, as the case may be, taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (B) above in which event it shall be conclusive and binding on the Noteholders and Couponholders.

(c) **Redemption at the option of the Issuer:**

The Notes may be redeemed at the option of the Issuer:

- (i) in whole or, if so specified in the relevant Final Terms, in part if Issuer Call Option is specified in the relevant Final Terms as being applicable, on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice (or such other notice period as may be specified in the relevant Final Terms) to the Noteholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (ii) in whole or, if so specified in the relevant Final Terms, in part if Issuer Sterling Make Whole Call Option is specified in the relevant Final Terms as being applicable, on giving not less than 30 nor more than 60 days' notice (or such other notice period as may be specified in the relevant Final Terms) to the Noteholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the Sterling Make Whole Optional Redemption Date at a redemption price per Note equal to the higher of the following (the "**Optional Redemption Amount (Make Whole Call)**"), in each case plus accrued interest (if any) to the Sterling Make Whole Optional Redemption Date):
  - (A) the nominal amount of the Note; and
  - (B) the nominal amount of the Note multiplied by the price (as reported in writing to the Issuer and the Trustee by a financial adviser (the "**Financial Adviser**") appointed by the Issuer and approved by the Trustee) expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards) at which the Gross Redemption Yield on the Notes on the Determination Date is equal to the Gross Redemption Yield at the Determination Time specified in the relevant Final Terms on the Determination Date specified in the relevant Final Terms of the Reference Stock specified in the relevant Final Terms (or, where the Financial Adviser advises the Issuer that, for reasons of illiquidity or otherwise, such Reference Stock is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend) plus any applicable Margin specified in the relevant Final Terms.
- (iii) in whole or, if so specified in the relevant Final Terms, in part if Issuer Maturity Par Call Option is specified in the relevant Final Terms as being applicable, on giving not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the relevant Final Terms as being applicable) to the Noteholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the Issuer Maturity Par Call Redemption Date, which date shall be at any time during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date (the "**Issuer Maturity Par Call Redemption Date**") at the Final Redemption Amount plus accrued interest (if any) to the Issuer Maturity Par Call Redemption Date.

(d) **Partial redemption:**

If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place and in such manner as the Trustee approves, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) ***Redemption at the option of Noteholders:***

If Investor Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to (but excluding) such date. In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other notice period as may be specified in the relevant Final Terms), deposit with any Paying Agent such Note together with all unmatured Coupons and unexchanged Talons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which such Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **PROVIDED, HOWEVER, THAT** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(f) ***Change of control redemption:***

If Change of Control Put Option is specified in the relevant Final Terms to be applicable and a Change of Control Put Event occurs, the holder of each Note will have the option (unless prior to the giving of the relevant Change of Control Put Event Notice the Issuer has given notice of redemption under Condition 9(b) (*Redemption for tax reasons*) or Condition 9(c) (*Redemption at the option of the Issuer*), if applicable) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Optional Redemption Date at its Change of Control Optional Redemption Amount together with interest accrued to (but excluding) the Change of Control Optional Redemption Date (the "**Change of Control Put Option**").

As soon as practicable upon, and in any event within 30 days after, the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give the Change of Control Put Event Notice to the Noteholders.

To exercise the Change of Control Put Option in respect of a Note, the holder of the Note must deliver such Note to the Specified Office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the Change of Control Put Period, accompanied by a duly signed and completed Exercise Notice in which the holder may specify a bank account (in the currency of the Note) to which payment is to be made under this Condition 9(f). If the relevant Final Terms specifies that Fixed Rate Note provisions are applicable, the Note should be delivered together with all Coupons and unexchanged Talons appertaining thereto maturing after the Change of Control Optional Redemption Date, failing which Condition 10(e) (*Deductions for unmatured Coupons and unexchanged Talons*) shall apply. The Paying Agent with which such Note is so deposited shall deliver a duly completed Change of Control Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Exercise Notice in accordance with this Condition 9(f), may be withdrawn; **PROVIDED, HOWEVER, THAT** if, prior to the relevant Change of Control Optional Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Change of Control Optional Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Exercise Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Change of Control Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(f), the depositor of such Note and not such Paying Agent shall be

deemed to be the holder of such Note for all purposes.

Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Exercise Notice to which payment is to be made, on the Change of Control Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Change of Control Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the Specified Office of any Paying Agent. For the purposes of the Conditions, Change of Control Put Option Receipts issued pursuant to this Condition 9(f) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the Notes in respect of which the Change of Control Put Option has been validly exercised in accordance with the provisions of this Condition 9(f) on the Change of Control Optional Redemption Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 9(f), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Change of Control Optional Redemption Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at the Change of Control Optional Redemption Amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any Rating Agency are changed from those which are described in paragraph (a) or (b) of the definition of "Change of Control Put Event", "Non-Investment Grade Rating" or "Investment Grade Rating", or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of such Rating Agency or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of the relevant Rating Agency, and this Condition 9(f) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred, and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

**(g) *No other redemption:***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 9(a) (*Scheduled redemption*) to 9(f) (*Change of control redemption*) above.

**(h) *Early redemption of Zero Coupon Notes:***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

**(i) *Purchase:***

The Issuer, the Guarantor or any Subsidiary may at any time purchase Notes in the open market or otherwise and at any price, and in any manner **PROVIDED THAT** all unmatured Coupons and unexchanged Talons appertaining thereto are purchased therewith. Such Notes may be held, reissued, resold or, at the option of the Issuer, the Guarantor or Subsidiary, as the case may be, surrendered to the

Principal Paying Agent for cancellation.

**(j) Cancellation:**

All Notes redeemed by the Issuer will be cancelled or held for cancellation and may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any Subsidiary and any unmatured Coupons and unexchanged Talons attached to or surrendered with them may, at the option of the Issuer, the Guarantor or the Subsidiary, as the case may be, be cancelled or may be held, reissued or resold.

**10. Payments**

**(a) Principal:**

Payments of principal shall be made only against presentation and (**PROVIDED THAT** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

**(b) Interest:**

Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**PROVIDED THAT** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

**(c) Payments in New York City:**

Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City only if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law, without involving, in the reasonable opinion of the Issuer, adverse tax consequences to the Issuer.

**(d) Payments subject to fiscal laws:**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(e) Deductions for unmatured Coupons and unexchanged Talons:**

If the relevant Final Terms specifies that the Fixed Rate Note provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **PROVIDED, HOWEVER, THAT** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the

"**Relevant Coupons**") being equal to the amount of principal due for payment; **PROVIDED, HOWEVER, THAT** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **PROVIDED, HOWEVER, THAT**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (i) above against presentation and (**PROVIDED THAT** payment is made in full) surrender of the relevant missing Coupons.

**(f) *Unmatured Coupons void:***

If the relevant Final Terms specifies that the Floating Rate Note provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(f) (*Change of control redemption*), Condition 9(c) (*Redemption at the option of the Issuer*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

**(g) *Payments on business days:***

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

**(h) *Payments other than in respect of matured Coupons:***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

**(i) *Partial payments:***

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

**(j) *Exchange of Talons:***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

**11. Taxation**

**(a) *Gross up:***

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature

imposed, levied, collected, withheld or assessed by or on behalf of a Tax Jurisdiction (as defined in Condition 11(b) (*Taxing Jurisdiction*)), unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor, shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Tax Jurisdiction (as defined in Condition 11(b) (*Taxing Jurisdiction*)) by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
- (ii) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

Notwithstanding any other provision of the Terms and Conditions, any amounts to be paid on the Notes and the Coupons by or on behalf of the Issuer or the Guarantor, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) or any analogous provisions of non-U.S. laws (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

**(b) *Taxing Jurisdiction:***

As used herein, Tax Jurisdiction means the United Kingdom and any political subdivision and any authority therein or thereof having the power to tax, and/or any other jurisdiction (and in each case any political subdivision and any authority therein or thereof having the power to tax) in which the Issuer and/or the Guarantor is incorporated, organised, or otherwise resident for tax purposes.

**12. Events of Default**

If any of the following events occurs and is continuing:

**(a) *Non-payment:***

the Issuer or the Guarantor fails to pay any amount of principal or interest in respect of the Notes within seven days of the due date for payment thereof; or

**(b) *Breach of other obligations:***

the Issuer or the Guarantor does not perform or comply in all material respects with any one or more of their other obligations under or in respect of the Notes or the Trust Deed (other than any obligation for the payment of principal or interest in respect of the Notes) and (except in any case where, in the opinion of the Trustee, such failure is incapable of remedy in which case no continuation or notice as is hereinafter provided will be required) such failure to comply continues unremedied for 30 days (or such longer period as the Trustee may permit) after written notice thereof requiring such default to be remedied has been delivered by the Trustee to the Issuer or the Guarantor, as the case may be; or

**(c) *Cross Default:***

- (i) any other present or future Indebtedness for Borrowed Money (other than Non-Recourse Debt) of the Issuer, the Guarantor or a Material Subsidiary becomes due and repayable prior to its stated maturity by reason of any actual or potential event of default or the like (however

described);

- (ii) the Issuer or the Guarantor or a Material Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money (other than Non-Recourse Debt) on the due date for payment or, as the case may be, within any applicable grace period as originally provided; or
- (iii) default is made by the Issuer or the Guarantor or a Material Subsidiary in making any payment due under any present or future guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money (other than Non-Recourse Debt) of any other person on the due date for payment or, as the case may be, within any applicable grace period as originally provided;

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 12(c) have occurred equals or exceeds (without duplication) £25,000,000 or its equivalent in any other currency (as reasonably determined by the Trustee); or

**(d) Security enforced:**

any Security, present or future, created or assumed by the Issuer, the Guarantor or a Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person) unless such step taken to enforce such Security is discharged within 60 days of such step being taken and provided that the aggregate amount of such Security being enforced equals or exceeds (without duplication) £25,000,000 or its equivalent in any other currency; or

**(e) Creditor's process:**

any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Issuer, the Guarantor or a Material Subsidiary and is not discharged within 30 days; or

**(f) Insolvency etc.:**

- (i) the Issuer, the Guarantor or any Material Subsidiary is (or is, or could be deemed by law or a court to be) insolvent or bankrupt or is unable to pay its debts (within the meaning of Section 123(1)(e) and (2) of the Insolvency Act 1986) as they fall due, or stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts;
- (ii) an administrative receiver, receiver, administrator, manager or other similar person is appointed in respect of the Issuer, the Guarantor or any Material Subsidiary or in respect of all or substantially all of the undertaking, assets and revenues of the Issuer, the Guarantor or such Material Subsidiary (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent on terms previously approved in writing by the Trustee or by an Extraordinary Resolution); or
- (iii) the Issuer, the Guarantor or any Material Subsidiary proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally or declares a moratorium in respect of any of its Indebtedness for Borrowed Money; or
- (iv) a person presents a petition for the winding up, liquidation, dissolution, administration or suspension of payments of the Issuer, the Guarantor or any Material Subsidiary and such petition is not discharged within 60 days; or

**(g) Winding up etc.:**

a final order is made or an effective resolution is passed for the winding up, liquidation, administration or dissolution of the Issuer, the Guarantor or any Material Subsidiary and where possible, not discharged or stayed within a period of 60 days (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring neither involving nor arising out of the insolvency of the Issuer or, as the

case may be, the Guarantor or Material Subsidiary on terms previously approved in writing by the Trustee or by an Extraordinary Resolution or for a voluntary solvent winding-up of a Material Subsidiary where surplus assets are available for distribution and are distributed to the Issuer, the Guarantor and/or a Material Subsidiary); or

**(h) Cessation of business etc.:**

the Issuer, the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring neither involving nor arising out of the insolvency of the Issuer or, as the case may be, the Guarantor or Material Subsidiary on terms previously approved in writing by the Trustee or by an Extraordinary Resolution or in the case of a Material Subsidiary, where assets of that Material Subsidiary are distributed to the Issuer, the Guarantor or any Subsidiary of the Issuer which as a result of the distribution of such assets becomes a Material Subsidiary); or

**(i) Illegality:**

it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

**(j) Analogous Events:**

any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

**(k) Guarantee etc.:**

the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect (other than in accordance with Condition 4(c) (*Release of the Guarantor*)),

then the Trustee may at its discretion and shall, if so requested in writing by the holders of at least one fourth of the aggregate principal amount of the outstanding Notes, or if so directed by an Extraordinary Resolution (subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction, and, in the case of the happening of any of the events described in sub-paragraphs (b), (e), (h) and (j) (provided that for the purpose of this Trustee certification only, the analogous events referred to in sub-paragraph (j) relate only to the events described in sub-paragraphs (b), (e) and (h) above), only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) by written notice addressed and delivered to the Issuer, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality. Notice of any such declaration shall promptly be given to the Noteholders.

### **13. Prescription**

Claims against the Issuer and/or the Guarantor for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims against the Issuer and/or the Guarantor for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

### **14. Replacement of Notes, Coupons and Talons**

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Guarantor may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## 15. Trustee and Agents

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction and to be paid its costs and expenses in priority to the claims of Noteholders. The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (i) to enter into business transactions with the Issuer, the Guarantor and/or any of its Subsidiaries and/or any related entity thereof and to act as trustee for the holders of any other securities issued or guaranteed by or relating to the Issuer, the Guarantor or any of its Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

In the exercise of its powers and discretions under these Conditions and/or the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequences for individual holders of Notes, Coupons or Talons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons and Talons, the Paying Agents and the Calculation Agent (if any) act solely as agents of the Issuer or, following the occurrence of an Event of Default, the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The Principal Paying Agent and its initial Specified Office is set out below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time, with the prior written consent of the Trustee, to vary or terminate the appointment of any Paying Agent or Calculation Agent and to appoint a successor principal paying agent or calculation agent and additional or successor paying agents;

### **PROVIDED, HOWEVER, THAT:**

- (a) the Issuer shall at all times maintain a Principal Paying Agent; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any appointment of, or change in, any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

## 16. Meetings of Noteholders; Modification and Waiver

### **(a) Meetings of Noteholders:**

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **PROVIDED, HOWEVER, THAT** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than one quarter of the aggregate principal amount of the outstanding Notes form a

quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of at least 90 per cent. of the Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

**(b) Modification and waiver:**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders, (ii) any modification of these Conditions and the Notes or the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or to correct an error which, in the opinion of the Trustee, is proven, and (iii) any waiver or authorisation of any breach or proposed breach, of any of the provisions of these Conditions or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable in accordance with Condition 18 (*Notices*).

**(c) Substitution:**

The Trust Deed contains provisions under which any Subsidiary of the Issuer or its successor in business or the Guarantor or its successor in business may, without the consent of the Noteholders or Couponholders, assume the obligations of the Issuer (or of any previous substitute under this Condition 16(c)) as principal debtor under the Trust Deed and the Notes. If the Issuer shall determine that any Subsidiary of the Issuer or its successor in business or the Guarantor or its successor in business shall become the principal debtor (in such capacity, the "**Substituted Debtor**"), the Issuer shall give not less than 30 nor more than 45 days' notice, in accordance with Condition 18 (*Notices*), to the Noteholders of such event and, immediately on the expiry of such notice, the Substituted Debtor shall become the principal debtor in respect of the Notes and the Coupons in place of the Issuer and the Noteholders and the Couponholders shall thereupon cease to have any rights or claims whatsoever against the Issuer in its capacity as Issuer of the Notes **PROVIDED THAT:**

- (i) the Trustee is satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution,
- (ii) the Issuer and the Guarantor (unless the Guarantor or its successor in business is the Substituted Debtor) shall have entered into an unconditional and irrevocable guarantee substantially in the form of the Guarantee in respect of the obligations of such Substituted Debtor; and
- (iii) certain conditions specified in the Trust Deed are fulfilled.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or (as the case may be) Couponholder except to the extent provided for in Condition 11 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

In the event of such substitution as is referred to in this Condition 16(c), references in these Conditions to the Issuer shall be read as references to the Substituted Debtor.

**17. Enforcement**

The Trustee may, at any time, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it thinks fit to enforce any obligation, condition or provision binding on the Issuer and/or the Guarantor under these Conditions or under the Trust Deed in respect of

the Notes, but shall not be bound to do so unless:

- (a) it has been so directed by an Extraordinary Resolution or it has been so requested in writing by the holders of at least one fourth of the aggregate principal amount of the outstanding Notes; and
- (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

No Noteholder or Couponholder shall be entitled to institute proceedings directly against the Issuer unless the Trustee, having become bound to proceed as aforesaid, fails to do so within a reasonable time and such failure is continuing.

## **18. Notices**

### **(a) Valid Notices:**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

### **(b) Other Methods:**

Notwithstanding paragraph (a) above, the Trustee may approve some other method of giving notice to the Noteholders if, in its opinion, that other method is reasonable having regard to market practice then prevailing and to the requirements of any stock exchange on which Notes are then listed and **PROVIDED THAT** notice of that other method is given to the Noteholders in the manner required by the Trustee.

### **(c) Couponholders:**

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

## **19. Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## **20. Further Issues**

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

## 21. **Governing Law and Jurisdiction**

### (a) ***Governing law:***

The Notes, the Trust Deed, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them, are governed by, and construed in accordance with, English law.

### (b) ***English courts:***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes, the Trust Deed, Coupons or Talons (including a dispute relating to the existence, validity or cancellation of the Notes or any non-contractual obligation arising out of or in connection with the Notes, the Trust Deed, Coupons or Talons) or the consequences of their nullity.

### (c) ***Appropriate forum:***

Each of the Issuer and the Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

## 22. **Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes**

Where Step Up Rating Change and/or Step Down Rating Change is specified as applicable in the relevant Final Terms, the following terms relating to the Rate of Interest for the Notes shall apply:

- (i) The Rate of Interest payable on the Notes will be subject to adjustment in the event of a Step Up Rating Change or a Step Down Rating Change, as the case may be.
- (ii) Subject to paragraphs (iv) and (vii) below, from and including the first Interest Payment Date following the date of a Step Up Rating Change, if any, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall be increased by the Step Up Margin.
- (iii) Subject to paragraphs (iv) and (vii) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).
- (iv) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Interest Period, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall be neither increased nor decreased as a result of either such event.
- (v) If the rating designations employed by any Rating Agency are changed from those which are described in the definition of "Investment Grade", or of "Non-Investment Grade" or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of such Rating Agency or Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of the relevant Rating Agency and this provision shall be construed accordingly.
- (vi) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest payable on the Notes pursuant to this Condition to be notified to the Trustee and the Principal Paying Agent and notice thereof to be published in accordance with Condition 18 (Notices) as soon as reasonably practicable after the occurrence of such Step Up Rating Change or Step Down Rating Change, but in no event later than the fifth London Business Day thereafter.
- (vii) Only the first Step Up Rating Change (if any) and the first Step Down Rating Change (if any) shall give rise to an adjustment to the Rate of Interest (in the case of Fixed Rate Notes) or

Margin (in the case of Floating Rate Notes) payable on the Notes.

## FORM OF FINAL TERMS

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC on insurance mediation ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [●]

**National Express Group PLC**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**under the £1,500,000,000**  
**Euro Medium Term Note Programme**  
**unconditionally and irrevocably guaranteed by**  
**West Midlands Travel Limited**

### PART A—CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [●] 2018 [and the supplement to the Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented]].

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [21 December 2009] [3 October 2016][3 October 2017 which are incorporated by reference in the Base Prospectus dated [●] 2018. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated [●] 2018, [and the supplement[s] to it dated [●] and [●] which together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Prospectus.]

Full information on the Issuer, the Guarantor and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [has][have] been published on [the Issuer's] website at <http://www.nationalexpressgroup.com/investors/debt-information/>

1. (i) Issuer: National Express Group PLC  
(LEI: 213800A8IQEMY8PA5X34)
- (ii) Guarantor: West Midlands Travel Limited  
(LEI: 213800XRAKT7AG94Z543)
2. [(i) Series Number: [●]]
- [(ii) Tranche Number: [●]]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
  - [(i) Series: [●]]
  - [(ii) Tranche: [●]]
  - [(iii) Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with [*insert the description of the Series*] on [●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [24] below [which is expected to occur on or about [●]]]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6. (i) Specified Denominations: [●]
- (ii) Calculation Amount: [●]
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
8. Maturity Date: [[●]/Interest Payment Date falling on or nearest to [●]]
9. Interest Basis: [[●] per cent. Fixed Rate]  
[[●] +/- [●] per cent. Floating Rate]  
[Zero Coupon]
10. Redemption/Payment Basis: [At par][Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on their Maturity Date at [●] per cent. of their principal amount]
11. Change of Interest Basis: [[●]/Not Applicable]

12. Put/Call Options: [Investor Put Option]  
 [Issuer Call Option]  
 [Issuer Maturity Par Call Option]  
 [Issuer Sterling Make Whole Call Option]  
 [Change of Control Put Option]

13. [[Date [Board] approval for issuance of [●] [and [●], respectively]]  
 Notes obtained:

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [Actual/Actual (ICMA)]  
 [Actual/Actual (ISDA)]  
 [Actual/365 (Fixed)]  
 [Actual/360]  
 [30/360]  
 [30E/360 / Eurobond Basis]  
 [30E/360 (ISDA)]
- (vi) Determination Dates: [●] in each year
- (vii) Step Up Rating Change and/or Step Down Rating Change: [Applicable/Not Applicable]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Interest Payment Dates: [●] in each year , subject to adjustment in accordance with the Business Day Convention set out in (iv) below
- (iii) First Interest Payment Date: [●]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (v) Additional Business Centre(s): [●]

- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent): [●]
- (viii) Screen Rate Determination: [●]
- Reference Rate: [●]
- Interest Determination Date(s): [●]
- Relevant Screen Page: [●]
- (ix) ISDA Determination:
- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]
- (x) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xi) Margin(s): [+/-][●] per cent. per annum]
- (xii) Minimum Rate of Interest: [●] per cent. per annum
- (xiii) Maximum Rate of Interest: [●] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual (ICMA)]  
[Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[30E/360 / Eurobond Basis]  
[30E/360 (ISDA)]
- (xv) Step Up Rating Change and/or Step Down Rating Change: [Applicable/Not Applicable]
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]

- (iii) Day Count Fraction in relation to [Actual/Actual (ICMA)]  
 Early Redemption: [Actual/Actual (ISDA)]  
 [Actual/365 (Fixed)]  
 [Actual/360]  
 [30/360]  
 [30E/360 / Eurobond Basis]  
 [30E/360 (ISDA)]

## PROVISIONS RELATING TO REDEMPTION

- 17. Issuer Call Option: [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s) [●]  
(Call):
  - (ii) Optional Redemption Amount(s) [●] per Calculation Amount  
(Call) of each Note:
  - (iii) If redeemable in part:
    - (a) Minimum Redemption [●] per Calculation Amount  
Amount:
    - (b) Maximum Redemption [●] per Calculation Amount  
Amount:
  - (iv) Notice period (if other than as [●]  
set out in the Conditions):
- 18. Issuer Maturity Par Call Option: [Applicable/Not Applicable]
  - (i) Issuer Maturity Par Call [●]  
Redemption Date:
  - (ii) If redeemable in part:
    - (a) Minimum Redemption [●] per Calculation Amount  
Amount:
    - (b) Maximum Redemption [●] per Calculation Amount  
Amount:
  - (iii) Notice Period (if other than as [●]  
set out in the Conditions):
- 19. Issuer Sterling Make Whole Call Option: [Applicable/Not Applicable]
  - (i) Sterling Make Whole Optional [●]  
Redemption Date:

- (ii) If redeemable in part:
    - (a) Minimum Redemption Amount: [●] per Calculation Amount
    - (b) Maximum Redemption Amount: [●] per Calculation Amount
  - (iii) Determination Date: [●]
  - (iv) Determination Time: [●]
  - (v) Margin: [●]
  - (vi) Reference Stock: [●]
  - (vii) Notice Period (if other than as set out in the Conditions): [●]
20. Investor Put Option: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s) (Put): [●]
  - (ii) Optional Redemption Amount(s) (Put): [●] per Calculation Amount
  - (iii) Notice period (if other than as set out in the Conditions): [●]
21. Change of Control Put Option: [Applicable/Not Applicable]
- (i) Change of Control Optional Redemption Amount: [[●] per Calculation Amount]
22. Final Redemption Amount of each Note: [●] per Calculation Amount
23. Early Termination Amount:
- Early Redemption Amount (Tax) and Early Termination Amount per Calculation Amount payable on redemption for taxation reasons or, as the case may be, on event of default same (if different from that set out in the Conditions): [[[Par] per Calculation Amount]/[As per Condition 9(h) (*Early Redemption of Zero Coupon Notes*)]]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.]
25. New Global Note Form: [Applicable/Not Applicable]
26. Additional Financial Centre(s): [Not Applicable/[●]]
27. Talons for future Coupons to be attached to Definitive Notes: [No][Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
28. Prohibition of Sales to Belgian Consumers [Applicable/Not Applicable]

Signed on behalf of the National Express Group PLC:

By:

Duly authorised

Signed on behalf of West Midlands Travel Limited

By:

Duly authorised

## PART B—OTHER INFORMATION

### 1. LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [●].]
- (ii) Estimate of total expenses related [●]  
to admission to trading:

### 2. RATINGS

- Ratings: [[The Notes to be issued [are not/have been/are expected to be] rated]]:
- [Moody's: [●]]
- [Fitch: [●]]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

["Save as discussed in ["Subscription and Sale"] in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

### 4. [Fixed Rate Notes Only]—YIELD

[[●]]

Calculated as [●] on the Issue Date. Yield is not an indication of future price.]

### 5. OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

FISN Code: [●]/[Not Applicable]

CFI Code: [●]/[Not Applicable]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s): [Not Applicable/[●]]

Names and addresses of additional paying agent(s) (if any): [●]

Intended to be held in a manner which would allow for Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

6. **DISTRIBUTION**

Stabilisation Manager(s) if any:  
U.S. Selling Restrictions (Categories of potential investors to which the Notes are offered):

[Not Applicable/[●]]  
[Reg. S Compliance Category [2]; [TEFRA C/TEFRA D/TEFRA not applicable]]

7. **BENCHMARKS**

Details of benchmarks administrators and registration under Benchmarks Regulation

[[specify benchmark] is provided by [administrator legal name]. As at the date hereof, [administrator legal name] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [administrator legal name] is not currently required to obtain authorisation/registration (or, If located outside the European Union, recognition, endorsement or equivalence).]]/[Not Applicable]

8. **THIRD PARTY INFORMATION**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

### Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer or the Guarantor to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the bearer of the Global Note.

### Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Paying Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Paying Agent within 7 days of the bearer requesting such exchange.

### Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

**Payments:** All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "Payment Business Day" set out in Condition 2 (*Interpretation*).

**Exercise of put option:** In order to exercise the options contained in Condition 9(e) (*Redemption at the option of Noteholders*) or Condition 9(f) (*Change of control redemption*), which such Notes are represented by a Temporary Global Note and/or Permanent Global Note, the accountholder must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give notice of such exercise to the Principal Paying Agent in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

**Exercise of call option:** In order to exercise the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) while such Notes are represented by a Temporary Global Note and/or Permanent Global Note, the Issuer shall give notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of such Issuer is exercised in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

**Notices:** Notwithstanding Condition 18 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the main market of the London Stock Exchange the notice requirements of the UK Listing Authority and the London Stock Exchange shall be complied with.

## DESCRIPTION OF THE ISSUER

### Introduction

The Issuer was incorporated and registered in England and Wales on 11 March 1991 with registration number 2590560 under the Companies Act 1985 as a private limited company with the name of Offer letter Limited. On 4 November 1991, the Issuer changed its name to National Express Limited. On 20 October 1992, the Issuer re-registered as a public limited company and changed its name to its current name of National Express Group PLC. In December 1992, the Issuer's ordinary shares were listed on the London Stock Exchange and admitted to trading on the Official List. The Issuer operates under the commercial name of National Express. The Issuer's registered office and principal place of business is at National Express House, Birmingham Coach Station, Mill Lane, Digbeth B5 6DD and its telephone number is +44 (0)845 0130130.

### Business

The Issuer and its subsidiaries (the "**Group**" or "**National Express Group**") are a leading international public transportation group, with bus, coach and rail services in the UK, Continental Europe, North Africa, North America and the Middle East.

The National Express Group employs approximately 47,000 people worldwide, and operates over 29,000 vehicles on four continents. 882 million passenger journeys per year were made on National Express Group's bus, train, light rail and express coach operations in the 2017 financial year.

As at the date of this Base Prospectus, the National Express Group's core operations are comprised of its UK bus and coach division, German Rail, North American division (comprising school bus and transit businesses), ALSA ("**ALSA**") (Spanish, Moroccan and Swiss bus and coach division) and urban bus operations in the Middle East.

### UK bus business

The National Express Group's UK bus business operates over 1,600 buses, providing approximately 260 million passenger journeys a year, and employs approximately 5,750 people in the West Midlands and Dundee. The operations of the UK bus business comprise the following:

- **National Express West Midlands** is the largest bus operator in the West Midlands and one of the UK's largest urban bus networks outside London. It serves the major cities and towns in the West Midlands region including Walsall, Wolverhampton, Birmingham, Solihull, West Bromwich, Dudley and Coventry. National Express West Midlands employs around 4,800 people, including 3,600 drivers, and carries one million passengers per day on a modern fleet of approximately 1,520 vehicles across nearly 170 routes.
- **Dundee** operates a comprehensive network of high frequency local bus services within the city of Dundee and in the surrounding area, and owns a fleet of around 110 buses and coaches.

In the 2017 financial year, the UK bus business generated 273.8 million of continuing revenue (11.8 per cent. of the Group's total continuing revenue) and £36.7 million of normalised operating profit (15.2 per cent. of the Group's continuing normalised operating profit).

### UK coach business

National Express is the largest operator of scheduled coach services in the UK. The business operates high frequency services linking more than 900 destinations across the country. In 2018 the UK coach business entered into a new joint venture with ALSA and Ouibus to provide coach services across selected European locations.

The Kings Ferry, Clarkes of London and Stewarts Coaches, which was acquired in September 2018, are also part of the UK coach business and are both long-established providers of private hire and commuter coach travel services in London and the South of England.

In the 2017 financial year, the UK coach business generated £287.7 million of continuing revenue (12.4 per cent. of the Group's total continuing revenue) and £34.2 million of normalised operating profit (14.2 per cent. of the Group's continuing normalised operating profit).

During the year, the Group concluded an asset sale and leaseback transaction, monetising the value in one of its coach depots and booking a profit of £2.5 million, and sold the Hotel Hoppa business, realising a profit of £1.2m.

## **Rail**

In February 2017, the Group disposed of its only UK Rail franchise, c2c, to Trenitalia, thereby removing potential liabilities and freeing up capital for more attractive growth opportunities in its fastest growing markets.

In December 2015, the Group launched its first German Rail franchise, Rhine Munster Express ("**RME**"), which carried over 20 million passengers during the first year of operation. During 2017 passengers grew by nearly one per cent. despite significant track maintenance disruption.

In the 2017 financial year, the German Rail business generated £79.0 million of continuing revenue (3.4 per cent. of the Group's total continuing revenue) and an operating profit of £5.2 million.

The mobilisation of the Group's second German Rail franchise is well advanced. The first of two contracts for the Rhine Rhur Express ("**RRX**") will commence in June 2019 with the second contract starting in December 2020.

## **North America**

The National Express Group's North American business has two principal areas of activity: student transportation (school bus) and transit services. National Express is the second largest player in the North American school bus market with a 13 per cent. share of the outsourced school bus market. The division operates approximately 22,800 school buses, and 2,000 vehicles for transit services, and employs approximately 29,500 people. Trading primarily under the brands Durham School Services, Petermann and National Express Transit in the United States and Stock Transportation in Canada, the North American bus division operates in 38 states in the U.S. and 3 provinces in Canada, with a portfolio of more than 600 contracts across North America.

The school bus division operates on a contract basis with local school boards and contracts will typically cover the academic year, meaning that there are only limited operations during the summer months during which time a large number of the buses are not used and the drivers are not employed. Contracts typically have a life of three to five years, with National Express achieving strong contract retention rates (96 per cent. in the 2017/18 school bid season).

The division's transit services offer its clients solutions for the following transportation needs:

- Fixed-route public transit;
- Commuter and express transit service;
- Paratransit and "dial-a-ride" demand-response services;
- Shuttle services for colleges, universities, airports and private companies;
- Transit management; and
- Fleet and asset maintenance.

In the 2017 financial year, the North American division generated £1,017.2 million of continuing revenue (43.8 per cent. of the Group's total continuing revenue) and £94.3 million of normalised operating profit (39.0 per cent. of the Group's continuing normalised operating profit), and revenue in the North American division increased 10.1 per cent. from the 2016 financial year on a constant currency basis.

## ALSA

ALSA is Spain's leading private operator of coach and bus services. The division provides around 313.8 million passenger journeys per annum and employs over 8,000 people. It also operates urban bus and coach services in Morocco and alpine transport, school and discretionary services in Switzerland.

The division is comprised of the integrated businesses of ALSA, which was acquired by the Group in December 2005, and Continental Auto S.L.U. ("**Continental Auto**"), which was acquired by the Group in October 2007. The business also includes the operation of service stations, a fuel distribution business and provision of other transport related services in Spain.

ALSA has two major businesses: a concession-based coach transportation service, operating national, intercity services and also regional services; and urban bus services contracted to local municipal authorities. ALSA's long distance coach operations, which have historically been awarded on a 10-15 year, exclusive basis, receive no subsidy and take revenue risk in return for flexibility over the number of services operated and a regulated maximum fare. Regional coach operations are likewise long-term concession services which may in addition be subsidised by the autonomous governments. Urban bus operations are mainly operated under programme contracts with city councils and transport consortia.

In the past two years, ALSA acquired four Geneva-based businesses, entering the ski and alpine tourist market with the strategic acquisitions of Alpybus in 2016, followed by the acquisitions in 2017 of Odier, a charter and school bus operator, and two further airport transfer businesses, GVA and Chamexpress, both serving the ski and alpine tourist market.

In the 2017 financial year, Spain and Morocco generated £663.5 million of continuing revenue (28.6 per cent. of the Group's total continuing revenue) and £94.9 million of normalised operating profit (39.3 per cent. of the Group's continuing normalised operating profit), with a total divisional revenue growth (compared to the 2016 financial year) of 3.6 per cent. on a constant currency basis.

In July 2018, ALSA announced that it had been awarded a new urban bus contract in the cities of Rabat, Salé and Temara in Morocco. The bus service is expected to carry 109 million passengers a year across 61 routes. The contract will run for an initial period of 15 years with an option of a 7 year extension, with services commencing within a year. ALSA will operate the contract as the majority shareholder of a joint venture with CityBus, a local transport company. With this contract, ALSA has become the largest transport operator in Morocco.

### Key Strengths

The Board believes that the Group's diverse international portfolio of cash generative businesses comprises well-established operations in stable markets with good management teams and access to growth opportunities. The Group's four-part strategy aims to build shareholder value by delivering operational excellence, developing technology, growing through acquisitions and diversifying into complementary markets. The Group's key strengths can be summarised as follows:

- A diverse international portfolio of businesses both by geography and by mode with no one contract contributing more than 4 per cent. of Group operating profit and with lower geographical and regulatory exposure to any one market;
- Strong market share and leading positions in many of the markets in which the Group operates;
- Deep understanding of, and expertise in, managing regulated concessions;
- Strong recurring revenue streams from perpetuity businesses and established contract markets, with around 54 per cent. of Group revenues secured through contracts and concessions;
- Strong free cash flow generation helping to drive further growth through acquisitions and position the Group for growth in new markets; and

- Differentiated strategy through the Group's focus on operational excellence, which looks to deliver consistent service performance, leading to revenue growth, and continuous cost efficiency improvement, generating better margins, profit and cash.

***Ability to manage its operations effectively through adverse trading conditions***

Whilst the Group has a diverse portfolio, it is not immune to the challenging trading conditions affecting the transportation industry or wider economy as a whole. However the Board believes that the Group manages itself in a way that enables it to adapt its operations to prevailing conditions.

The innovative digital marketing approach of the UK coach business is being complemented with new partnership contracts to both deliver its services more effectively to existing customers and reach new markets. Through its active pricing strategy, revenue is optimised by responding to changing market conditions. The business is always looking to optimise its network, as it looks to reduce uncommercial operations, while also increasing services on popular routes.

The Board believes that the emphasis on partnership by the UK bus business is working, with the UK bus business maintaining and building on strong relationships with Transport for West Midlands (TfWM) and the West Midlands Mayor. This partnership approach is a key driver for delivering a combination of superior service standards and customer offering together with profitable growth, including for example, working with the Mayor and TfWM to establish a credible plan to tackle congestion and promote bus prioritisation.

In Spain, ALSA operates urban and inter-urban bus and coach services, with a high level of contracted mileage, with organic growth opportunities in North Africa, where ALSA is currently operating in four cities in Morocco, with a new urban bus contract in Rabat commencing in 2019. Over the last few years ALSA has faced intense competition on its rail-competed long-distance routes; however, through the roll out of its revenue management system to over 200 flows that compete directly with the discounted RENFE (rail services company owned by the Spanish government), ALSA saw growth in revenue and delivered their highest annual passenger numbers during 2017.

The North American division employs an 'up or out' strategy to exit contracts which do not meet the Group's strict minimum financial returns criteria. The business has strong customer relationships with contract retention rates of 96 per cent in the 2017/18 bidding season, on contracts that meet the minimum criteria, with customer satisfaction scores remaining above 90 per cent.

***Ability to deliver a strong operational capability across the business***

One of the three key tenets of the Group's strategy is to deliver operational excellence, with the focus on driving revenue growth and margin progression across the business by delivering excellent customer service. The Group's progress in embedding excellence across the Group has been recognised by leading accreditation bodies. The Group's UK coach business achieved a five-star European Foundation for Quality Management ("EFQM") rating in 2016, and this has been followed by the Group's UK bus business' and ALSA's five-star rating in 2017. In 2017, the Group was re-awarded with the prestigious British Safety Council Sword of Honour for its UK coach and bus operations. The UK coach business also received a Royal Society for the Prevention of Accidents ("ROSPA") Gold award for the third consecutive year. ALSA received two awards from the Spanish insurance company *Mutualidad Agrupación Propietarios Fincas Rústicas de España* ("MAPFRE"): the 'International Road Safety' and 'Best Initiative in the Prevention of Accidents' awards. The North American school bus business received the highest possible safety rating from the Federal Motor Carrier Administration.

The Issuer believes that the Group continues to deliver excellent customer service. The Group's customer satisfaction ratings are often market-leading. During the course of 2017 recognition was achieved across the Group: ALSA has achieved a record customer satisfaction score of 7.4 out of 10 (up 4.8% year-on-year)(source: internal) and also won the IZO 'Best Customer Experience for the Transport Industry' award, the largest satisfaction survey conducted in Spain. The UK bus business achieved a record equalling customer satisfaction score of 87% in the independent Transport Focus survey (also up 1% year-on-year). The UK coach business' customer satisfaction score was also up, three percent to 86%, with the independent Temkin Group Net Promoter Score index ranking National Express fourth in its select group of companies. North America again delivered another year of customer satisfaction above 90%, coming in at 91.2%.

A second key tenet of the Group's strategy is deployment of technology to raise standards and drive efficiencies and the Group is working on innovative new transport technologies, with ALSA developing autonomous, electric vehicle projects in Madrid, for example. Continued investment in new mobile technology and ticketing apps have generated growth in transactions and lowered costs. The Group's fully installed real-time revenue management systems in Spain and the UK coach business are driving growth in revenue, profit and incremental demand. The UK bus business launched mobile ticketing in 2016 and more recently has rolled out contactless ticketing to the fleet, providing more convenient methods of payment, faster boarding and helping to speed up journey times. The UK coach business has further improved its website, with the journey planner now 35% faster and a programme to deliver a personalised web experience underway. The introduction of these new technologies helps to create personalised and tailored relationships with the Group's customers, helping to drive innovation and service efficiency so the Group can better target customer needs.

New technology also enables the Group to improve safety performance. The Group continues to invest in Lytx DriveCam technology to help improve safety performance and drive down cost. This is now fully rolled out in the UK and installed in 6,350 vehicles in North America with a target of 1,000 in ALSA by the end of 2018.

### *Achieving margin improvement*

The Group's normalised operating profit margin of 10.4 per cent. in financial year 2017, exceeds the margin of other public transport operators within its peer group, with market-leading positions in ALSA, North America and the UK coach business. This has been achieved through a clear focus on operational performance and an efficient cost base. The Group has delivered cost savings, removed unprofitable mileage, secured global procurement savings and ensured that capacity has adapted to meet demand.

### *Competition*

The Group's businesses compete in numerous geographic markets and face competition not only from other transport operators but also from other modes of transport.

In the UK, the Group's bus and coach operations face competition from the car and other forms of public transport.

The result of a deregulated UK bus market is that in some areas there also exists head-to-head competition between transport companies operating overlapping bus networks. Over time, mergers and acquisition have led to a situation where nearly two thirds of services in the UK are operated by five major UK-based public transport providers, namely FirstGroup plc ("**FirstGroup**"), Go-Ahead Group plc ("**Go-Ahead**"), National Express, Stagecoach ("**Stagecoach Group**") and Arriva (purchased by Deutsche Bahn AG in 2010).

National Express is the largest UK and Spanish coach operator, but is subject to competition from other operators, particularly in the UK, in relation to airport and intercity routes.

In North America, the Group's operations cover a very wide geographic area comprising around 25,500 routes under approximately 650 separate contracts. Competition is provided by a small number of larger operators plus numerous smaller, locally owned operators. The competitors can also include school districts themselves (which are governmental bodies) as many operate their own buses in-house. Although the number of competitors is large, the actual competition for any single contract is limited due to geographic restrictions, which means that a smaller owner operator in one state will not bid for a contract in a neighbouring state as they will not have the resources to achieve this.

### **Strategy**

The Group has built a diverse global business which is focussed on operational excellence, innovation, bolt-on acquisitions in its core markets and further global diversification. The Board's strategy to generate value is focused on three key areas:

1. Delivering operational excellence;
2. Deployment of technology; and
3. Growing the business through acquisitions and market diversification.

### ***Delivering operational excellence***

For National Express, operational excellence is achieved through delivering continuously improving services whilst ensuring a relentless focus on efficiency. The objective is for National Express to be known for excellence in the quality of the Group's operations, for price leadership, and to be the safest, most reliable, convenient and best value provider in the modes we operate.

Getting the combination of price and quality right enables the Group to deliver on the vision of earning customers' lifetime loyalty, with passengers more likely to continue to use the Group's services above other choices because they are receiving a good service at a good price. Equally, contracting authorities or businesses are less likely to tender services or are more likely to award National Express new contracts if each business consistently delivers excellence. This focus on operational excellence should result in growth in both revenue and margins.

In the Group's UK and Spanish coach operations, more sophisticated revenue management systems have been introduced which have significantly enhanced the businesses' capabilities to actively manage pricing on a real time basis, and deliver extra capacity when required, helping to deliver incremental revenue and higher returns.

The Group's success in recent years has been rooted in operational excellence. It is also increasingly clear that future success depends on it. As recent successes demonstrate, a reputation for operational excellence has been crucial in winning contracts in new markets.

### ***Deployment of Technology***

The Group utilises technology to raise customer and safety standards and drive efficiencies in the business.

In recent years, investment in industry-leading real-time revenue management systems in the UK and Spanish coach businesses is driving growth in passenger numbers, revenue, yield and utilisation, and in North America, the acquisition of Ecolane in 2016 further enables developments in route scheduling technology across the Group.

The Group has invested in Lytx DriveCam technology to help improve safety performance and drive down the cost of accidents. The leading technology of its type on the market, it enables data analysis and video review in order to allow targeted training and provide evidence for any accident claims. This smart camera technology is now fully implemented in UK bus and coach operations and North America transit, delivering a reduction in the number of collisions and associated costs. In North America, when comparing the costs of claims of preventable accidents for the twelve months prior to installation to twelve months after, there has been a 30 per cent. reduction.

New mobile websites and ticketing apps are driving higher online transactions, conversion rates and lowering costs – eg ALSA has seen a 9% increase in sales through digital channels. Contactless pay has been launched across the UK business, providing faster, more convenient methods of payment. Half of the UK bus businesses journeys are made by using digital, smartcard or contactless payment methods – helping to reduce costs and speed up journey times through faster boarding.

### ***Growing the business through acquisitions and market diversification***

The Group continues to look to grow its unique portfolio of international bus, coach and rail businesses through selective bolt-on acquisitions.

The principal opportunity for increased investment to deliver strong growth over the medium term is in North America, where there are excellent opportunities for growth given this market's highly fragmented nature and the continuing trend for conversions, with over 1,000 private school businesses in the United States. National Express has already demonstrated its ability to grow this business significantly in recent years and in 2017 made three additional 'bolt-on' acquisitions in North America, including the significant acquisition of a Chicago paratransit operator, securing entry into the second largest paratransit market in North America; and the acquisition of two school bus and charter businesses in Cincinnati and Rochester, New York, delivering management synergies, improved purchasing power and operational improvements.

In addition, the Group also sees attractive opportunities for select bolt-on acquisitions within ALSA, and in 2017 the group acquired urban transport companies Santo Domingo in Madrid and TMG in Granada; three businesses in the Geneva area including two additional businesses Chamexpress and GVA in the Swiss ski transfer market; and an additional business Odier that delivers school transport and discretionary services and a charter transport services

company Maitours in Madrid.

The Group will continue to consider opportunities to expand into new geographies and markets where it believes that its experience in delivering innovation and operational excellence can generate meaningful and sustainable long-term returns.

Building on its strong credentials through the focus on the delivery of operational excellence, the Group is looking for further selective bolt on acquisitions principally in North America and through ALSA where it can extend its offering into new regional markets and cities or build further scale in existing markets and cities, also enabling it to drive incremental revenue and profit through the provision of additional commercial services such as charter services, while also making greater use of its fleet.

## Subsidiaries

The Issuer acts as the holding company of the Group. The Issuer has the following significant subsidiary undertakings all of which are private limited companies. None of the subsidiaries hold ordinary shares in the Issuer (the "**Ordinary Shares**").

Name	Country of Incorporation	Proportion of ownership interest	Principal activity
National Express Limited	England and Wales	100 per cent.	Administration and marketing of express coach service in the UK
The Kings Ferry Limited	England and Wales	100 per cent.	Operation of coach services
West Midlands Travel Limited	England and Wales	100 per cent.	Operation of bus services
National Express Trains Limited*	England and Wales	100 per cent.	Holding company for train operating companies
Tayside Public Transport Co Limited (trading as Travel Dundee)	Scotland	100 per cent.	Operation of bus services
Durham School Services, L.P.	United States	100 per cent.	Operation of school bus services
Petermann Ltd LLC	United States	100 per cent.	Operation of school bus services
National Express Transit Corporation	United States	100 per cent.	Operation of school bus services
National Express LLC	United States	100 per cent.	Holding company for operating companies
Stock Transportation Limited	Canada	100 per cent.	Operation of school bus services
NEX Continental Holdings SL	Spain	100 per cent.	Holding company for operating companies
Tury Express SA	Spain	100 per cent.	Holding company for operating companies
General Tecnica Industrial SLU	Spain	100 per cent.	Holding company for operating companies
GAT Groupe Alsa Transport (Marrakech)	Morocco	100 per cent.	Operation of bus services
TVAM Transport de Voyageurs en Autocar Maroc SA (Marrackech)	Morocco	100 per cent.	Operation of bus services
Alsa Tanger SA	Morocco	100 per cent.	Operation of bus services
ACA Alsa City Agadir SA	Morocco	100 per cent.	Operation of bus services
National Express Rail GmbH	Germany		Operation of train passenger services

\*Shares held by the Issuer. All other shares held through subsidiaries.

## Management

The Directors and Senior Managers of the Issuer are:

Directors and Senior Managers	Position held	Other Principal Activities
Sir John Armitt	Non-Executive Chairman	Chairman of City and Guilds and Deputy Chairman of the National Infrastructure Commission. He is also an independent Non-Executive Director of Expo 2020 and Berkeley Group Holdings PLC
Dean Finch	Group Chief Executive	Not applicable
Chris Davies	Group Finance Director	Not applicable
Matthew Ashley	Executive Director and President and Chief Executive Officer, North America	Not applicable
Jorge Cosmen	Non-Executive Deputy Chairman	Non-Executive Director of Bankia, S.A.
Lee Sander	Senior Independent Non-Executive Director	Managing Director, Global Transportation and US Infrastructure for Hatch, Chairman Emeritus of the Regional Plan Association, Vice Chairman of the Greater Jamaica Development Corporation
Chris Muntwyler	Independent Non-Executive Director	President and Chief Executive Officer of Conlogic Ltd, Non-Executive director of Panalpina World Transport (Holding) Ltd and the Austrian Post Ltd.
Joaquín Ayuso	Independent Non-Executive Director	Vice Chairman of Ferrovial SA, Non-Executive Director of Bankia S.A. He is also Chairman of the Board of Autopista del Sol SA, Non-Executive Director of Hispania Activos Inmobiliarios SA, and Senior Advisor to AT Kearney in Spain and Portugal
Jane Kingston	Independent Non-Executive Director	Non-Executive Director of Spirax-_- Sarco Engineering plc. and of Inchcape plc.
Matthew Crummack	Independent Non-Executive Director	Chief Executive Officer of Gocompare.com Group Plc and Director of Interventus Ltd
Mike McKeon	Independent Non-Executive Director	Not applicable
Dr Ashley Steel	Independent Non-Executive Director	Non-Executive Director of the Civil Aviation Authority, Gocompare.com Group plc and the BBC (as Nations Representative for England), Independent Non-Executive Director of global law firm, Ince & Co and a founding member on the Global Advisory Board for Out Leadership
Francisco Iglesias	Chief Executive Officer, ALSA group	Not Applicable
Tom Stables	Managing Director, UK and Germany	Not Applicable

### *Sir John Armitt, aged 72 (Non-Executive Chairman)*

Sir John Armitt, who was appointed to the Board in 2013, is currently Chairman of the City & Guilds Group and Deputy Chairman of the National Infrastructure Commission. Sir John is also an independent Non-Executive Director of Expo 2020 and Berkeley Group Holdings PLC. He was President of the Institution of Civil Engineers from 2015 to 2016 and a member of the Board of Transport for London from 2012 to 2016. Sir John was Chairman of the Olympic Delivery Authority from 2007 to 2014 and Chairman of the Engineering and Physical Science Research Council from 2007 to 2012. From 2001 to 2007 he was Chief Executive of Network Rail and its predecessor, Railtrack. In 1997 he was appointed as Chief Executive of Costain Group Plc, a position he held until 2001. Before this, Sir John was Chief Executive of Union Railways, the company responsible for the development of the high speed Channel Tunnel Rail Link. This followed a 27-year career at John Laing Plc.

### *Dean Finch, aged 52 (Group Chief Executive)*

Prior to joining National Express in 2010, Dean Finch was Group Chief Executive of Tube Lines from May 2009. Before that he worked for over ten years in senior roles within FirstGroup Plc. He joined FirstGroup in 1999 having qualified as a Chartered Accountant with KPMG, where he worked for 12 years specialising in Corporate Transaction Support Services, including working for the Office of Passenger Rail Franchising on the privatisation of train operating companies.

At FirstGroup, he was Managing Director of the Rail Division from 2000 to 2004 and then was appointed to the main board as Group Commercial Director in 2004, before being made Group Finance Director. With the completion of the Laidlaw acquisition, he became Chief Operating Officer in North America before returning to the UK as Group Chief Operating Officer. Dean currently has no external directorships, having relinquished his role as Non-Executive Director of the Royal Free London NHS Foundation Trust in May 2016.

***Chris Davies, aged-48 (Group Finance Director)***

Chris Davies joined National Express in May 2017 from Inchcape Plc where he was Group Financial Controller and Treasurer from 2013. Chris also acted as interim Group Chief Financial Officer for Inchcape Plc between January and April 2016. Chris has significant international senior financial experience having started his career with Andersen Consulting, before joining Boots, then Marakon Associates (a strategic consultancy) and spending ten years at Diageo Plc. At Diageo, Chris held a number of strategic and financial positions on three continents, culminating in two and a half years as the Chief Financial Officer of its North American division. He has no external directorships.

***Matthew Ashley, aged 44 (Executive Director and President & Chief Executive Officer – North America)***

Matt Ashley joined National Express as Group Financial Controller in 2010 from Deloitte where he was a Director specialising in transport and infrastructure and the auditing of listed companies, having previously qualified as a Chartered Accountant in 1998. He was then promoted to the role of Finance Director of the UK bus business division in 2013 before becoming interim Group Finance Director in October 2014, assuming the substantive role in January 2015. He was appointed President and Chief Executive Officer of the North America division in September 2017 while remaining a member of the Plc Board.. He has no external directorships.

***Jorge Cosmen, aged 50 (Non-Executive Deputy Chairman)***

Jorge Cosmen was appointed to the Board in 2005 at the time of the ALSA transaction. He was appointed Deputy Company Chairman in October 2008. He was Corporate Manager for the ALSA Group from 1995, becoming Chairman in 1999. Between 1986 and 1995, he worked in sales, distribution and banking. He is a Business Administration graduate and has an International MBA from the Instituto de Empresa in Madrid. He is a Non-Executive Director of Bankia, as well as of other private companies.

***Lee Sander, aged 62 (Senior Independent Non-Executive Director)***

Elliot 'Lee' Sander was appointed to the Board in 2011. He is Managing Director, Global Transportation and US Infrastructure for Hatch, a global management, engineering and development consultancy. He is the former Chief Executive Officer of the Metropolitan Transportation Authority of New York and the former Commissioner of the New York City Department of Transportation. He is the Chairman Emeritus of the Regional Plan Association, an NGO that has played a guiding role in the planning of the New York Metropolitan area. Lee was Group Chief Executive for Global Transportation at AECOM, a global architecture and engineering firm. He served as President of The HAKS Group Inc and The I. Grace Company, which also specialised in architecture, engineering, and construction in the public and private sectors. In addition, Lee founded the Rudin Center for Transportation Policy and Management at New York University. Lee is also currently Vice Chairman of the Greater Jamaica Development Corporation. Until 2017, he was a Senior External Adviser to McKinsey & Company.

***Chris Muntwyler, aged 65 (Independent Non-Executive Director)***

Chris Muntwyler was appointed to the Board in 2011. He is President and CEO of the Swiss Management Consulting company Conlogica Ltd. He is also Non-Executive Director of Panalpina World Transport (Holding) Ltd (Switzerland) and the Austrian Post Ltd (Austria). During his 27 years at Swissair he held top executive positions in Switzerland, Sweden and North America. In 1999 he joined DHL Express serving as Managing Director of Switzerland, Germany and Central Europe and from 2005 to 2008 as CEO of DHL Express (UK) Ltd based in London.

***Joaquín Ayuso, aged 63 (Independent Non-Executive Director)***

Joaquín Ayuso was appointed to the Board in 2011. He is Board Vice Chairman for Ferrovial, the €10 billion Spanish transport infrastructure and services group that employs over 100,000 people worldwide. He has been with Ferrovial since 1981 and was appointed CEO in 2002, and held that position until October 2009. During this period, Ferrovial expanded internationally with business interests in the UK, US, Canada, Latin America and Europe. He is also currently a Non-Executive Director of Bankia, Chairman of the Board of Autopista del Sol SA, Non-Executive Director of Hispania Activos Inmobiliarios SA and Senior Advisor to AT Kearney in Spain and Portugal.

***Jane Kingston, aged 61 (Independent Non-Executive Director)***

Jane Kingston was appointed to the Board in 2014. She served as Group Human Resources Director for Compass Group Plc from 2006 until her retirement in 2016. Prior to this, she served as Group Human Resources Director for BPB Plc from 2002 until its acquisition by Saint Gobain SA in 2006. Jane's earlier career in HR has spanned a variety of sectors, including engineering and building materials with Enodis Plc and Blue Circle Plc (now Lafarge SA) and garment and textiles with Coats Viyella Plc, as well as the British car industry. She has significant international experience, having had responsibility for the people agenda in most parts of the world at some point during her career. Jane is currently Non-Executive Director and Chair of the Remuneration Committee, of Spirax-Sarco Engineering Plc.

***Matthew Crummack, aged 48 (Independent Non-Executive Director)***

Matthew Crummack was appointed to the Board in 2015. He is currently Chief Executive Officer of Gocompare.com Group Plc, a financial services price comparison website which is listed on the London Stock Exchange. Previously, Matthew served as CEO of lastminute.com, the online travel and leisure retailer, from 2011 until March 2015 when the business was acquired by Bravofly Rumbo Group (subsequently renamed lastminute.com Group). He served as Deputy CEO and Chief Integration Officer until December 2015, following which he served as a member of its Strategic Advisory Committee.

In addition, Matthew was formerly a Senior Vice President of Lodging at Expedia in Europe and the US, has previously worked for Nestlé UK, and spent eight years at Procter & Gamble in a variety of roles. He is also a Director of his own UK-based company, Interventus Limited.

***Mike McKeon, aged 61 (Independent Non-Executive Director)***

Mike McKeon was appointed to the Board in 2015. He was Group Finance Director of Severn Trent Plc from 2005 until his retirement from the board in 2015. Prior to that, between 2000 and 2005, he was Group Finance Director of Novar Plc. He has held various senior roles, both in the UK and internationally, at Rolls-Royce Plc, CarnaudMetalbox, Elf Atochem and PricewaterhouseCoopers. Until 31 January 2017, Mike was also Senior Independent Director and Chairman of the Audit Committee at investment trust, The Merchants Trust Plc. He is a Chartered Accountant.

***Dr Ashley Steel, aged 58 (Independent Non-Executive Director)***

Dr Ashley Steel was appointed to the Board in 2016. She is a former Vice Chairman at KPMG and was Global Chair for its transport, leisure and logistics practice until her retirement from the firm in September 2014. Ashley has significant international experience and has advised numerous FTSE/Fortune 500 boards. Her other sector experience includes professional services, technology, media, business services and healthcare.

Ashley is currently a Non-Executive Director of the Civil Aviation Authority, Gocompare.com and the BBC (as Nations Representative for England) and previously served on the International Business Advisory Board at British Airways. She is also an independent Non-Executive Director to global law firm, Ince & Co. She is also a founding member on the Global Advisory Board for Out Leadership, a New York based business helping chairmen and CEOs of finance and law firms become LGBT aware. Ashley has a PhD in Management from Henley Business School.

## Conflict of Interest

The Directors have notified the Board of all their directorships and other interests. Jorge Cosmen has notified the Board of his potential conflict of interest due to his close links with the ALSA business and significant interests in the shares of the Issuer which are held through European Express Enterprises Limited ("**EEEL**"), a major shareholder of the Issuer. Joaquín Ayuso has notified the Board of his potential conflict of interest due to his membership of the Board of Ferrovial. In each such case, there may be a potential conflict of interest in respect of any matters that may arise relating to the ALSA business and/or EEEL (in the case of Jorge Cosmen) or Ferrovial (in the case of Joaquín Ayuso) that may require the attention or approval of the Board from time to time.

Save as disclosed above, there are no other conflicts of interest between any duties to the Company of the Directors or Senior Managers and their private interests and/or other duties.

## Business Address

The business address of the Directors and Senior Managers of the Issuer is National Express House, Birmingham Coach Station, Mill Lane, Digbeth B5 6DD, United Kingdom.

## Major Shareholders

The following persons are major shareholders of the issued share capital of the Issuer:

Shareholder	Number of Ordinary Shares	Percentage of issued share capital
European Express Enterprises Limited.....	66,481,891	12.99 per cent.
Newton Investment Management Limited.....	51,043,618	9.97 per cent
Prudential plc .....	45,956,649	8.98 per cent
Standard Life Aberdeen Plc.....	41,017,767	8.02 per cent
J O Hambro Capital Management Limited.....	25,646,911	5.01 per cent

The above table sets out the number of Ordinary Shares held by the major shareholders as at 19 September 2018. Jorge Cosmen holds interests in 69,237,515 Ordinary Shares through his connected persons, including European Express Enterprises Limited.

## DESCRIPTION OF THE GUARANTOR

### Overview

The Guarantor was established and incorporated as a private limited company in England on 8 October 1991 under the Companies Act 1985, with company registration number 2652253 under the name of West Midlands Travel Holdings Limited. On 16 December 1991, the Guarantor passed a special resolution to change its name to West Midlands Travel Limited. The registered office of the Guarantor is 51 Bordesley Green, Birmingham, B9 4BZ, United Kingdom, telephone number +44 (0)121 254 7200.

### History

On 26 October 1986, the Guarantor came into existence as part of the deregulation of the bus industry in England and Wales. It was previously part of the bus operations of the West Midlands Passenger Transport Executive. In April 1995, the Issuer purchased the Guarantor, which changed its marketing name to Travel West Midlands in September 1996 and then to National Express West Midlands on 4 February 2008.

### Business Activities

The Guarantor is the largest bus operator in the West Midlands region of the United Kingdom and one of the country's largest urban bus networks outside London. It serves the major cities and towns in the West Midlands region including Walsall, Wolverhampton, Birmingham, Solihull, West Bromwich, Dudley and Coventry. WMTL employs approximately 4,800 people, including 3,600 drivers, and carries up to one million passengers per day on a modern fleet of approximately 1,520 vehicles across nearly 170 routes.

### Organisational Structure

The Guarantor is a wholly-owned subsidiary of the Issuer. Please see "*Description of the Issuer - Subsidiaries*" on page 78 of this Base Prospectus for a description of the Group.

### Management

The Directors of the Guarantor are as follows:

<u>Name</u>	<u>Position held</u>
David Bradford.....	Director
Adam Cook.....	Director
Kevin Gale	Director
Martin Hancock .....	Director
Tom Stables .....	Director

The business address of the Directors of WMTL is National Express House, Birmingham Coach Station, Mill Lane, Digbeth B5 6DD, United Kingdom. There is no potential conflict of interest between any of the Directors' duties to the Guarantor, their private interests or other duties to third parties.

## TAXATION

### 1. United Kingdom

The comments below are of a general nature based on current United Kingdom law and Her Majesty's Revenue and Customs ("**HMRC**") practice (which may not be binding on HMRC and may be subject to change, sometimes with retrospective effect) and are not intended to be exhaustive. They describe only certain aspects of the United Kingdom withholding tax treatment of payments of interest in respect of the Notes. They do not deal with any other United Kingdom tax implications of acquiring, holding or disposing of Notes or Coupons. Prospective Noteholders or Couponholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the treatment of that and other series of Notes. The following is only a general guide and should be treated with caution. Prospective holders are strongly advised to seek independent advice. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Holders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes or Coupons are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes and Coupons. In particular, holders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes or Coupons even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

The references to "interest" in the comments below on United Kingdom withholding tax mean "interest" as understood in United Kingdom tax law. The comments do not take any account of any different definitions of "interest" which may prevail under any other law or which may be created by the terms and conditions of the Notes or Coupons or any related documentation.

#### ***UK withholding on interest paid by the Issuer***

Interest may be paid by the Issuer on the Notes without withholding for or on account of UK tax so long as the Notes constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 ("**ITA 2007**"). They will do so provided they carry a right to interest and provided they are listed and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the ITA 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the FCA and are admitted to trading on the London Stock Exchange.

In all other cases, interest paid by the Issuer on Notes will generally be paid subject to withholding on account of UK income tax at the basic rate (currently 20 per cent.), subject to the availability of reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty, and except that the withholding obligation is disapplied (unless HMRC direct otherwise) in respect of a payment which the Issuer reasonably believes is an excepted payment. For these purposes a payment will be an excepted payment if, inter alia:

- (i) the person beneficially entitled to the interest is a UK resident company;
- (ii) the person beneficially entitled to the interest is a non-UK resident company carrying on a trade in the UK through a permanent establishment which is within the charge to corporation tax as regards the interest;
- (iii) the payment is made to certain categories of recipient enjoying a special tax status (including charities and certain classes of pension funds); or
- (iv) a partnership consisting of such persons is beneficially entitled to the interest.

#### ***UK withholding on interest paid by the Guarantor***

Depending on the correct legal analysis of payments made by the Guarantor as a matter of UK tax law, it is possible that payments by the Guarantor would be subject to withholding on account of UK tax at the basic rate

(currently 20 per cent.), subject to any claim which could be made under applicable double tax treaties and except that any withholding would be disappplied (unless HMRC direct otherwise) in respect of a payment which the Guarantor reasonably believes is an excepted payment. For these purposes a payment will be an excepted payment if, inter alia:

- (i) the person beneficially entitled to the interest is a UK resident company;
- (ii) the person beneficially entitled to the interest is a non-UK resident company carrying on a trade in the UK through a permanent establishment which is within the charge to corporation tax as regards the interest;
- (iii) the payment is made to certain categories of recipient enjoying a special tax status (including charities and certain classes of pension funds); or
- (iv) a partnership consisting of such persons is beneficially entitled to the interest.

Even if the Notes constitute quoted Eurobonds (assuming the conditions set out above are met) this does not of itself necessarily mean that payments made by the Guarantor can be made without withholding for or on account of UK tax.

## 2. **FATCA Withholding**

Pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement (an "**IGA**") between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) or any analogous provisions of non-U.S. laws (collectively, "**FATCA**"), the Issuer, Guarantor or an intermediary paying agent may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. In addition, withholding may apply to payments treated as gross proceeds from a redemption, sale or other disposition of instruments such as the Notes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to IGAs, which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Notes is not clear at this time. If withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final U.S. Treasury regulations defining "foreign passthru payments" are published generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "Terms and Conditions—Further Issues") that are not distinguishable from a series of Notes are issued after the expiration of the grandfather period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including Notes that were otherwise treated as grandfathered, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes and the Coupons, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Bilbao Vizcaya Argentaria, S.A., Banco de Sabadell, S.A., Banco Santander, S.A., Bank of China, Barclays Bank PLC, Bayerische Landesbank, BNP Paribas, CaixaBank, S.A., Commerzbank Aktiengesellschaft, ING Bank N.V., HSBC Bank plc, Merrill Lynch International, MUFG Securities EMEA plc, NatWest Markets Plc and Wells Fargo Securities International Limited (the "**Permanent Dealers**"). However, the Issuer has reserved the right to sell Notes directly on its own behalf to dealers that are not Permanent Dealers (together with the Permanent Dealers, the "**Dealers**" and each a "**Dealer**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Dealer Agreement dated 3 October 2018 (the "**Dealer Agreement**") and made between the Issuer, the Guarantor and the Permanent Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### United States of America

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

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986, as amended (the "**Code**") and regulations thereunder.

Notes, other than Notes with an initial maturity of one year or less will be issued in accordance with the provisions of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**TEFRA C Rules**"), or in accordance with the provisions of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**TEFRA D Rules**"), as specified in the Final Terms. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA C and TEFRA D Rules.

In addition, where the TEFRA C Rules are specified in the relevant Final Terms as being applicable in relation to any Tranche of Notes, Notes must be issued and delivered outside the United States and its possessions in accordance with their original issuance under the Programme. Each Dealer has represented, warranted and undertaken that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions. Further, each Dealer has represented, warranted and undertaken in connection with each original issuance of Notes under the Programme, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve its United States office in the offer or sale of the Notes.

In addition, in respect of Notes issued in accordance with the TEFRA D Rules, each Dealer has represented, warranted and undertaken that:

- (a) except to the extent permitted under the TEFRA D Rules, (x) it has not offered or sold, and during the restricted period will not offer or sell, directly or indirectly, any Notes to a person who is within the United States or its possessions or to a United States person, and (y) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

- (c) if such Dealer is a United States person, it is acquiring the Notes for purposes of resale, in connection with their original issuance under the Programme and, if such Dealer retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code);
- (d) with respect to each affiliate of such Dealer that acquires Notes from such Dealer for the purposes of offering or selling such Notes during the restricted period, such Dealer either (x) repeats and confirms the representations and agreements contained in sub-clauses (a), (b) and (c) above on such affiliate's behalf or (y) agrees that it will obtain from such affiliate for the benefit of the purchaser of the Notes and the Issuer the representations, warranties and undertakings contained in sub-clauses (a), (b) and (c) above; and
- (e) with respect to any person other than an affiliate of such Dealer with whom such Dealer enters into a written contract, as defined in U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)(4) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code), for the offer or sale during the restricted period of Notes, such Dealer will obtain from such non-affiliate for the benefit of the Issuer the representations, warranties and undertakings contained in sub-clauses (a), (b) and (c) above.

Terms used in sub-clauses (a) – (e) have the meaning given to them by the Code and regulations thereunder, including the TEFRA D Rules.

Each Note issued in accordance with the TEFRA D Rules will bear the following legend:

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE.

Each Dealer has represented, warranted and undertaken that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the completion of the distribution of all Notes of the Tranche of which such Notes are part, as certified to the Paying Agent by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Paying Agent shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will, prior to the confirmation of sale, have sent to each dealer to which it sells Notes during the distribution compliance period (as defined in Regulation S) relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as

principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer or the Guarantor.

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

### **Public Offer Selling Restriction Under the Prospectus Directive**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended "MiFID II"); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **Belgium**

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949, as amended)) or to others for re offering or re sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

### **General**

Each Dealer has represented, warranted and undertaken that so far as it is aware, it has complied and will comply to the best of its knowledge with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus, any Drawdown Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantor

and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantor and/or their affiliates in the ordinary course of business.

## GENERAL INFORMATION

### 1. Authorisation

The updating of the Programme was authorised by (i) a resolution of a board of directors of the Issuer passed 26 September 2018 and a resolution of a committee of the board of directors of the Issuer passed on 26 September 2018 and (ii) a resolution of the board of directors of the Guarantor passed on 2 October 2018. Each of the Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the Guarantee.

### 2. Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and International Securities Identification Number ("ISIN") for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking SA, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the relevant Final Terms.

### 3. Listing

Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market.

The listing of the Programme in respect of Notes is expected to be granted on or about 8 October 2018, although there can be no assurance that the application for listing will be accepted. Prior to official listing and admission to trading dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange's Regulated Market will normally be effected for delivery on the third working day after the day of the transaction.

### 4. Legal and Arbitration Proceedings

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantor is aware) during the 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Guarantor or of the Guarantor and its subsidiaries taken as a whole.

### 5. Significant/Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2018 and there has been no material adverse change in the prospects of the Issuer since 31 December 2017.

There has been no significant change in the financial or trading position of the Guarantor or of the Guarantor and its subsidiaries taken as a whole since 31 December 2017 and there has been no material adverse change in the prospects of the Guarantor since 31 December 2017.

### 6. Auditors

Deloitte LLP of 2 New Street Square, London EC4A 3BZ, which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales, audited the statutory accounts of the companies

comprising the Group for the financial years ended 31 December 2016 and 31 December 2017 and gave reports under section 475 of the Companies Act 2006 (the "**2006 Act**") on such accounts which were not qualified and did not contain any such statement under section 498(2) or (3) of the 2006 Act.

## **7. Documents on Display**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and bank holidays excepted) at the office of the Issuer at Birmingham Coach Station, Mill Lane, Digbeth, B5 6DD United Kingdom, for 12 months from the date of this Base Prospectus:

- (a) this Base Prospectus together with any supplement to this Base Prospectus;
- (b) each set of Final Terms for Notes which are listed on the Official List and admitted to trading on the London Stock Exchange's Regulated Market;
- (c) the Trust Deed;
- (d) the Agency Agreement;
- (e) each subscription agreement entered into on the issue of a Tranche of Notes which is listed on the Official List and admitted to trading on the main market of the London Stock Exchange;
- (f) the audited consolidated financial statements of the Group in respect of the financial years ended 31 December 2016 and 31 December 2017;
- (g) the unaudited consolidated financial statements of the Group in respect of the six months ended 30 June 2018 and 30 June 2017;
- (h) the audited non-consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2016 and 31 December 2017;
- (i) the Issuer's memorandum and articles of association; and
- (j) the Guarantor's memorandum and articles of association.

## **9. Material Contracts**

Neither the Issuer nor the Guarantor has entered into any contract outside the ordinary course of its business which could result in the Issuer or the Guarantor being under an obligation or entitlement that is material to any Issuer's ability to meet its obligations to the holders of its Notes in respect of the Notes being issued or to the Guarantor's ability to meet its obligations under the Guarantee.

## **10. Dealers' Investments**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the

Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**REGISTERED OFFICE OF THE ISSUER**

**National Express Group PLC**

Legal Entity Identifier (LEI): 213800A8IQEMY8PA5X34  
National Express House  
Birmingham Coach Station  
Mill Lane  
Digbeth B5 6DD  
United Kingdom

**REGISTERED OFFICE OF THE GUARANTOR**

**West Midlands Travel Limited**

Legal Entity Identifier (LEI): 213800XRAKT7AG94Z543  
51 Bordesley Green  
Birmingham  
B9 4BZ  
United Kingdom

**DEALERS**

**Banco Bilbao Vizcaya Argentaria,  
S.A.**

One Canada Square  
44<sup>th</sup> Floor  
London E14 5AA  
United Kingdom

**Bank of China Limited,  
London Branch**

1 Lothbury  
London EC2R 7DB  
United Kingdom

**Banco de Sabadell, S.A.**

Avenida Óscar Esplá 37  
03007 Alicante  
Spain

**Banco Santander, S.A.**

Ciudad Grupo Santander  
Edificio Encinar  
Avenida de Cantabria s/n  
28660, Boadilla del Monte  
Madrid  
Spain

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**Bayerische Landesbank**

Moor House  
120 London Wall  
London EC2Y 5ET  
United Kingdom

**BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**CaixaBank, S.A.**

Calle Pintor Sorolla, 2-4  
46002 Valencia  
Spain

**Commerzbank Aktiengesellschaft**

Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Germany

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**ING Bank N.V.**

Foppingadreef 7  
PO Box 1800  
1102 BD Amsterdam  
The Netherlands

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**MUFG Securities EMEA plc**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ  
United Kingdom

**NatWest Markets Plc**

250 Bishopsgate  
London EC2M 4AA  
United Kingdom

**Wells Fargo Securities  
International Limited**

One Plantation Place  
30 Fenchurch Street  
London EC3M 3BD  
United Kingdom

**TRUSTEE**

**BNY Mellon Corporate Trustee Services Limited**

One Canada Square  
London E14 5AL  
United Kingdom

**PAYING AGENT**

**The Bank of New York Mellon**

One Canada Square  
London E14 5AL  
United Kingdom

**LEGAL ADVISERS**

*To the Issuer and the Guarantor  
as to English law*

**Ashurst LLP**  
Broadwalk House  
5 Appold Street  
London EC2A 2HA  
United Kingdom

*To the Dealers as to English law*

**Freshfields Bruckhaus Deringer LLP**  
65 Fleet Street  
London EC4Y 1HS  
United Kingdom

**AUDITORS TO THE ISSUER**

**Deloitte LLP**  
2 New Street Square  
London EC4A 3BZ  
United Kingdom