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*insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

[A]

3007940

Name of company

* WEST COAST TRAINS LIMITED (the "Lessee").

Date of creation of the charge

9th February, 1999.

Description of the instrument (if any) creating or evidencing the charge (note 2)

Lessee Security Assignment dated 9th February, 1999 (the "Assignment") made between (1) the Lessee, (2) The Royal Bank of Scotland plc in its capacity as security trustee for the Lessee Secured Parties (the "Security Trustee") and (3) The Director of Passenger Rail Franchising (the "FD").

Amount secured by the mortgage or charge

The Assignment secures the full and punctual payment and performance and discharge of all the Lessee Secured Liabilities.

(see continuation sheets for definitions)

Names and addresses of the mortgagees or persons entitled to the charge

The Royal Bank of Scotland plc,
Waterhouse Square,
138-142 Holborn,
London EC1N 2TH

Presentor's name address and
reference (if any):

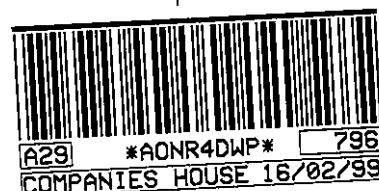
Slaughter and May
35 Basinghall Street
London
EC2V 5DB
Ref: CJS/GWYS

1658GWYS

Time critical reference

For official use
Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

Under clause 3.1(a) of the Assignment, the Lessee assigns, subject to clauses 3.1(c), 3.2, 6 and 7 of the Assignment, the Lessee Security Assets, with full title guarantee in accordance with the provisions of the Law of Property (Miscellaneous Provisions) Act 1994 to the Security Trustee to hold absolutely as trustee for the Lessee Secured Parties.

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(See continuation sheets for definitions)

Particulars as to commission allowance or discount (note 3)

Signed Slaughter and May
On behalf of [company] [mortgagee/chargee]

Date

15/2/99

† delete as
appropriate

NOTES

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situated in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his:
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

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Particulars of a mortgage or charge (continued)

Continuation sheet No 1
to Form No 395 and 410 (Scot)

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Company Number

3007940

Name of Company

WEST COAST TRAINS LIMITED (the "Lessee")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

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Note 1

Under the Assignment, the Lessee agrees that it will not at any time:

- (a) create or agree to create or permit to subsist any security interest over any Lessee Security Asset, other than any security interest created by the Assignment and any other Permitted Security Interest;
- (b) sell, transfer, grant, lease, create any trust over or otherwise dispose of its interest in any Lessee Security Asset, save:
 - (i) to the extent assigned under, or permitted pursuant to, the Assignment; or
 - (ii) to the extent, and in the manner expressly contemplated and in accordance with, any other Lessee Finance Document or the ERR Agreement; or
- (c) subject to clause 3.3(b) of the Assignment, enter into any agreement in relation to any Lessee Security Asset which is represented by obligations or liabilities of some other person, under which any such obligation or liability is released or discharged or transferred to some other person.

Note 2

Under the Assignment, the Lessee and the Security Trustee have agreed that:

- (a) Notwithstanding but without prejudice to clauses 3.1 and 3.3(a) of the Assignment, the Security Trustee (on behalf of the Lessee Secured Parties) agrees that the Lessee shall continue to be entitled to receive payments and to exercise all of the rights, powers, discretions, claims and remedies which would (but for the Assignment) be vested in the Lessee under and in respect of the Lessee Security Assets unless and except to the extent that either:
 - (i) any such exercise by the Lessee is prohibited by or would contravene, or result in a contravention of, any provision of any Lessee Finance Document or the ERR Agreement; or
 - (ii) the Security Trustee requires otherwise following the occurrence of a Lessee Enforcement Event or the exercise of any of its rights to step-in in accordance with the terms of any Direct Agreement.

Note 3

Under clause 3.1(c) of the Assignment, the Security Trustee has agreed that to the extent that the assignment of the Lessee Security Assets pursuant to clause 3.1(a) of the Assignment and the assumption by the Lessee of all obligations under the Assignment (i) applies to any of the Lessee's rights, title, benefits, interests or claims under or in respect of the Vehicle and Route Acceptance Agreement or the Track Access Agreement, and (ii) would, in the absence of the consents referred to below, result in the Lessee being in breach of any applicable Law or any of the Lessor Project Documents or any Franchise Agreement or any Key Contract, then (to that extent) such assignment and all of the obligations of the Lessee under the Assignment with regard to such assignment are subject to, and shall take effect immediately upon, satisfaction of the following conditions:

- (i) (to the extent not already given prior to the date of the Assignment) the giving by Railtrack (in writing) of all required consents to such assignment;
- (ii) if and to the extent that any consent of the Regulator is required in accordance with the RA 1993, all such consents having been given in writing; and
- (iii) any other consents required under applicable Law.

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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Note 4

Under clause 3.2 of the Assignment, the Security Trustee acknowledges that the FD has a duty (the "**Section 30 Duty**") under Section 30 of the RA 1993 to secure the provision of the services contemplated by the Franchise Agreement and agrees that the Assignment and the rights of the Security Trustee created thereby:

- (a) are subject and subordinate to the rights of the FD under Section 30 of the RA 1993; and
- (b) may not be enforced or exercised in any manner which would prevent, delay or otherwise conflict with the performance by the FD of his Section 30 Duty,

provided that the Security Trustee shall be entitled, upon expiry of 14 days notice following service by the Security Trustee on the Secretary of State and the FD of notice under Section 62(7) of the RA 1993 of its intention to enforce its security in relation to any Lessee Security Asset, to assume that such enforcement will not prevent, delay or otherwise conflict with the performance by the FD of his Section 30 Duty unless the FD has notified the Security Trustee to the contrary in writing prior to the expiry of such 14 day period.

Note 5

- (a) Under clause 6.1(a) of the Assignment, the Security Trustee shall, subject to the provisions of the Security Trust Deed, release and discharge the security constituted by the Assignment and re-assign the Lessee Security Assets (or such part thereof as may still be subsisting and vested in the Security Trustee) to the Lessee (or as it shall direct) subject to and in accordance with:

- (i) clauses 6.3(a), 6.4, 6.5 and 6.6 of the Security Trust Deed; and
- (ii) clause 7.5(c) of the Assignment provided that, in the event of any conflict between the provisions of clause 7.5(c) of the Assignment and the provisions of clauses 6.3(a), 6.4, 6.5 and 6.6 of the Security Trust Deed, the provisions of clause 7.5(c) of the Assignment shall prevail.

- (b) Under clause 6.1(b) of the Assignment, the Security Trustee shall not, as against the Lessee, be obliged to re-assign all or any of the Lessee Security Assets, or otherwise discharge any of the security constituted by the Assignment, except in the circumstances and manner specified in clause 6.1(a) of the Assignment.

Note 6

Under clause 7.1 of the Assignment, the Security Trustee has agreed that it shall not be entitled to Enforce any of the security constituted by the Assignment in respect of any of the Lessee Security Assets until the latest to occur of:

- (a) (if the relevant Lessee Security Asset constitutes property of a protected railway company for the purposes of the RA 1993) the expiry of 14 days following the service by the Security Trustee on the Secretary of State and the FD of notice under Section 62(7) of the RA 1993 of its intention to enforce its security;
- (b) (if the relevant Lessee Security Asset falls within paragraph (a) of the definition of Lessee Security Asset) the date on which the FD, having become entitled to exercise his option to require the Lessor to grant a New Contract (as defined in the OPRAF Direct Agreement) under clause 4.3 of the OPRAF Direct Agreement (a "**Clause 4.3 Option**"), has either:
 - (i) failed to exercise his Clause 4.3 Option on or before the latest time at which that option remains exercisable; or
 - (ii) notified the Lessor in writing that he has relinquished his Clause 4.3 Option;

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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(c) (if the relevant Lessee Security Asset falls within paragraph (a) of the definition of Lessee Security Asset and the FD has exercised his Clause 4.3 Option), the FD has either:

- (i) failed to exercise his Further Option (as defined in the OPRAF Direct Agreement) on or before the latest time at which that option remains exercisable; or
- (ii) notified the Lessor in writing that he has relinquished his Further Option.

Note 7

Under clause 7.5 of the Assignment, the Security Trustee has agreed that:

- (a) For the avoidance of doubt, nothing in the Assignment:
 - (i) shall confer upon the Security Trustee any right to appoint an administrator, receiver or similar officer in respect of, or otherwise to run, the business of the Lessee as train operator of the West Coast Main Line pursuant to the RA 1993, (save to the extent it may be lawful for the Security Trustee to do so in accordance with the RA 1993, following the occurrence of a Lessee Enforcement Event); or
 - (ii) shall be construed as giving the Security Trustee any right to take any step which (i) it may not lawfully take by reason of any restriction or condition contained in the RA 1993 or (ii) would conflict with, or prevent or hinder exercise of, the rights of the FD under the OPRAF Direct Agreement or any other Key Contract (or under any agreement made between the FD and Railtrack in connection with the Lessee Project Documents).
- (b) The Security Trustee shall not Enforce any of the rights set out in clause 7.3(c) of the Assignment in relation to any OPRAF Reserved Asset unless it has requested permission to do so from the FD in writing and the FD has consented in writing, which consent the FD shall not unreasonably withhold or delay provided that he shall be entitled to withhold such consent if he reasonably considers that the exercise by the Security Trustee of its rights in relation to that OPRAF Reserved Asset might materially and adversely affect:
 - (i) the ability of the FD to make a transfer scheme under Section 86 of the RA 1993 (a "**Transfer Scheme**");
 - (ii) the ability of the FD to enter into a further franchise agreement in respect of the services contemplated by the Franchise Agreement (a "**New Franchise**"); or
 - (iii) the ability of the FD otherwise to perform its obligations under Section 30 of the RA 1993.
- (c) The Security Trustee shall, promptly following a written request from the FD to do so in relation to any OPRAF Reserved Asset, release and discharge that OPRAF Reserved Asset from the security constituted by the Assignment and re-assign that OPRAF Reserved Asset to the Lessee if the FD certifies to it that that OPRAF Reserved Asset is required to enable the FD to make a Transfer Scheme, to enter into a New Franchise or to otherwise perform its obligations under Section 30 of the RA 1993, provided that, if the terms of any Transfer Scheme or New Franchise include the provision by the Lessor of the New Trains to a transferee or new franchisee on terms that the transferee or new franchisee assumes liabilities to the Lessee Secured Parties that substantially replace those for which the Lessee was previously liable, the FD will give his consent to, and use his reasonable endeavours to ensure that the transferee or new franchisee grants, security over that OPRAF Reserved Asset in favour of the Security Trustee in substantially similar terms to the Assignment.

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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In this Form 395 in addition to the definitions set out above, the following expressions shall have the following meanings and expressions importing the singular shall include the plural:

"Account Bank" means each bank from time to time appointed as the account bank in respect of each of the Lessee Accounts and the Lessor Accounts.

"Additional Lessor" means each party identified as an "Additional Lessor" and which has, in its capacity as such additional Lessor, acceded to the Security Trust Deed.

"ALCL Insurance Account" means the account so designated held in the name of the Lessor with the Account Bank (account number 20112095, sort code 16-04-00).

"ALCL Operating Lease Proceeds Account" means the account so designated held in the name of the Lessor with the Account Bank (account number 20112087, sort code 16-04-00).

"ALCL Term Proceeds Account" means the account so designated held in the name of the Lessor with the Account Bank (account number 20112117, sort code 16-04-00).

"ALCL TSP Proceeds Account" means the account so designated held in the name of the Lessor with the Account Bank (account number 20112109, sort code 16-04-00).

"Alstom France ALCL Guarantee" means the guarantee of certain of Alstom UK Limited's obligations under the Alstom UK ALCL Guarantee in favour of the Lessor and dated on or about 9th February, 1999.

"Alstom France TSA Guarantee" means the guarantee of certain of the obligations of Alstom UK Limited under the Alstom UK TSA Guarantee in so far as they relate to the underlying obligations of the TSP to pay damages under paragraphs 1, 2, 6 and 8 of Appendix 2 of the Train Service Agreement, given by Alstom France SA in favour of the Lessee and dated on or about 9th February, 1999.

"Alstom UK ALCL Guarantee" means the guarantee of certain of the obligations of the TSP under, inter alia, the Train Recourse Agreement, the Sale and Purchase Agreement, the New Trains Insurance Agreement and the Dispute Resolution Agreement given by Alstom UK Limited in favour of the Lessor and dated on or about 9th February, 1999.

"Alstom UK TSA Guarantee" means the guarantee of certain of the TSP's obligations under the Train Service Agreement, the Train Recourse Agreement, the Escrow Agreement, the New Trains Insurance Agreement and the Dispute Resolution Agreement and of the DSC's obligations under the Business Transfer Agreement given by Alstom UK Limited in favour of the Lessee and dated on or about 9th February, 1999.

"Bond Creditors" means, in relation to any Bond Facility, the Bond Trustee and the relevant Bondholders.

"Bond Documents" has the meaning given to that term in clause 10.3 (Accession of Bond Facilities) of the Security Trust Deed.

"Bond Facility" means any facility for the issue of bonds or notes, on the terms of the applicable Bond Documents, solely for the purpose of enabling the Bond Issuer to make available the proceeds of issue to the Lessor to enable it to purchase or refinance New Trains, and in respect of which a Bond Trustee has unconditionally acceded to the Security Trust Deed by means of a Security Trust Deed of Accession.

"Bond Issuer" means the company or entity whose name appears in the Bond Documents and the issuer in respect of the applicable Bond Facility.

"Bond Provider" means each bank, insurance company or other institution which is the issuer of any Seller Support Bonds.

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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"Bond Security Assets" means those assets which are the subject of security created under the Bond Security Documents.

"Bond Security Documents" means each document designated as such in the Bond Documents.

"Bond Trust Deed" means, with respect to any Bond Facility, the trust deed entered into between the Bond Issuer and the relevant Bond Trustee.

"Bond Trustee" means each party identified as a Bond Trustee in each Bond Trust Deed and which has, in its capacity as such bond trustee, unconditionally acceded to the Security Trust Deed in accordance with clause 10.3 (Accession of Bond Facilities) of the Security Trust Deed.

"Bondholder" means a holder for the time being of any bonds or notes under any Bond Facility.

"Bridge Facility" means the facility made available to the Lessor on the terms set out in the Bridge Facility Agreement.

"Bridge Facility Agreement" means the loan facility agreement dated 9th February, 1999 and made between RBS as Bridge Facility Agent, the Lessor and the banks named therein.

"Bridge Facility Agent" means RBS in its capacity as facility agent in respect of the Bridge Facility.

"Business Transfer Agreement" means the business transfer agreement dated on or about 9th February, 1999 and made between the Lessee and the DSC.

"Company Liability Insurance" has the meaning given to that term in the New Trains Insurance Agreement.

"Cross Border Leasing Letter" means the cross border leasing letter dated on or about 9th February, 1999 and made between the Lessor and the Lessee.

"Deed of Subordination" means the deed of subordination dated 9th February, 1999 and made between the Lessee, VRG, CrossCountry Trains Limited and the Security Trustee.

"Dispute Resolution Agreement" means the dispute resolution agreement dated 9th February, 1999 between the TSP, the Lessor, the Lessee and the DSC.

"Direct Agreements" means each agreement constituted by the giving of a notice of assignment in the form set out in Part 1 of Schedules 1 to 4 of the Assignment, subject to such modification as the Security Trustee, acting reasonably, may agree and the delivery of the corresponding acknowledgement in the form set out in Part 2 of Schedules 1 to 4 of the Assignment, subject to such modification as the Security Trustee, acting reasonably, may agree, (or, in each case, such other form as the Lessee and Security Trustee may expressly and specifically approve).

"DSC" means West Coast Traincare Limited, a company incorporated in England (registered no. 3602374) whose registered office is P.O. Box 248, Leigh Road, Washwood Heath, Birmingham B8 2YF.

"Enforcement" (and all grammatical variations or derivations thereof) means the taking of steps (or attempting to do so) by the Security Trustee to:

- (a) sell, repossess or take possession of any goods, rights or assets the subject of any of the Security Documents; or
- (b) appoint an Enforcement Officer under any of the Security Documents; or

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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- (c) enforce any security interest created by or pursuant to any of the Security Documents or to exercise any rights or powers in relation to enforcement conferred by any of the Security Documents after the security conferred thereby has become enforceable,

unless such action is taken to preserve or protect (rather than to enforce) such security interest.

"Enforcement Officer" means any receiver, trustee, manager, custodian, administrator or similar officer appointed by or on behalf of the Security Trustee for the purpose of enforcing any of the Security Documents or realising any of the Security Assets in the course of any such enforcement.

"ERR Account" means the account so designated held in the name of the Lessee with the Account Bank (account number 20059135, sort code number 16-04-00).

"ERR Agreement" means the agreement dated on or about 9th February, 1999 between the FD, VRG and the Lessee and described as the "Deed of Amendment relating to the Franchise Agreement entered into between the parties dated 19 February 1997".

"Escrow Agent" means NCC Escrow International Limited, a company incorporated in England and Wales (registered no. 3081952) whose registered office is at Oxford House, Oxford Road, Manchester, M1 7ED.

"Escrow Agreement" means the escrow agreement dated 9th February, 1999 and made between the Lessor, the TSP, the Lessee and the Escrow Agent;

"Facility Representative" means

- (i) in respect of any Bond Facility and the Bond Creditors thereunder, the applicable Bond Trustee;
- (ii) in respect of any Lessor Financing Facility and the Lessor Secured Parties, the applicable Lessor Financing Facility Agent;
- (iii) in respect of any Lessor Hedging Instrument, the applicable Lessor Hedging Bank;
- (iv) in respect of the Lessee Finance Documents and the Lessee Secured Parties (other than in respect of the Assignment to the extent that it relates to the FD Security Assets), the Lessor; and
- (v) in respect of the Assignment to the extent that it relates to the FD Security Assets and, to the same extent, the Lessee Secured Parties, the FD.

"FD Security Assets" means all the Lessee's rights, title, benefits, interests and claims, whether existing now or in the future, under and in respect of the ERR Account, including all moneys from time to time standing to the credit of, and all debts from time to time represented by, the ERR Account and all other rights from time to time accruing to or arising in connection with any of the above assets.

"FF S.p.A. ALCL Guarantee" means the guarantee of certain of the TSP's obligations under, inter alia, the Train Recourse Agreement, the Sale and Purchase Agreement, the New Trains Insurance Agreement, the Escrow Agreement and the Dispute Resolution Agreement given by Fiat Ferroviaria S.p.A. in favour of the Lessor and dated on or about 9th February, 1999.

"FF S.p.A. TSA Guarantee" means the guarantee of certain of the TSP's obligations under, inter alia, the Train Service Agreement, the Train Recourse Agreement, the Escrow Agreement, the New Trains Insurance Agreement and the Dispute Resolution Agreement, and of the DSC's obligations under the Business Transfer Agreement,

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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given by Fiat Ferroviaria S.p.A. in favour of the Lessee and dated on or about 9th February, 1999.

"Floating Charge and Pledge" means the floating charge and pledge dated 9th February, 1999 made by the Lessor in favour of the Security Trustee and governed by Scots law.

"Franchise Agreement" means the agreement relating to the services for the carriage of passengers by railway dated 19th February, 1997 and made between the FD and VRG.

"Intellectual Property Assignment Agreement" means the intellectual property assignment agreement dated 9th February, 1999 and made between the Lessor, the TSP and the Lessee;

"Intellectual Property Rights" means all intellectual property or rights to use intellectual property including, without limitation, patents, designs, copyrights, rights in trade marks and service marks, rights in know-how, and any interests (including by way of licence) in any of the foregoing, and any other associated or similar rights (in each case whether registered or not, and including all applications for the same).

"ISDA Master Agreement" means, together, the ISDA master agreement and the schedule thereto each dated on or about 9th February, 1999 and made between RBS and the Lessor and includes any and each confirmation exchanged between RBS and the Lessor confirming any transaction which is or will be governed thereby.

"Key Contract" has the meaning given to that term in the Franchise Agreement.

"Law" includes common or customary law, principles of equity and any constitution, code of practice, decree, judgement, decision, legislation, order, ordinance, regulation, bye-law, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation, guideline, request, rule or requirement (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the general practice of persons to whom the directive, regulation, guideline, request, rule or requirement is intended to apply) of any governmental body, agency, department or regulatory, self-regulatory or other similar authority or organisation other than an export credit agency.

"Lessee Accounts" means the TSP Compensation Account, the Railtrack Compensation Account and the ERR Account.

"Lessee Enforcement Event" means:

- (a) in relation to any of the Lessee Security Assets, other than the FD Security Assets, any Lessee Event of Default in respect of which a written notice has been given by the Lessor to the Lessee pursuant to clause 13.2 of the Operating Lease and the Lessor has taken or commenced any of the actions set out in clauses 13.2(a), (c), (d) or (e) of the Operating Lease; and
- (b) in relation to the FD Security Assets, the service by the FD of notice pursuant to clause 22.2 of the Franchise Agreement (or any other lawful notice given by the FD) to terminate the Franchise Agreement.

"Lessee Event of Default" means each of the events described as events of default in clause 13.1 of the Operating Lease.

"Lessee Finance Documents" means each of:

- (a) the Assignment;
- (b) the Operating Lease;

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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- (c) any other agreement which may from time to time be entered into and pursuant to which any New Trains are made available by the Lessor to the Lessee and which is designated in writing by the Security Trustee and the Lessee to be a Lessee Finance Document;
- (d) the New Trains Insurance Agreement;
- (e) the Direct Agreements;
- (f) the Train Recourse Agreement;
- (g) the VRG Guarantee;
- (h) the Security Trust Deed;
- (i) the Dispute Resolution Agreement; and
- (j) the Deed of Subordination.

"Lessee Insurance Proceeds" means all monies or proceeds of claims which at any time may be or become payable to or received by the Lessee pursuant to any Lessee Material Insurance and the proceeds of all claims.

"Lessee Material Insurances" means each and every contract and policy of insurance taken out, inter alia, for the benefit of the Lessee pursuant to the New Trains Insurance Agreement but excluding any contract of insurance which is a third party liability contract of insurance (including without limitation, a Company Liability Insurance).

"Lessee Project Documents" means each of :

- (a) the Train Service Agreement;
- (b) the TSA Guarantees;
- (c) the New Trains Insurance Agreement;
- (d) the Train Recourse Agreement;
- (e) the Dispute Resolution Agreement;
- (f) the Vehicle and Route Acceptance Agreement;
- (g) the Track Access Agreement; and
- (h) the Business Transfer Agreement.

"Lessee Secured Liabilities" means at any time, all present and future liabilities (actual or contingent) of the Lessee or VRG (whether or not for the payment of money and including any obligation to pay damages for breach of contract) which are, or are expressed to be, or may become, due, owing or payable to each Lessee Secured Party under or in connection with any of the Lessee Finance Documents or the ERR Agreement together with all costs, charges and expenses incurred by the Security Trustee or any Lessee Secured Party which the Lessee or VRG is obliged to pay under and in accordance with any Lessee Finance Document or the ERR Agreement and any payments made by or on behalf of any Lessee Secured Party on account of any liability of the Lessee or VRG under any Lessee Project Document.

"Lessee Secured Parties" means each of:-

- (a) the Security Trustee;
- (b) the Lessor;

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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- (c) the TSP; and
- (d) the FD.

"Lessee Security Assets" means all the Lessee's rights, title, benefits, interests and claims, whether existing now or in the future, under and in respect of (save for any such rights, title, benefits, interests and claims against or from the Lessor under or in respect of the New Trains Insurance Agreement, the Train Recourse Agreement and the Dispute Resolution Agreement or any Lessee Secured Party under or in respect of the Quiet Enjoyment Covenant):-

- (a) each of the Lessee Project Documents (whether entered into before, on or after the date of the Assignment) and including, without limitation, in each case:
 - (i) any form of security, bond, guarantee, indemnity or other support of any kind issued to or expressed to be for the benefit of the Lessee under or in respect of any such Lessee Project Document;
 - (ii) any and all rights to make claims or otherwise require payment of any amount under, or performance of, any provision of any Lessee Project Document;
 - (iii) the benefit of the right to sue on all representations, warranties, undertakings or other assurances given to the Lessee under and in respect of any such Lessee Project Document;
 - (iv) all causes and rights of action arising under or in respect of any Lessee Project Document against any counterparty to that Lessee Project Document; and
 - (v) any and all Intellectual Property Rights, directly or indirectly granted or howsoever arising in favour of the Lessee, under any of the Lessee Project Documents,

provided that the Lessee Secured Parties shall have no greater rights thereunder than the Lessee;

- (b) the Lessee Material Insurances, and all Lessee Insurance Proceeds in respect of the Lessee Material Insurances (including, without limitation, all claims relating to them and any and all rights to require payment of any amount under them and returns of premium in respect of them); and
- (c) each of the Lessee Accounts, including all moneys from time to time standing to the credit of, and all debts from time to time represented by, each of the Lessee Accounts and all other rights from time to time accruing to or arising in connection with any of the above assets; and
- (d) any other assets designated as Lessee Security Assets by the Lessee and the Security Trustee,

and including all proceeds (of whatever kind and however arising) of any of the above and all cash and other property at any time and from time to time receivable or distributable in respect of or in exchange therefor but excluding any Lessee Material Insurance in respect of liabilities to third parties to the extent that the assignment of that right, title, benefit, interest or claim by the Assignment (a) is unlawful or impossible as a matter of law or would constitute a breach of the terms of any contract or agreement regulating or creating such right, title, benefit, interest or claim, or (b) would render the insurance contract void or voidable or unenforceable by the Lessee or any other insured party or result in the Assignment being ineffective, and references to the **"Lessee Security Assets"** include references to any part of them.

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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"Lessee Security Documents" means the Assignment and includes the Direct Agreements and the Deed of Subordination.

"Lessee Security Trust Assets" means:

- (a) the Lessee Security Assets;
- (b) the Deed of Subordination and all assets, rights and benefits the subject of or granted pursuant to the Deed of Subordination;
- (c) the Direct Agreements and all assets, rights and benefits the subject of or granted pursuant to the Direct Agreements;
- (d) all sums paid to or received by or recovered by the Security Trustee pursuant to any of paragraphs (a) to (c) above; and
- (e) all investments, property, proceeds of sale representing any of the assets referred to in paragraphs (a) to (d) above and all income or other sums in respect of such assets or any part thereof.

"Lessor" means each of:-

- (a) Angel Leasing Company Limited, a company incorporated in England and Wales (registered no. 3114476) whose registered office is at Portland House, Stag Place, London, SW1E 5BH; and
- (b) any Additional Lessor.

"Lessor Accounts" means the ALCL Term Proceeds Account, the ALCL TSP Proceeds Account, the ALCL Insurance Account and the ALCL Operating Lease Proceeds Account.

"Lessor Assigned Assets" means all the Lessor's rights, title, benefits, interests and claims, whether existing now or in the future, under and in respect of:-

- (a) each of the Lessor Project Documents, other than any Lessor Hedging Instrument (whether entered into before, on or after the date of the Lessor Deed of Charge and Assignment) and including, without limitation, in each case:
 - (i) any form of security, bond, guarantee, indemnity or other support of any kind issued to or expressed to be for the benefit of the Lessor under or in respect of any such Lessor Project Document;
 - (ii) any and all rights to make claims or otherwise require payment of any amount under, or performance of, any provision of any Lessor Project Document;
 - (iii) the benefit of the right to sue on all representations, warranties, undertakings or other assurances given to the Lessor under and in respect of any such Lessor Project Document;
 - (iv) all causes and rights of action arising under or in respect of any Lessor Project Document against any counterparty to that Lessor Project Document; and
 - (v) any and all Intellectual Property Rights, directly or indirectly granted or howsoever arising in favour of the Lessor, under any of the Lessor Project Documents;
- (b) the Lessor Material Insurances, and all Lessor Insurance Proceeds in respect of the Lessor Material Insurances (including, without limitation, all claims

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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relating to them and any and all rights to require payment of any amount under them and returns of premium in respect of them); and

- (c) each of the Lessor Accounts, including all moneys from time to time standing to the credit of, and all debts from time to time represented by, each of the Lessor Accounts and all other rights from time to time accruing to or arising in connection with any of the above assets,

and including all proceeds (of whatever kind and however arising) of any of the above and all cash and other property at any time and from time to time receivable or distributable in respect of or in exchange therefor but excluding any Lessor Material Insurance in respect of liabilities to third parties to the extent that the assignment of that right, title, benefit, interest or claim by the Lessor Deed of Charge and Assignment (a) is unlawful or impossible as a matter of law or would constitute a breach of the terms of any contract or agreement regulating or creating such right, title, benefit, interest or claim, or (b) would render the insurance contract void or voidable or unenforceable by the Lessor or any other insured party or result in the Lessor Deed of Charge and Assignment being ineffective, and references to the "Lessor Assigned Assets" include references to any part of them.

"Lessor Charged Assets" means any assets, business, undertaking, and uncalled capital, present and future and any interest therein, or any part thereof, from time to time subject or expressed to be subject, to the security created, or which may at any time be created pursuant to clauses 5.1(a) and 5.1(b) of the Lessor Deed of Charge and Assignment.

"Lessor Deed of Charge and Assignment" means the deed of charge and assignment entered into between the Lessor and the Security Trustee on 9th February, 1999.

"Lessor Financing Facility" means (i) the Bridge Facility and (ii) any other credit or other financing facility which is provided to the Lessor, on the terms of the applicable Lessor Financing Facility Agreement, solely for the purpose of enabling it to purchase or refinance New Trains and which has become subject to the provisions of the Security Trust Deed by means of a Security Trust Deed of Accession.

"Lessor Financing Facility Agent" means (i) in respect of the Bridge Facility, RBS and (ii) in respect of any other Lessor Financing Facility, the bank or financial institution designated as such in respect of a Lessor Financing Facility in any Security Trust Deed of Accession and which has unconditionally acceded to the Security Trust Deed in accordance with clause 10.2 (Accession of Lessor Financing Facilities and Lessor Hedging Banks) of the Security Trust Deed.

"Lessor Financing Facility Agreement" means (i) the Bridge Facility Agreement and (ii) each other Lessor Financing Facility Agreement referred to in clause 10.2 (Accession of Lessor Financing Facilities) of the Security Trust Deed.

"Lessor Financing Facility Lender" means (i) each Bank, as defined in the Bridge Facility Agreement and (ii) each bank or other financial institution or entity (including any Bond Issuer) whose name appears in a Lessor Financing Facility Agreement as a lender in the applicable Lessor Financing Facility and which has unconditionally acceded to the Security Trust Deed in accordance with clause 10.2 (Accession of Lessor Financing Facilities and Lessor Hedging Banks) of the Security Trust Deed.

"Lessor Hedging Bank" means (i) RBS in its capacity as counterparty to the ISDA Master Agreement and (ii) any other party which enters into interest rate or the other hedging contracts with the Lessor in connection with any Lessor Financing Facility and which has unconditionally acceded to the Security Trust Deed pursuant to clause 10.2 thereof.

"Lessor Hedging Instruments" means the ISDA Master Agreement and any other interest rate or hedging contracts from time to time entered into between the Lessor

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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and any Lessor Hedging Bank (including, in each case, each confirmation exchanged thereunder confirming any transaction which is or will be governed thereby).

"Lessor Insurance Proceeds" means all monies or proceeds of claims which at any time may be or become payable or received by the Lessor pursuant to any Lessor Material Insurance.

"Lessor Material Insurances" means all contracts and policies of insurance taken out, inter alia, for the benefit of the Lessor pursuant to the New Trains Insurance Agreement or (to the extent of its interest) in which the Lessor has an interest.

"Lessor Project Documents" means:-

- (a) the Operating Lease;
- (b) the VRG Guarantee;
- (c) the Lessor TSP Guarantees;
- (d) the Security Trust Deed;
- (e) the Train Recourse Agreement;
- (f) the Seller Support Bonds;
- (g) the Sale and Purchase Agreement;
- (h) the New Trains Insurance Agreement;
- (i) the Dispute Resolution Agreement;
- (j) the Lessor Hedging Instruments;
- (k) the Escrow Agreement;
- (l) the VEL Trademark Licence;
- (m) the Intellectual Property Assignment Agreement; and
- (n) the Cross Border Leasing Letter.

"Lessor Secured Parties" means each Lessor Financing Facility Agent, each Lessor Financing Facility Lender, each Lessor Hedging Bank and the Security Trustee.

"Lessor Security Assets" means the Lessor Charged Assets, the Lessor Assigned Assets, the Lessor Train Assets and any assets, business, undertaking, and uncalled capital, present or future and any interest therein or any party thereof, from time to time subject or expressed to the subject to the security created pursuant to clause 5.2 of the Lessor Deed of Charge and Assignment.

"Lessor Security Documents" means the Lessor Deed of Charge and Assignment and the Floating Charge and Pledge.

"Lessor Train Assets" means each New Train and includes any component, furnishing, equipment or appurtenance, whether or not installed on any New Train and any manuals and technical records which are from time to time the property of the Lessor.

"Lessor TSP Guarantees" means each of the Alstom UK ALCL Guarantee, the Alstom France ALCL Guarantee and the FF S.p.A. ALCL Guarantee.

"Manufacturer Guarantors" means each of :

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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- (a) Alstom France S.A., a company incorporated in France (registered no. 347951238) whose registered office is at 38 Avenue Kléber, Paris, 75795, France;
- (b) Fiat Ferroviaria S.p.A., a company incorporated in Italy whose registered office is at Piazza Galateri 4, 12038 Savigliano, Italy; and
- (c) Alstom UK Ltd, a company incorporated in England and Wales (registered no. 778482) whose registered office is at Mill Road, Rugby, Warwickshire.

"New Trains" has the meaning given to that term in the Operating Lease.

"New Trains Insurance Agreement" means the new trains insurance agreement dated 9th February, 1999 and entered into between the Lessor, the Lessee and the TSP.

"Operating Lease" means the rolling stock operating lease agreement between the Lessor and the Lessee dated 9th February, 1999.

"OPRAF Direct Agreement" means the direct agreement relating to a contract for the provision of rolling stock and services connected with the provision of rolling stock together with the side letter relating to that agreement, each dated on or about 9th February, 1999 and made between the Lessor and the FD.

"OPRAF Reserved Asset" means:-

- (a) the right of the Lessee to operate railway passenger services on track owned by Railtrack, as set out in the Track Access Agreement; and
- (b) the right of the Lessee under PUG 2 to secure the commercial purpose set out in clause 2 of PUG 2.

"Permitted Security Interest" means any security interest which is permitted in accordance with clause 7.5(h) of the Operating Lease.

"PUG 2" means the agreement dated 8th June, 1998 entered into between the Lessee and Railtrack and described as the Tenth Supplemental Agreement to the Track Access Agreement.

"Quiet Enjoyment Covenant" means the quiet enjoyment covenant dated 9th February, 1999 given by RBS, in its capacity as Security Trustee, to the Lessee.

"RA 1993" means the Railways Act 1993 (as amended, supplemented or restated from time to time).

"Railtrack" means Railtrack plc, a public company limited by shares registered in England and Wales (registered no. 2904587) whose registered office is at Railtrack House, Euston Square, London, NW1 2EE.

"Railtrack Compensation Account" means the account so designated held in the name of the Lessee with the Account Bank (account number 20059119, sort code 16-04-00).

"RBS" means The Royal Bank of Scotland plc, a company incorporated in Scotland (registered no. 90312) whose registered office is at 36 St. Andrew Square, Edinburgh EH2 2YB.

"Regulator" means any person appointed as Rail Regulator from time to time pursuant to Section 1(1)(a) of the RA 1993.

"Sale and Purchase Agreement" means the sale and purchase agreement between the Seller and the Lessor as purchaser dated 9th February, 1999.

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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"Secretary of State" means the person from time to time referred to as such in the RA 1993.

"Security Assets" means the Lessee Security Trust Assets, the Lessor Security Assets and the Bond Security Assets.

"Security Documents" means the Lessee Security Documents, the Lessor Security Documents and the Bond Security Documents.

"Security Trust Deed of Accession" means a deed of accession in or substantially in the form of Schedule 2 to the Security Trust Deed or in such modified form as, in their discretion, the Security Trustee and each of the Facility Representatives may approve.

"Security Trust Deed" means the security trust deed dated 9th February, 1999 entered into between the Security Trustee, the Lessee, the Lessor and others.

"Seller" means the TSP as seller under, inter alia, the Sale and Purchase Agreement.

"Seller Support Bonds" means each of the manufacturer support bonds (in form and substance satisfactory to the Lessor and the Security Trustee) given by any Bond Provider in favour of the Lessor in respect of the obligations of the TSP under the Sale and Purchase Agreement and the obligations of certain of the Manufacturer Guarantors under the Lessor TSP Guarantees.

"Track Access Agreement" means the track access agreement (and all supplemental agreements thereto, including without limitation, PUG 2) dated 30th April, 1995 entered into between Railtrack and the Lessee.

"Train Recourse Agreement" means the train recourse agreement dated 9th February, 1999 and made between the Lessor, the Lessee, the TSP and the DSC.

"Train Service Agreement" means the train service agreement dated 9th February, 1999 and made between the Lessee and the TSP.

"TSA Guarantees" means each of the Alstom UK TSA Guarantee, the Alstom France TSA Guarantee and the FF S.p.A. TSA Guarantee.

"TSP" means West Coast Service Provision Limited, a company incorporated in England and Wales (registered no. 3602414) whose registered office is P.O. Box 248, Leigh Road, Washwood Heath, Birmingham, B8 2YF.

"TSP Compensation Account" means the account so designated held in the name of the Lessee with the Account Bank (account number 20059100, sort code 16-04-00).

"Vehicle and Route Acceptance Agreement" means the vehicle and route acceptance agreement dated 1st May 1998 entered into between Railtrack and the Lessee.

"VEL" means Virgin Enterprises Limited, a company incorporated in England (registered no. 1073929) whose registered office is at 120 Campden Hill Road, London W8 7AR.

"VEL Trademark Licence" means the trade mark licence dated on or about 9th February, 1999 and made between VEL and the Lessor.

"VRG" means Virgin Rail Group Limited, a company incorporated in England and Wales (registered no. 3282548) whose registered office is at 120 Campden Hill Road, London, W8 7AR.

"VRG Guarantee" means the agreement dated 9th February, 1999 pursuant to which the obligations of the Lessee are guaranteed by VRG in favour of the Lessor.

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 03007940

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A LESSEE SECURITY ASSIGNMENT DATED THE 9th FEBRUARY 1999 AND CREATED BY WEST COAST TRAINS LIMITED FOR SECURING ALL PRESENT AND FUTURE LIABILITIES DUE OR TO BECOME DUE FROM THE COMPANY OR VIRGIN RAIL GROUP LIMITED TO THE ROYAL BANK OF SCOTLAND plc (THE "SECURITY TRUSTEE") OR TO ANY LESSEE SECURED PARTY (AS DEFINED) UNDER OR IN CONNECTION WITH ANY OF THE LESSEE FINANCE DOCUMENTS (AS DEFINED) OR THE ERR AGREEMENT (AS DEFINED) AND ANY PAYMENTS MADE BY OR ON BEHALF OF ANY LESSEE SECURED PARTY ON ACCOUNT OF ANY LIABILITY OF THE COMPANY OR VIRGIN RAIL GROUP LIMITED UNDER ANY LESSEE PROJECT DOCUMENT (AS DEFINED) WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 16th FEBRUARY 1999.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 18th FEBRUARY 1999.

Peter C Protheroe

for the Registrar of Companies



C O M P A N I E S H O U S E