

PROSPECTUS DATED 22 MARCH 2010

## The Go-Ahead Group plc

(Incorporated in England and Wales under the Companies Act 1985 with registered no. 2100855)

**£200,000,000 5.375 per cent. Guaranteed Bonds due 2017**

**guaranteed by each of**

**Go-Ahead Holding Limited**

(incorporated in England and Wales under the Companies Act 1985 with registered no. 6352308)

**Go-Ahead Leasing Limited**

(incorporated in England and Wales under the Companies Act 1985 with registered no. 5262810)

**Go North East Limited**

(incorporated in England and Wales under the Companies Act 1985 with registered no. 2057284)

**London General Transport Services Limited**

(incorporated in England and Wales under the Companies Act 1985 with registered no. 2328489)

**Metrobus Limited**

(incorporated in England and Wales under the Companies Act 1985 with registered no. 1742404)

**Go South Coast Limited**

(incorporated in England and Wales under the Companies Act 1985 with registered no. 3949597)

**Brighton & Hove Bus and Coach Company Limited**

(incorporated in England and Wales under the Companies Act 1985 with registered no. 307468)

and

**City of Oxford Motor Services Limited**

(incorporated in England and Wales under the Companies Act 1985 with registered no. 91106)

**Issue price: 99.420 per cent.**

The £200,000,000 5.375 per cent. Guaranteed Bonds due 2017 (the “**Bonds**”) are issued by The Go-Ahead Group plc (the “**Issuer**” or “**Go-Ahead**”) and guaranteed on a joint and several basis by each of Go-Ahead Holding Limited, Go-Ahead Leasing Limited, Go North East Limited, London General Transport Services Limited, Metrobus Limited, Go South Coast Limited, Brighton & Hove Bus and Coach Company Limited and City of Oxford Motor Services Limited (each, a “**Guarantor**”, and together, the “**Guarantors**”).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “**UK Listing Authority**” and the “**FSMA**” respectively) for the Bonds to be admitted to the official list of the UK Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Bonds to be admitted to trading on the London Stock Exchange’s Regulated Market. The London Stock Exchange’s Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”). This document comprises a prospectus for the purpose of Article 3 of Directive 2003/71/EC (the “**Prospectus Directive**”).

The Bonds will bear interest from and including 24 March 2010 (the “**Issue Date**”) to but excluding 29 September 2017 (the “**Maturity Date**”) at the rate of 5.375 per cent. per annum, payable annually in arrear, subject to adjustment as described in “*Terms and Conditions of the Bonds – Interest*”.

The Bonds will mature on 29 September 2017 and are subject to redemption or purchase at the option of the Issuer, as further described under “*Terms and Conditions of the Bonds – Redemption or purchase at the option of the Issuer*”. Also, the Issuer may purchase or redeem all (but not some only) of the Bonds at their principal amount together with interest accrued to the date of such purchase or, as the case may be, redemption, in the event of certain tax changes as described under “*Terms and Conditions of the Bonds – Redemption or repurchase for tax reasons*”. The Bonds are also subject to redemption at the option of the holders of the Bonds (the “**Bondholders**”), as further described under “*Terms and Conditions of the Bonds – Redemption at the option of the Bondholders upon a Change of Control Event*”.

The Bonds will initially be represented by a temporary global bond (the “**Temporary Global Bond**”), without interest coupons which will be issued in the new global note (“**NGN**”) form. The Temporary Global Bond will be deposited with a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) on or about 24 March 2010. Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (the “**Permanent Global Bond**” and, together with the Temporary Global Bond, the “**Global Bonds**”), without interest coupons, on or after 4 May 2010, upon certification as to non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable for definitive Bonds in bearer form, with interest coupons attached, in certain limited circumstances – see “*Summary of Provisions relating to the Bonds while in Global Form*”.

The Bonds are expected, on issue, to be rated BBB- and Baa3 by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies Inc. (“**S&P**”) and Moody’s Investors Service Inc., a division of Moody’s Corporation (“**Moody’s**”), respectively. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

**All investment in the Bonds involves certain risks. Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Bonds.**

### Joint Lead Managers and Joint Bookrunners

Barclays Capital

The Royal Bank of Scotland

### Co-Lead Managers

Crédit Agricole CIB

Commerzbank

This document comprises a prospectus for the purposes of Articles 3 and 5 of Directive 2003/71/EC (the “**Prospectus Directive**”) and for the purpose of giving information with regard to the Issuer, the Guarantors and the Bonds.

The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”).

In this Prospectus, references to the “**Group**” are to the Issuer and its subsidiaries.

No person is or has been authorised to give any information or to make any representation other than those contained in or consistent with this Prospectus in connection with the issue or sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, any of the Guarantors, any of the Managers (as defined in “*Subscription and Sale*” below) or the Trustee (as defined in “*Terms and Conditions of the Bonds*”). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, or any of the Guarantors since the date hereof or that there has been no adverse change in the financial position of the Issuer or any of the Guarantors since the date hereof or that any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Managers and the Trustee have not separately verified the information contained in this Prospectus. Accordingly, none of the Managers or the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or any of the Guarantors in connection with the offering of the Bonds. None of the Managers or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or any of the Guarantors in connection with the offering of the Bonds or their distribution. Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantors, the Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Bonds should be based upon such investigation as it deems necessary. None of the Managers or the Trustee undertakes to review the financial condition or affairs of the Issuer or the Guarantors during the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Bonds of any information coming to their attention.

In the ordinary course of business, each of the Managers has engaged and may in the future engage in normal banking or investment banking transactions with the Issuer, the Guarantors and their affiliates or any of them.

Neither this Prospectus nor any other information provided by the Issuer or any of the Guarantors in connection with the offering of the Bonds constitutes an offer of, or an invitation by or on behalf of, the Issuer, the Guarantors, the Managers or any of them to subscribe for, or purchase, any of the Bonds (see “*Subscription and Sale*” below). The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, the Guarantors and the Managers do not represent that this Prospectus may be lawfully distributed, or that the Bonds 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 Guarantors or the Managers or any of them which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this 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. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the U.S. and in the United Kingdom. Persons in receipt of this Prospectus are required by the Issuer, the Guarantors and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Bonds and distribution of this Prospectus, see “*Subscription and Sale*” below.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the U.S. or to U.S. persons, as defined in Regulation S under the Securities Act. For a description of certain restrictions on offers and sales of Bonds and on distribution of this Prospectus, see “*Subscription and Sale*”.

The minimum denomination of the Bonds shall be £50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No definitive Bonds will be issued with a denomination above £99,000.

In this Prospectus, unless otherwise specified, all references to “**pounds**”, “**sterling**”, “**£**”, “**p**” or “**pence**” are to the lawful currency of the United Kingdom and references to “**euro**” and “**€**” are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

**IN CONNECTION WITH THE ISSUE OF THE BONDS, BARCLAYS BANK PLC (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

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## **Documents Incorporated by Reference**

This Prospectus should be read and construed in conjunction with the audited consolidated annual financial statements of the Issuer for the financial years ended 28 June 2008 and 27 June 2009 and the audited non-consolidated annual financial statements of each of the Guarantors for the financial years ended 28 June 2008 and 27 June 2009 together, in each case, with the audit report thereon, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the Financial Services Authority.

This Prospectus should also be read and construed in conjunction with the unaudited consolidated interim financial statements of the Issuer as at and for the six month period ended 2 January 2010 together with the review report thereon, which has been previously published or is published simultaneously with this Prospectus and which has been filed with the Financial Services Authority.

The documents referred to above shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this 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 Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents (as defined in "*Terms and Conditions of the Bonds*") for the time being in London.

## Overview of Bonds

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this document including the documents incorporated by reference and in particular, “Terms and Conditions of the Bonds” (the “Conditions”). Potential purchasers of the Bonds are urged to read this Prospectus in its entirety. Terms used in this overview and not otherwise defined shall have the same meanings given to them in the Conditions.*

<b>Issuer:</b>	The Go-Ahead Group plc.
<b>Guarantors:</b>	Go-Ahead Holding Limited, Go-Ahead Leasing Limited, Go North East Limited, London General Transport Services Limited, Metrobus Limited, Go South Coast Limited, Brighton & Hove Bus and Coach Company Limited and City of Oxford Motor Services Limited.
<b>Guarantees:</b>	The Bonds will, subject to the release provisions described below, be unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors, such guarantees being set out in the Trust Deed (the “Guarantees”), which Guarantors are, as at the date of this Prospectus, certain guarantors of the Issuer’s principal banking facility from time to time, currently being the £340 million revolving credit facility dated 23 November 2007 between the Issuer and the lenders set out therein with a termination date of 23 November 2012 or of any successor facility to that facility upon its refinancing whether at or prior to its termination date (the “Principal Indebtedness”). A Guarantee will terminate in respect of an individual Guarantor in certain circumstances as set out in Condition 2(c) ( <i>Release of a Guarantor</i> ).
<b>Description:</b>	£200,000,000 5.375 per cent. Guaranteed Bonds due 2017.
<b>Managers:</b>	<i>Joint Lead Managers and Joint Bookrunners</i> Barclays Bank PLC. The Royal Bank of Scotland plc.  <i>Co-Lead Managers</i> Crédit Agricole Corporate and Investment Bank. Commerzbank Aktiengesellschaft.
<b>Trustee:</b>	Deutsche Trustee Company Limited.
<b>Principal Paying Agent:</b>	Deutsche Bank AG, London Branch.
<b>Issue Price:</b>	99.420 per cent.
<b>Form of Bonds:</b>	Bearer.
<b>Clearing Systems:</b>	Euroclear and Clearstream, Luxembourg.
<b>Currency:</b>	Pounds sterling (£).
<b>Issue Date:</b>	24 March 2010.
<b>Maturity:</b>	29 September 2017.
<b>Denominations:</b>	£50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No definitive Bonds will be issued with a denomination above £99,000.

<b>Interest Payment:</b>	Interest on the Bonds will be payable from (and including) the Issue Date at the rate of 5.375 per cent. per annum payable annually in arrear on 29 September in each year. The first payment (for the period from and including the Issue Date to but excluding 29 September 2010 and amounting to £27.83 per £1,000 principal amount of Bonds) shall be made on 29 September 2010. See “ <i>Terms and Conditions of the Bonds – Interest</i> ”.
<b>Coupon step-up:</b>	The interest rate payable on the Bonds will, subject to and in accordance with Condition 4 ( <i>Interest</i> ), be increased by 1.25 per cent. per annum in the event that the Bonds are not rated at least two of the following: BBB- (in relation to S&P) or Baa3 (in relation to Moody’s) or BBB- (in relation to Fitch Ratings Ltd, a division of Fitch, Inc.) with effect from the Interest Payment Date next following the Bonds ceasing to be so rated until such time as a subsequent rate adjustment shall become effective. Only one interest rate increase and one interest rate decrease will be permitted pursuant to Condition 4 ( <i>Interest</i> ).
<b>Status of Bonds:</b>	The Bonds are direct, unconditional and (subject to the provisions of the negative pledge described below) unsecured obligations of the Issuer and rank without any preference among themselves and (subject as aforesaid) <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the Issuer as described in Condition 2(b) ( <i>Status</i> ).
<b>Status of the Guarantees:</b>	The payment obligations under each of the Guarantees are direct, unconditional and (subject to the provisions of the negative pledge described below) unsecured obligations of the relevant Guarantor and rank <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the relevant Guarantor.
<b>Negative Pledge:</b>	The Bonds will have the benefit of a negative pledge, as described in Condition 3 ( <i>Negative Pledge</i> ).
<b>Redemption or purchase at the option of the Issuer:</b>	The Issuer may, subject to and in accordance with Condition 5(c) ( <i>Redemption or purchase at the option of the Issuer</i> ), on giving notice to the Bondholders, redeem or purchase, or procure that any of its Subsidiaries (as defined in Condition 3 ( <i>Negative Pledge</i> )) shall purchase, all (but not some only) of the Bonds for the time being outstanding at any time at the Redemption Price (as defined in Condition 5(c) ( <i>Redemption or purchase at the option of the Issuer</i> )) together with interest accrued to (but excluding) the date of redemption or, as the case may be, purchase.
<b>Redemption at the option of the Bondholders:</b>	The Bondholders may, subject to and in accordance with Condition 5(d) ( <i>Redemption at the option of the Bondholders upon a Change of Control Event</i> ), on the occurrence of a Put Event (as defined in Condition 5(d) ( <i>Redemption at the option of the Bondholders upon a Change of Control Event</i> )), exercise an option to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) the Bonds on the Put Date (as defined in Condition 5(d) ( <i>Redemption at the option of the Bondholders upon a Change of Control Event</i> )) at their principal amount, together with any interest accrued up to (but excluding) the Put Date.



<b>Redemption or repurchase for tax reasons:</b>	The Issuer may, subject to and in accordance with Condition 5(b) ( <i>Redemption or repurchase for tax reasons</i> )), on giving notice to the Bondholders, purchase or redeem all (but not some only) of the Bonds at their principal amount outstanding together with interest accrued to (but excluding) the date of such purchase or, as the case may be, redemption if, on the occasion of the next payment of principal or interest in respect of the Bonds, the Issuer has or will become obliged to pay additional amounts (as provided in Condition 7 ( <i>Taxation</i> )) as a result of any actual or proposed change in, or amendment to, the laws, regulations or treaties of the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax, or in the application or official interpretation of such laws, regulations or treaties, which change or amendment becomes effective after 22 March 2010. See “ <i>Terms and Conditions - Redemption or repurchase for tax reasons</i> ”.
<b>Withholding Tax:</b>	All payments in respect of the Bonds and Coupons will be made without withholding of or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by, or on behalf of, the United Kingdom or any political sub-division thereof, or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer will, save in certain customary circumstances provided in Condition 7 ( <i>Taxation</i> ), be required to pay additional amounts to cover the amounts so deducted. See “ <i>Terms and Conditions of the Bonds – Taxation</i> ”.
<b>Governing Law:</b>	The Bonds will be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with the Bonds, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.
<b>Listing:</b>	Application has been made to the UK Listing Authority for the Bonds to be admitted to the Official List. Application has also been made to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange’s Regulated Market.
<b>Ratings:</b>	The Bonds are expected, on issue, to be rated BBB- and Baa3 by S&P and Moody’s, respectively. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.
<b>Selling Restrictions:</b>	There are restrictions in relation to the offering and sale of the Bonds and the distribution of offering material in certain jurisdictions. See “ <i>Subscription and Sale</i> ”.
<b>ISIN:</b>	XS0497174580.
<b>Common Code:</b>	049717458.



## **Risk Factors**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds and the Guarantors believe that, unless otherwise indicated, the following factors may affect their ability to fulfil their respective obligations under the Guarantees. Most of these factors are contingencies which may or may not occur and neither the Issuer nor any of the Guarantors is in a position to express a view on the likelihood of any such contingency occurring. In addition, risk factors which are specific to the Bonds are also described below.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Bonds issued under this Prospectus are also described below.*

*The Issuer and (where applicable) the Guarantors believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds or of the Guarantors to make payments due under the Guarantees may occur for other reasons and neither the Issuer nor any Guarantor represents that the statements below regarding the risks of holding any Bond are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### ***Risks related to the Group***

#### *Major accident or incident (including terrorism) or pandemic*

There is a risk that the Group will be involved (directly or indirectly) in a major accident or incident (including terrorism) resulting in serious injury and disruption. There is also a risk from a pandemic if it materially affected employees critical to the continuation of those operations and/or passenger volume levels.

#### *Economy*

An economic downturn, whether at a global, regional or national level could have a negative impact on the Group's businesses and demand for its services. In particular, the revenues of our rail franchises have been historically correlated with factors such as gross domestic product and London employment levels.

#### *Competition*

The Group operates in competitive markets, including competition from cars, coaches, aircraft and other transport operators.

#### *Political and regulatory changes and availability of public funding*

Many of the Group's businesses are subject to significant regulation. There is a risk that changes to these laws and regulations could adversely impact the Group's businesses, results of operations and financial position.

The Office of Fair Trading has referred the supply of local bus services in the UK (outside London and Northern Ireland) to the Competition Commission. There is a risk that any remedies introduced by the Competition Commission could result in changes to the UK bus regulatory environment which could adversely impact the Group's businesses, results of operations and financial position. However, this risk is mitigated by the fact that over 50 per cent. of the Group's bus operations are in London, and therefore outside the scope of the Competition Commission's referral, and that the Group's deregulated operations amount to only approximately 5 per cent. of the market which is the subject of the referral.

Many of the businesses in the Group benefit from some form of financial support from the government, including bus service operators' grants for fuel, concessionary fare reimbursement and government and local authority contracts. There is a risk that the availability of government financial support will change with an adverse impact on the Group's businesses, results of operations and financial position.

### *Succession planning*

The Group prioritises the attraction and retention of senior directors and managers, including through the Issuer's appointed Nomination Committee, to ensure that the Group has the necessary expertise and continuity to maintain its financial condition. A failure to attract, or the loss of, such key members of senior management could adversely impact the Group's businesses, results of operations and financial position.

### *UK rail franchise operations and agreements*

The Group owns, through its shareholding in Govia Limited (the joint venture arrangement with Keolis S.A.), 65 per cent. of the three rail franchises described below: Southern, Southeastern and London Midland. These franchises are subject to a number of key risks:

*Inaccurate bid assumptions:* an inherent risk in bidding for rail franchises is that the bid assumptions prove to be inaccurate. The cost base of a franchise usually consists of a large portion of fixed costs, included payments to Network Rail for infrastructure and operating leases for rolling stock, as well as costs in meeting obligations to provide a minimum level of train services under the contract. Accordingly, a significant proportion of any changes in revenue may impact profit in the rail division. The Group's rail franchises contain some protection against economic downturn through revenue support arrangements, available to Southeastern from 1 April 2010, London Midland from 11 November 2011 and Southern from 23 September 2013. Nevertheless, there can be no assurance that adverse trends in passenger volumes and inflation will not adversely affect the Group's rail businesses, results of operations and financial position.

*Breach of rail franchise agreements:* The Issuer and its subsidiaries in the UK Rail business are required to comply with certain, principally performance-related, conditions as part of its rail franchise agreements. Compliance with franchise conditions is closely managed and monitored on a monthly basis by senior management and procedures are in place to minimise the risk of non-compliance. However, if these procedures are not successful and the Issuer and/or its relevant subsidiaries fail to comply with the conditions of its rail franchise agreements, it may be liable to penalties, including the potential termination of one or more of the rail franchise agreements. This would result in the Issuer and/or its relevant subsidiaries losing the right to continue operating the affected operations and consequently, the related revenues or cash flows. The Issuer and/or its relevant subsidiaries may also lose cash balances or season ticket bonds set aside to cover working capital requirements, and performance bonds. Any such loss of revenues or cash flow could adversely impact the Group's businesses, results of operations and financial position.

*Sustainability of rail profits:* In addition to the risk of contract breach described above, there is a risk that the Group fails to retain its rail franchises beyond their minimum current term, which is 31 March 2014 for Southeastern (assuming a two year extension based on performance targets is granted), 19 September 2015 for London Midland (assuming a year and ten months extension based on performance targets is granted) and 25 July 2015 for Southern (with a two year extension at the discretion of the Department for Transport).

### *Labour costs and employee relations*

Labour represents a significant proportion of the Group's operating costs and the businesses depend on the appropriate calibre and cost of staff to deliver high quality, cost effective services. An increase in labour costs, poor employee relations or reduced availability of staff could adversely impact the Group's businesses, results of operations and financial position.

### *Pensions*

The Group operates or participates in a number of pension schemes, including non-rail defined benefit schemes where the Group is at risk from potential funding shortfalls. At 2 January 2010, the Group's pension schemes had a consolidated pre-tax net pension deficit in its unaudited consolidated interim financial statements of £90.6 million. On that date, in the Group's unaudited consolidated interim financial statements,

the market value of the assets for all of the defined benefit schemes totalled £410.7 million, and liabilities were £501.3 million. Any funding shortfalls could adversely impact the Group's financial position and results of operation.

#### *Fuel costs*

The Group's bus and rail businesses are exposed to fuel costs, primarily diesel for buses and electricity for rail traction. Fuel prices and supply levels can vary significantly. The Group seeks to mitigate the risks of rising fuel costs by forward fixing prices for electricity for rail traction as appropriate and by regularly entering into forward swap contracts to buy fuel at fixed prices to cover all of the requirements of the current financial year, at least half of the requirements of the next financial year and at least 25 per cent. of the following financial year. The hedged position at 3 March 2010 covered all of the Group's fuel requirements for the years ending 30 June 2010 and 2011 and 64 per cent. of the year ending June 2012 at an average price of 47 pence per litre ("ppl"), 41 ppl and 40 ppl respectively. Increases in fuel prices which are not fully mitigated by these policies, or hedged prices in excess of market prices, could adversely impact the Group's businesses, results of operations and financial position.

#### *Insurance and claims environment*

The Group is subject to claims primarily in respect of automobile third party liability, employee injuries and property damage. The size of the Group's operations is such that there is a high frequency of low value claims which the Group self-insures up to defined limits and purchases insurance above these limits from reputable global insurance firms. Due to the nature of the industries in which the Group operates there is a risk that the number or magnitude of claims falling within these self-insured limits is significantly higher or lower than those expected.

In addition, there is a risk that the group is subject to litigation in other areas such as environmental claims or that it proves unsuccessful in litigation initiated against third parties, including in respect of concessionary bus compensation.

#### *Access to Debt Capital*

The Group is a net borrower and relies on the availability of medium to long term capital. As at 2 January 2010, the Group had net debt of £87 million and headroom of £110 million under its medium term committed revolver facilities due November 2012. Whilst the Group seeks to mitigate refinancing risk associated with debt obligations through timely renewal of debt facilities and will seek to maintain its investment grade status with S&P and Moody's, there can be no assurance that future debt facilities can be renewed or renewed on terms that would not adversely impact the Group's businesses, results of operations and financial position.

#### *Structural Subordination and Dependencies*

The Issuer is a holding company and therefore many of the Group's risks reside in its subsidiaries and affiliated companies. The Issuer's ability to meet its financial obligations is dependent, to a limited extent, upon the availability of cash flows from members of the Group through dividends, inter-company loans and other payments. In addition, the Issuer and the Guarantors are dependent upon one another and/or other Group members for various functions, which include the Guarantees by the Guarantors and the guarantee by the Guarantors of certain other of the Issuer's financing arrangements. Claims by the creditors of the Issuer's or, as the case may be, any Guarantor's subsidiaries may adversely affect the ability of those subsidiaries to support the Issuer or, as the case may be, any Guarantor in fulfilling its obligations. The unavailability of cash flows from the subsidiaries of the Issuer or, as the case may be, any Guarantor, through dividends, inter-company loans or other payments, or claims by the creditors of the subsidiaries of the Issuer or, as the case may be, any Guarantor may adversely affect the ability of those subsidiaries to support the Issuer or, as the case may be, any Guarantor in fulfilling its obligations under the Bonds.

### ***Risks relating to the Bonds generally***

#### *The Bonds may not be a suitable investment for all investors*

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

#### *Optional Redemption by the Issuer*

The optional redemption feature may limit the market value of the Bonds. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Modification, waivers and substitution*

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

The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of the Bondholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or (ii) determine, without the consent of the Bondholders, that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Bonds in place of the Issuer, as described in Condition 11(c) of the Terms and Conditions of the Bonds.

#### *Release of Guarantors*

The Bonds will, subject to the release provisions described below, benefit from Guarantees unconditionally and irrevocably given on a joint and several basis by the Guarantors, which as at the date of this Prospectus, are certain guarantors of the Principal Indebtedness. A Guarantee will terminate in respect of an individual Guarantor in certain circumstances as set out in Condition 2(c) (*Release of a Guarantor*). Investors should therefore note that the Bonds may at any time no longer be guaranteed by any or all of the Guarantors.

#### *European Monetary Union*

If the United Kingdom joins the European Monetary Union prior to the maturity of the Bonds, there is no assurance that this would not adversely affect investors in the Bonds. It is possible that prior to the maturity of the Bonds the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event: (i) all amounts payable in respect of the Bonds may become payable in euro; (ii) the law may allow or require the Bonds to be re-denominated into euro and additional measures to be taken in respect of the Bonds; and (iii) there may no longer be available published or displayed rates for deposits in sterling used to determine the rates of interest on the Bonds or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Bonds.

### *EU Savings Directive*

Under European Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required, unless during such period those countries elect otherwise, to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of other non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, the Guarantors nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond or Coupon as a result of the imposition of such withholding tax. The Issuer will, however, be required, where possible, to maintain a Paying Agent in a Member State that will not be obliged to operate a withholding system pursuant to the Savings Directive.

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the European Commission’s advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above.

### *Change of law*

The Terms and Conditions of the Bonds are based on English law in effect as at the date of issue of the Bonds. 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 Bonds.

### *Integral multiples of less than £50,000*

Although the Bonds are required to have a minimum denomination of £50,000, it is possible that the Bonds may be traded in the clearing systems in amounts in excess of £50,000 that are not integral multiples of £50,000. In such a case, should definitive Bonds be required to be issued, they will be issued in principal amounts of £50,000 and higher integral multiples of £1,000 up to a maximum of £99,000 but will in no circumstances be issued to Bondholders who hold Bonds in the relevant clearing system in amounts that are less than £50,000.

If definitive Bonds are issued, Bondholders should be aware that definitive Bonds which have a denomination that is not an integral multiple of £50,000 may be illiquid and difficult to trade.

### *Eligibility of the Bonds for Eurosystem Monetary Policy*

The Bonds are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Bonds are upon issue deposited with one of the international central securities depositories (“**ICSDs**”) as common safekeeper and does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (“**Eurosystem Eligible Collateral**”) either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the European Central Bank from time to time. The Issuer does not give any representation, warranty, confirmation or guarantee to any investor in the Bonds that the Bonds will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility

and be recognised as Eurosystem Eligible Collateral. Any potential investor in the Bonds should make their own conclusions and seek their own advice with respect to whether or not the Bonds constitute Eurosystem Eligible Collateral.

### *Risks related to the market generally*

Set below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

The Bonds 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 Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

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

The Issuer will pay principal and interest on Bonds and the Guarantors will make any payments under the Guarantees in sterling. 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 sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling 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 sterling would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected or indeed no interest and/or no principal.

#### *Interest rate risks*

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

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

The Bonds are expected, on issue, to be rated BBB- and Baa3 by S&P and Moody's, respectively, and one or more other independent credit rating agencies may from time to time assign credit ratings to the Bonds. 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 Bonds. 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.

#### *Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal 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 (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.



## Terms and Conditions of the Bonds

*The following, subject to minor amendment, are the Terms and Conditions of the Bonds, substantially as they will appear on the Bonds in definitive form (if issued).*

The £200,000,000 5.375 per cent. Guaranteed Bonds due 2017 (the “**Bonds**” which expression shall, in these Terms and Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 12 (*Further Issues*) and forming a single series therewith) of The Go-Ahead Group plc (the “**Issuer**”) are constituted by a trust deed (the “**Trust Deed**”) dated 24 March 2010 (the “**Issue Date**”) between the Issuer, the Original Guarantors (as defined below) and Deutsche Trustee Company 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 holders of the Bonds (the “**Bondholders**”). The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

The issue of the Bonds was authorised by resolutions of the Board of Directors of the Issuer passed on 22 February 2010. The giving of the Guarantees (as defined below) was authorised by resolutions of the boards of Directors of Go-Ahead Holding Limited, Go-Ahead Leasing Limited, Go North East Limited, London General Transport Services Limited, Metrobus Limited, Go South Coast Limited, Brighton & Hove Bus and Coach Company Limited and City of Oxford Motor Services Limited (together the “**Original Guarantors**” and each an “**Original Guarantor**”) each passed on 16 March 2010.

Payments in respect of the Bonds will be made pursuant to an agency agreement (the “**Agency Agreement**”) dated the Issue Date and made between the Issuer, the Original Guarantors, the Trustee, Deutsche Bank AG, London Branch as principal paying agent (the “**Principal Paying Agent**”) and the other paying agents (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional paying agents or successor, successors, assign or assigns as Paying Agents under the Agency Agreement) referred to therein. Copies of the Trust Deed and the Agency Agreement are available for inspection at the registered office for the time being of the Trustee, being at the Issue Date, Winchester House, One Great Winchester Street, London EC2N 2DB, United Kingdom and at the specified office of each of the Paying Agents. The Bondholders and the holders of the interest coupons (the “**Couponholders**”) appertaining to the Bonds (the “**Coupons**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those applicable to them of the Agency Agreement.

### 1. Form, Denomination and Title

The Bonds are issued in bearer form, serially numbered, with Coupons attached on issue, in denominations of £50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No definitive Bonds will be issued with a denomination above £99,000. A Bond of one denomination may not be exchanged for Bonds of another denomination.

Title to the Bonds and the Coupons will pass by delivery. The Issuer, the Guarantors (as defined below), the Trustee and the Paying Agents may deem and treat the bearer of any Bond or Coupon as the absolute owner thereof (whether or not the Bond or Coupon shall be overdue and notwithstanding any notice of ownership or other writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment thereon or on account thereof and for all other purposes.

### 2. Guarantees and Status

#### (a) Guarantees

The Guarantors have in the Trust Deed unconditionally and irrevocably guaranteed on a joint and several basis the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Bonds and the Coupons. Their obligations in this respect are referred to herein as the “**Guarantees**”, or each, a “**Guarantee**”. The Trust Deed provides for the release of a Guarantor in the circumstances set out in Condition 2(c) (*Release of a Guarantor*) and the accession of Guarantors in the circumstances set out in Condition 2(d) (*Additional Guarantors*).



“**Guarantors**” means the Original Guarantors together with any Additional Guarantor, in each case for so long as any such Guarantor has not been released from its obligation as a Guarantor in accordance with Condition 2(c) (*Release of a Guarantor*), and each, a “**Guarantor**”.

(b) *Status*

The Bonds and the Coupons are direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons shall (subject as aforesaid) rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but in the event of insolvency only to the extent permitted by applicable laws relating to creditors’ rights.

The obligations of each Guarantor under its Guarantee constitute direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of such Guarantor and (subject as provided above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of such Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

(c) *Release of a Guarantor*

The Issuer may by written notice to the Trustee signed by two directors or one director and the company secretary of the Issuer request that a Guarantor cease to be a Guarantor in respect of the Bonds if such Guarantor is no longer providing a guarantee in respect of the Principal Indebtedness. Upon the Trustee’s receipt of such notice (receipt of such notice to be confirmed to the Issuer by the Trustee as soon as practicable), such Guarantor shall automatically and irrevocably be released and relieved of all its future obligations under its Guarantee and all of its future obligations as a Guarantor under the Trust Deed but without prejudice to any obligations which may have accrued prior to such release. Such notice must also contain the following certifications:

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

“**Principal Indebtedness**” means the Issuer’s principal banking facility from time to time, currently being the £340 million revolving credit facility dated 23 November 2007 between the Issuer and the lenders set out therein with a termination date of 23 November 2012 or of any successor facility to that facility upon its refinancing whether at or prior to its termination date.

A certificate by two directors or one director and the company secretary of the Issuer (addressed to the Trustee) certifying that any facility is the successor facility referred to in the definition of the Principal Indebtedness may be relied upon by the Trustee without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

“**Relevant Indebtedness**” means any indebtedness for borrowed money which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be (with the agreement of the issuer thereof), quoted, listed or dealt in or traded on any stock exchange or other securities market.

(d) *Additional Guarantors*

If at any time after the Issue Date, any Subsidiary of the Issuer (other than a Guarantor) provides a guarantee or at the time it becomes a Subsidiary is providing a guarantee in respect of any Relevant Indebtedness of the Issuer or Principal Indebtedness, the Issuer shall procure that such Subsidiary shall, at or prior to the date

of the giving of such guarantee or the date of it becoming a Subsidiary as applicable, become a Guarantor in accordance with the provisions of clause 7 of the Trust Deed by executing a deed supplemental to the Trust Deed (in a form and with substance satisfactory to the Trustee, and accompanied by such opinion(s) as the Trustee shall require) pursuant to which such Subsidiary (an “**Additional Guarantor**”) shall guarantee the obligations of the Issuer in respect of the outstanding Bonds, the Coupons and the Trust Deed on terms *mutatis mutandis* as each Guarantee. Each Original Guarantor has in the Trust Deed confirmed, and each Additional Guarantor shall confirm in the relevant supplemental trust deed, that it consents to any such entity becoming a Guarantor as aforesaid without any need for any Guarantor to execute any such supplemental trust deed.

(e) *Notice of Change of Guarantors*

Notice of any release of a Guarantor or addition of a Guarantor pursuant to this Condition 2 (*Guarantees and Status*) will be given by the Issuer to the Bondholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

### 3. **Negative Pledge**

So long as any of the Bonds remains outstanding (as defined in the Trust Deed), neither the Issuer nor any Guarantor will, and the Issuer will procure, so far as it can by the proper exercise of voting and other rights or powers of control exercisable by it in relation to Subsidiaries, that no Material Subsidiary will, create or have outstanding, any mortgage, charge, lien, pledge or other equivalent or similar security interest (each a “**Security Interest**”) upon the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of Relevant Indebtedness, without at the same time or prior thereto according to the Bonds, the Coupons and all amounts payable under the Trust Deed, to the satisfaction of the Trustee, either the same Security Interest as is created or subsisting to secure any such Relevant Indebtedness or guarantee or indemnity, as the case may be, or such other Security Interest or other arrangement (whether or not involving the creation of a Security Interest) as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders, provided that the provisions of this Condition 3 (*Negative Pledge*) shall not apply to any Permitted Security Interest.

In these Terms and Conditions:

“**Group**” means the Issuer and its Subsidiaries;

“**Material Subsidiary**” means, at any time,

- (a) any Subsidiary of the Issuer whose turnover (excluding intra-Group turnover), as shown in its most recent audited annual accounts (or, where a Subsidiary is not otherwise required to produce audited annual accounts, the latest finalised annual accounts of such Subsidiary, whether audited or not and whether published or not (the “**Relevant Accounts**”)), and consolidated in the case of a Subsidiary which ordinarily produces consolidated accounts, exceeds 10 per cent. of the consolidated turnover of the Group, as shown in the Group’s most recent consolidated audited annual accounts; and
- (b) any Subsidiary of the Issuer to which is transferred the whole or substantially the whole of the assets and undertaking of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (i) the transferor shall immediately cease to be a Material Subsidiary and (ii) the transferee shall immediately become a Material Subsidiary, provided that on or after the date on which the audited annual accounts (or, if applicable, the Relevant Accounts) for the financial period current at the date of such transfer are published or finalised, whether the transferor or the transferee is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above;

A certificate by two directors, or one director and the company secretary, of the Issuer (addressed to the Trustee) that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout

any particular period a Material Subsidiary may be relied upon by the Trustee without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

“**Permitted Security Interest**” means any Security Interest in respect of any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness, where the Security Interest is over the assets of any company becoming a Material Subsidiary after the Issue Date, which Security Interest exists at the time such company becomes a Material Subsidiary (other than any such Security Interest created in contemplation thereof) provided that the amount of the Relevant Indebtedness or amount of such guarantee or indemnity secured thereby is not thereafter increased; and

“**Subsidiary**” has the meaning ascribed thereto in Section 1159 of the Companies Act 2006.

#### **4. Interest**

- (a) The Bonds bear interest from (and including) the Issue Date and shall be payable annually in arrear on 29 September in each year (each an “**Interest Payment Date**”). The first payment (for the period from and including the Issue Date to but excluding 29 September 2010 and amounting to £27.83 per £1,000 principal amount of Bonds) shall be made on 29 September 2010.
- (b) The interest rate payable on the Bonds shall be the Initial Rate of Interest, subject to adjustment in accordance with the Interest Ratchet (each such adjustment, a “**Rate Adjustment**”). Any Rate Adjustment shall apply in respect of the Interest Period commencing on the Interest Payment Date immediately following the date of the relevant Step Up Event or Step Down Event or, in the case of an Initial Step Up Event, on the Issue Date, until the date on which either a further Rate Adjustment becomes effective or the Bonds cease to bear interest, as the case may be. For the avoidance of doubt, (i) if a Step Up Event and a Step Down Event occur during the same Interest Period, there shall be no adjustment to the rate of interest applicable to the next following Interest Period or thereafter; and (ii) notwithstanding the effect of the other provisions of this Condition 4 (*Interest*), a Step Up Event and a Step Down Event may each only occur once during the term of the Bonds.
- (c) The Issuer will cause each Rate Adjustment to be notified to the Principal Paying Agent and the Trustee and notice thereof to be given to the Bondholders in accordance with Condition 15 (*Notices*) as soon as possible after the occurrence of the relevant Step Up Event or the Step Down Event, as the case may be, but in no event later than the tenth Business Day thereafter.
- (d) Each Bond will cease to bear interest from the due date for redemption or purchase thereof pursuant to Conditions 5(a) to (d) (inclusive) unless, upon due presentation, payment of such principal or purchase price is improperly withheld or refused. In such event, interest will continue to accrue (after as well as before any judgement) as provided in the Trust Deed.
- (e) If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a day count fraction: (a) the numerator of which is the number of days from (and including) the most recent Interest Payment Date (or from the Issue Date if such period is before the first scheduled Interest Payment Date) to (but excluding) the date of payment; and (b) the denominator of which is the number of days (including the first and excluding the last) in the scheduled Interest Period in which the relevant calculation period falls.
- (f) If one or more of the rating designations employed by each of S&P, Moody’s or Fitch is changed from those which are described in the definition of “Specified Threshold” below, or if a Rating is assigned by another Rating Agency, the Issuer shall determine the rating designation(s) of S&P, Moody’s or Fitch or such other Rating Agency (as appropriate) as are most equivalent to the prior rating designation(s) of S&P, Moody’s or Fitch and shall notify the Trustee and the Bondholders thereof as soon as practicable thereafter, and this Condition 4 (*Interest*) shall be construed accordingly.

Neither the Trustee nor any Paying Agent is under any obligation to ascertain whether a Step Down Event or a Step Up Event or any event which could lead to the occurrence of or could constitute a Step Down Event or Step Up Event has occurred and until it shall have actual knowledge or express notice

pursuant to the Trust Deed to the contrary, the Trustee and the Paying Agents may assume that no change in the Rating or such Step Down Event or Step Up Event or other event has occurred.

In these Conditions:

“**Fitch**” means Fitch Ratings Ltd, a division of Fitch, Inc.

“**Initial Rate of Interest**” means 5.375 per cent. per annum.

“**Interest Period**” means the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“**Interest Ratchet**” means the following rates of interest:

- (a) upon the occurrence of a Step Up Event: the Initial Rate of Interest plus 1.25 per cent. per annum; and
- (b) upon the occurrence of a Step Down Event: the Initial Rate of Interest.

“**Minimum Rating Requirement**” means that there shall be in existence a Rating equal to or higher than the Specified Threshold from at least two Rating Agencies at any particular time.

“**Moody’s**” means Moody’s Investors Service, Inc., a division of Moody’s Corporation.

“**Rating**” means a rating of the Bonds.

“**Rating Agency**” means S&P, Moody’s or Fitch or any other rating agency of equivalent standing specified by the Issuer from time to time and, in each case, their successors but excluding any rating agency providing a Rating on an unsolicited basis.

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.

“**Specified Threshold**” means BBB- in relation to S&P, Baa3 in relation to Moody’s, and BBB- in relation to Fitch.

“**Step Down Event**” means the satisfaction of the Minimum Rating Requirement following the occurrence of a Step Up Event.

“**Step Up Event**” means:

- (a) the Bonds do not satisfy the Minimum Rating Requirement on the Issue Date (an “**Initial Step Up Event**”); or
- (b) a failure to meet the Minimum Rating Requirement at any time, unless the Minimum Rating Requirement is again satisfied on the day before the Interest Payment Date immediately following the relevant failure to meet the Minimum Rating Requirement.

## **5. Redemption and Purchase**

### *(a) Scheduled redemption*

Unless previously redeemed or purchased and cancelled as provided below, each of the Bonds shall be redeemed at its principal amount on 29 September 2017.

### *(b) Redemption or repurchase for tax reasons*

If, (A) as a result of any change in, or amendment to, the laws, regulations or treaties of the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax, or in the application or official interpretation of such laws, regulations or treaties, which change or amendment becomes effective after 22 March 2010, on the occasion of the next payment of principal or interest in respect of the Bonds, the Issuer would be unable to make such payment or the Guarantor would be unable (for reasons outside its control) to procure the payment by the Issuer and in making payment itself would be

unable to make such payment, in either case, without having to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) and (B) the Issuer is unable to avoid the obligation to pay such additional amounts by using reasonable endeavours, the Issuer may, having given not fewer than 15 nor greater than 30 days notice to the Bondholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) and to the Trustee, purchase or redeem all (but not some only) of the Bonds (other than any Bonds in respect of which a notice has been given pursuant to Condition 5(c) (*Redemption or purchase at the option of the Issuer*) or in respect of which a Put Notice has been submitted pursuant to Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*)) at their principal amount outstanding together with interest accrued to (but excluding) the date of such purchase or, as the case may be, redemption, provided that no such notice of purchase or, as the case may be, notice of redemption may be given earlier than 45 days before the earliest date on which the Issuer, or, as the case may be, a Guarantor would be required to pay the additional amounts were a payment in respect of the Bonds then due.

Prior to the publication of any notice of purchase or redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors or one director and the company secretary of the Issuer stating that the requirement referred to in (A) above will apply on the next payment of principal, purchase moneys due under Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*) or interest in respect of the Bonds, and cannot be avoided by the Issuer or, as the case may be, the Guarantor(s) taking reasonable measures available to it or them, as the case may be, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

*(c) Redemption or purchase at the option of the Issuer*

On giving not fewer than 10 nor greater than 20 days' notice to the Bondholders in accordance with Condition 15 (*Notices*) and at least 5 days notice to the Principal Paying Agent, the Issuer may redeem or purchase or procure that any of its Subsidiaries shall purchase, all (but not some only) of the Bonds for the time being outstanding at any time at the Redemption Price (as defined below) together with interest accrued to (but excluding) the date of redemption or, as the case may be, purchase (the "**Repurchase Date**").

The "**Redemption Price**" shall be the higher of (a) the principal amount outstanding of the Bonds and (b) the principal amount outstanding of the Bonds multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser appointed by the Issuer and approved by the Trustee) at which the Gross Redemption Yield (if the Bonds were to remain outstanding to their original maturity) on the Bonds on the Calculation Date is equal to the Gross Redemption Yield at 11.00 a.m. (London time) on the Calculation Date of 4.0 per cent. Treasury Stock due 2016 (or, where such financial adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such financial adviser may recommend) plus 0.50 per cent. For such purposes, "**Calculation Date**" means the date which is the second Business Day prior to the Repurchase Date and "**Gross Redemption Yield**" means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Trustee by such financial adviser.

Any notice given pursuant to this Condition 5(c) (*Redemption or purchase at the option of the Issuer*) shall be irrevocable and shall specify the Repurchase Date. Upon the expiry of any such notice, the Issuer shall be bound to purchase or procure the purchase of (and the Bondholders shall be bound to sell) or, as the case may be, redeem the Bonds so called for purchase or, as the case may be, redemption at the applicable Redemption Price on the Repurchase Date together with accrued interest as aforesaid unless previously purchased or redeemed. The Trustee shall rely absolutely on the advice of any financial adviser appointed as provided in this Condition 5(c) (*Redemption or purchase at the option of the Issuer*) and shall not be liable for so doing.

*(d) Redemption at the option of the Bondholders upon a Change of Control Event*

A "**Put Event**" will occur if while any of the Bonds remains outstanding, a Change of Control Event occurs and if at the time of the commencement of the Change of Control Period:



- (a) the Bonds are unrated or do not have an investment grade rating (being at least BBB- in relation to S&P, or Baa3 in relation to Moody's, or BBB- in relation to Fitch) or their respective equivalents for the time being) from at least one of the Rating Agencies; or
- (b) the Bonds have an investment grade rating from at least one of the Rating Agencies and at any time during the Change of Control Period (i) any such Rating Agency assigns a non-investment grade rating to the Bonds (being at or below BB+ in relation to S&P, Ba1 in relation to Moody's, and BB+ in relation to Fitch, or their respective equivalents for the time being) and such Rating is not within the Change of Control Period restored to an investment grade rating or replaced by an investment grade rating of another Rating Agency, or (ii) any such Rating Agency withdraws its Rating of the Bonds and such Rating is not within the Change of Control Period restored or replaced by an investment grade rating of another Rating Agency; *provided that* in each case such Rating Agency announces or publicly confirms or informs the Issuer or the Trustee in writing that such assignment or withdrawal 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 Event (whether or not the Change of Control Event shall have occurred at the time such Rating is assigned or withdrawn).

If a Put Event occurs (unless the Issuer has given notice under Condition 5(b) (*Redemption or repurchase for tax reasons*) or Condition 5(c) (*Redemption or purchase at the option of the Issuer*)):

- (i) the Issuer shall as soon as practicable following the occurrence of the Put Event and in any case not later than 10 Business Days thereafter, 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 Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or prefunded and/or secured to its satisfaction), give notice (a "**Put Event Notice**") to the Bondholders in accordance with Condition 15 (*Notices*) and the Trustee (except in the case of a notice given by the Trustee) specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*); and
- (ii) the holder of each Bond will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the Put Date (as defined below) at its principal amount, together with any interest accrued up to (but excluding) the Put Date.

For the purpose of this Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*):

A "**Change of Control Event**" shall occur if any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), or any person(s) acting on behalf of such person(s), other than a Holding Company 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:

- (a) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer; or
- (b) 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
- (c) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect Holding Company of the Issuer; or
- (d) 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 the direct or indirect Holding Company of the Issuer;

"**Change of Control Period**" means the period:

- (a) commencing on the date that is one Business Day before the earlier of (a) the date of the relevant Change of Control Event and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any); and

- (b) ending 180 days after the date of the Change of Control Event or such longer period for which the Bonds are under consideration by a Rating Agency for rating or rating review (such consideration having been announced publicly within the period ending 180 days after the date of the Change of Control Event and such period not to exceed 60 days after the public announcement of such consideration);

“**Holding Company**” means any company of which the Issuer is a Subsidiary;

“**Relevant Potential Change of Control Announcement**” means any formal public announcement or statement by or on behalf of the Issuer or any Holding Company, or any actual or potential bidder or any adviser thereto relating to any potential Change of Control Event where, within 90 days of the date of such announcement or statement, a Change of Control Event occurs.

Such option may be exercised by the holder delivering its Bond(s) together with all Coupons appertaining thereto maturing after the Put Date, during business hours of the relevant Paying Agent on any Business Day falling within the period (the “**Put Period**”) of 45 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Put Notice**”) and in which the holder may specify a bank account (in the currency of the Bonds) to which payment is to be made under this Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*).

Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account (in the currency of the Bonds) in the Put Notice to which payment is to be made, on the date (the “**Put Date**”) falling seven days after the expiry of the Put Period by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of receipt of the Bond at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Bonds on the Put Date at their principal amount, together with any interest accrued up to (but excluding) the Put Date unless previously redeemed or purchased.

If 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed or purchased pursuant to the foregoing provisions of this Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*), the Issuer may, on not less than 10 or more than 20 days’ notice to the Bondholders (which notice shall be irrevocable) given within 30 days after the Put Date (and at least 5 days notice to the Principal Paying Agent), redeem or, at the option of the Issuer, purchase (or procure the purchase of) the remaining Bonds as a whole at a redemption price of the principal amount thereof plus interest accrued to but excluding the date of such redemption.

If the rating designations employed by S&P, Moody’s or Fitch are changed from those which are described in this Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*), or if a Rating is assigned by another Rating Agency, the Issuer shall determine the ratings designation(s) of S&P, Moody’s or Fitch or such other Rating Agency (as appropriate) as are most nearly equivalent to the prior rating designations of S&P, Moody’s or Fitch, and this Condition shall be construed accordingly.

(e) *Purchases*

Notwithstanding Conditions 5(a), (b), (c) and (d) above, the Issuer or any of its Subsidiaries may at any time purchase Bonds at any price and in any manner, provided that all unmatured Coupons are purchased therewith. Bonds held by or on behalf of the Issuer or any of its Subsidiaries shall not entitle the holder to vote at any meetings of the Bondholders and such Bonds shall be deemed not to be outstanding for the purposes of, *inter alia*, calculating quorums at meetings of Bondholders or for the purposes of Condition 8 (*Repayment upon Event of Default*), Condition 9 (*Enforcement*) and Condition 11 (*Meetings of Bondholders, Modification, Waiver and Substitution*). Bonds purchased by the Issuer or any of its Subsidiaries may, at the option of the Issuer or the relevant Subsidiary, be cancelled (together with all unmatured Coupons purchased therewith) or may be held, re-issued or re-sold.



(f) *References to principal, principal monies and principal amount*

Any reference in these Terms and Conditions and the Trust Deed to “**principal**“, “**principal monies**“ and “**principal amount**“ shall, unless the context otherwise requires, be deemed to include reference to the Redemption Price, purchase monies paid by the Issuer or any of its Subsidiaries in relation to redemption pursuant to Condition 5(b) (*Redemption or repurchase for tax reasons*), Condition 5(c) (*Redemption or repurchase for tax reasons*) or Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*).

## 6. Payments

Payments of principal, interest and Redemption Price (if applicable) in respect of Bonds will be made against presentation and surrender or (in the case of part payment only) endorsement of Bonds, or in the case of payments of interest due on 29 September in each year against presentation and surrender or (in the case of part payment only) endorsement of Coupons, at the specified office of any Paying Agent. All such payments shall be made at the option of the holder by a sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in London. Payments in respect of principal and interest on the Bonds are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions in Condition 7 (*Taxation*).

Each Bond should be presented for payment together with all unmatured Coupons appertaining thereto. Upon the date on which any Bond becomes due and payable, all unmatured Coupons appertaining to the Bond (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

If the date for redemption is not 29 September in any year, the interest accrued from the last preceding 29 September shall be payable only against presentation of the relevant Bond.

If the due date for payment of any Bond or Coupon or any later date upon which a Bond or Coupon is presented for payment is not a Business Day then the holder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day or to any further interest or other payment in respect of such delay.

In these Terms and Conditions, “**Business Day**” shall mean, in relation to any Bond or Coupon, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) (i) (in the case of Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*)) in the place where such Bond or Coupon is delivered; (ii) (in the case of this Condition 6 (*Payments*)) in the place where such Bond or Coupon is presented for payment, and, in the case of payment by transfer to a sterling account as referred to above, in London; or (iii) in any other case, in London.

The names of the initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right (with the prior written approval of the Trustee) at any time to terminate or to vary the appointment of any Paying Agent and may appoint additional or other Paying Agents, provided that: (a) there will at all times be a Principal Paying Agent; (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Bonds are admitted to official listing on the London Stock Exchange, shall be London or such other place as the UK Listing Authority may approve; (c) the Issuer ensures that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive; and (d) insofar as the Issuer or a Guarantor would be obliged (but for the provisions of Condition 7(a)) to pay additional amounts pursuant to Condition 7 (*Taxation*) upon presentation of the Bonds or Coupons (as the case may be) for payment in the United Kingdom, there will be at all times a Paying Agent in a jurisdiction within continental Europe. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agents will promptly be given by the Issuer to the Bondholders in accordance with Condition 15 (*Notices*).

## 7. Taxation

All payments in respect of the Bonds and Coupons shall be made without withholding of or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by, or on behalf of, the United Kingdom or any political sub-division thereof or by any authority therein or thereof having the power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantors, as the case may be, will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Bonds or Coupons after such withholding or deduction shall equal the amounts which would have been received in respect of the Bonds or, as the case may be, Coupons in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Bond or Coupon:

- (a) presented for payment in the United Kingdom; or
- (b) presented for payment by, or on behalf of, a holder who is liable for or subject to such Taxes in respect of such Bond or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Bond or Coupon; or
- (c) to, or to a third party on behalf of, a holder who would not be liable for or subject to such withholding or deduction if such holder presented any form or certificate or made a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (d) presented for payment more than 30 days after the Relevant Date (as defined below) except and to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days assuming that day to have been a Business Day (as referred to in Condition 6 (*Payments*)); or
- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC; or
- (f) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

As used herein the “**Relevant Date**” means the date on which such payment first becomes due, but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the Bondholders in accordance with Condition 15 (*Notices*). Any reference herein to amounts in respect of the Bonds and Coupons shall be deemed also to refer to any additional amounts which may be payable under this Condition 7 (*Taxation*) or under any undertakings given in addition to, or in substitution for this Condition 7 (*Taxation*) pursuant to the Trust Deed.

## 8. Repayment upon Event of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), subject (save for the event referred to in paragraph (a) or, in relation to the Issuer, (c) below) to the Trustee having certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders, give notice to the Issuer that the Bonds are, and they shall accordingly immediately become, due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events (each, an “**Event of Default**”) shall occur:

- (a) if default is made for a period of (i) 7 days in the case of principal or (ii) 14 days in the case of interest in payment of any principal or interest due in respect of the Bonds or Coupons or any of them; or

- (b) if default is made by the Issuer or any Guarantor in the performance or observance of any obligation, condition or provision binding upon it under the Bonds or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Bonds) and, except where such default is, in the opinion of the Trustee, not capable of remedy or cure when no such continuation or notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Trustee may permit) after written notice thereof has been given by the Trustee to the Issuer or, as the case may be, the relevant Guarantor, requiring the same to be remedied or cured; or
- (c) if an order is made or an effective resolution is passed for the winding up of, or an administration order is made in relation to, the Issuer, any Guarantor or a Material Subsidiary and, where possible, not discharged or stayed within a period of 60 days (save (a) with the prior written consent of the Trustee or the prior sanction of an Extraordinary Resolution of the Bondholders in each case for the purposes of or in connection with an amalgamation, reconstruction or merger, or (b) (in the case of a Material Subsidiary only) for a voluntary solvent winding-up where the surplus assets are available for distribution and are distributed to the Issuer and/or a Subsidiary or Subsidiaries to the extent attributable to the shares in such Material Subsidiary held by the Issuer or any of its Subsidiaries); or
- (d) if the Issuer ceases to carry on the whole or substantially the whole of its business, or if the Issuer or any Guarantor or any Material Subsidiary stops payment to its creditors generally (save (a) with the prior written consent of the Trustee or with the prior sanction of an Extraordinary Resolution of the Bondholders in each case for the purposes of or in connection with an amalgamation, reconstruction or merger, or (b) (in the case of a Material Subsidiary only) for a voluntary solvent winding-up where the surplus assets are available for distribution and are distributed to the Issuer and/or a Subsidiary or Subsidiaries to the extent attributable to the shares in such Material Subsidiary held by the Issuer or any of its Subsidiaries); or
- (e) if an encumbrancer takes possession or an administrative or other receiver is appointed of the Issuer or any Guarantor or any Material Subsidiary or of the whole or substantially the whole of the undertaking, property and assets of the Issuer or any Guarantor or any Material Subsidiary or if a distress or execution is levied or enforced upon or sued out against the whole or substantially the whole of the chattels or property of the Issuer or any Guarantor or any Material Subsidiary and, in the case of any of the foregoing events, is not discharged within 30 days (or such longer period as the Trustee may permit); or
- (f) if the Issuer or any Guarantor or any Material Subsidiary is, or is deemed to be, unable to pay its debts within the meaning of Section 123 (1) (e) or Section 123 (2) of the Insolvency Act 1986; or
- (g) if any Indebtedness of the Issuer or any Guarantor or any Material Subsidiary is not paid on its due date (or, in the case of Indebtedness of the Issuer or any Guarantor or any Material Subsidiary payable on demand, is not paid within 5 Business Days of such demand (or, in either case, if later and if applicable, by the expiry of any applicable grace period)) or becomes due and payable prior to its stated maturity by reason of default, or if any guarantee or indemnity in respect of Indebtedness of any third party given by the Issuer or any Guarantor or any Material Subsidiary is not honoured when due and called upon (or, if later and if applicable, by the expiry of any applicable grace period) provided that no event described in this Condition 8(g) shall constitute an Event of Default unless the Indebtedness or other relevant liability (either alone or when aggregated with other Indebtedness and/or other relevant liabilities of the Issuer or any Guarantor and any Material Subsidiaries in respect of which any such non-payment, default or dishonour has occurred) shall amount to at least £25,000,000 (or its equivalent in any other currency); or
- (h) any of the Guarantees is not (or is claimed by the relevant Guarantor not to be) in full force and effect.

For the purposes of this Condition 8 (*Repayment upon Event of Default*), “**Indebtedness**” means indebtedness for borrowed money.

## **9. Enforcement**

The Trustee may at any time at its discretion institute such proceedings as it may think fit to enforce the obligations of the Issuer or any Guarantor under the Bonds, the Coupons and Trust Deed, but it shall not be bound to institute any such proceedings or to take any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder shall be entitled to institute proceedings directly against the Issuer or any Guarantors unless the Trustee having become bound so to proceed fails to do so within a reasonable time and such failure is continuing.

## **10. Prescription**

Bonds and Coupons will become void unless presented for payment within ten years, in the case of principal, and five years, in the case of interest, respectively from the Relevant Date (as defined in Condition 7 (*Taxation*)) for payment thereof.

## **11. Meetings of Bondholders, Modification, Waiver and Substitution**

### *(a) Meetings of Bondholders*

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Terms and Conditions or any of the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than one half in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds for the time being outstanding so held or represented. An Extraordinary Resolution will be passed if (i) approved by a majority consisting of not less than three-quarters of the votes cast at the relevant duly convened meeting, (ii) a resolution in writing is signed by or on behalf of the holders of not less than three-fourths in principal amount of the Bonds for the time being outstanding or (iii) consent is given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in principal amount of the Bonds for the time being outstanding, and will be binding on all Bondholders, whether or not they were present at the meeting, and on all Couponholders. The Trust Deed does not contain any provisions requiring higher quorums in any circumstances.

The Trust Deed contains provisions for an Extraordinary Resolution to take the form of an instrument or instruments signed by the holder or the holders of three-quarters or more in principal amount of the Bonds for the time being outstanding.

### *(b) Modification and Waiver*

The Trust Deed provides that the Trustee may agree, without the consent of the Bondholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or to any modification which is of a formal, minor or technical nature or which is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

### *(c) Substitution*

The Trustee may also agree without consent as aforesaid to the substitution of a Subsidiary or successor in business or Holding Company of the Issuer in place of the Issuer (or of any previous substitute) as principal debtor under the Trust Deed, the Bonds and the Coupons, subject to the Trustee being satisfied that the

interests of the Bondholders will not be materially prejudiced thereby and to compliance with such other conditions as are set out in the Trust Deed.

(d) *Entitlement of Trustee*

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders or to the Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer, the Trustee, the Guarantors or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

Any modification, waiver, authorisation, determination or substitution referred to in this Condition 11 (*Meetings of Bondholders, Modification, Waiver and Substitution*) shall be binding on the Bondholders and Couponholders and, unless the Trustee agrees otherwise, shall be notified to the Bondholders as soon as practicable thereafter in accordance with Condition 15 (*Notices*).

## **12. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Bondholders or the Couponholders to create and issue further bonds or notes either ranking *pari passu* in all respects (or in all respects save for the amount of and/or the date from which interest accrues thereon) and so that the same shall be consolidated and form a single series with the outstanding bonds or notes of any series (including the Bonds) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may at the time of issue thereof determine. Any such bonds or notes, if they are to form a single series with the outstanding bonds or notes of any series (including the Bonds), shall be constituted by a deed supplemental to the Trust Deed and in any other case if the Trustee so agrees may be so constituted. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of bonds or notes of other series in certain circumstances where the Trustee so decides.

## **13. Replacement of Bonds and Coupons**

Should any Bond or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent, upon payment by the claimant of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses incurred in connection therewith (including the fees and expenses of the Principal Paying Agent and its designated agents) and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

## **14. Indemnification**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings to enforce payment unless indemnified and/or secured and/or prefunded to its satisfaction.

## **15. Notices**

All notices regarding the Bonds shall be valid if published in a newspaper of general circulation in London (which is expected to be the *Financial Times*) or any other daily newspaper in London approved by the

Trustee. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed or by which they have been admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. If notices cannot be given by publication as aforesaid they will be given in such other manner, and be deemed to have been given on such date, as the Trustee shall approve.

#### **16. Governing Law and Jurisdiction**

The Trust Deed, the Bonds and the Coupons and any matter, claim or dispute arising out of or in connection with the Trust Deed, the Bonds and the Coupons, whether contractual or non contractual, are governed by, and shall be construed in accordance with, English law.

#### **17. Rights of Third Parties**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms or conditions of the Bonds, but this does not affect any right or remedy of any person which exists or is available apart from that Act.



## Summary of Provisions relating to the Bonds while in Global Form

*The Bonds will be represented initially by a single temporary global bond in bearer form, without interest coupons (the “**Temporary Global Bond**”) which will be issued in new global note (“**NGN**”) form. The Temporary Global Bond will be exchangeable on or after 4 May 2010 for a permanent global bond in bearer form, without interest coupons, (the “**Permanent Global Bond**” and, together with the Temporary Global Bond, the “**Global Bonds**”) upon certification as to non-U.S. beneficial ownership in the form customarily required by Euroclear and/or Clearstream. The Global Bonds will be exchangeable for definitive Bonds with Coupons attached only in the limited circumstances specified therein (the “**Definitive Bonds**”).*

*The Bonds and the Coupons 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 Accountholder (as defined below) must look solely to the relevant Clearing System (as defined below) for his share of each payment made by the Issuer or any Guarantor to the bearer of such Global Bond subject to and in accordance with the respective rules and procedures of the relevant Clearing System. Such persons shall have no claim directly against the Issuer or any Guarantor in respect of payments due on the Bonds for so long as the Bonds are represented by such Global Bond and such obligations of the Issuer will be discharged by payment to the bearer of such Global Bond in respect of each amount so paid.*

*The Global Bonds contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Prospectus. The following is a summary of certain of those provisions.*

### 1. Nominal Amount and Exchange

The nominal amount of the Bonds shall be the aggregate amount from time to time entered in the records of Euroclear and/or Clearstream, Luxembourg or any alternative clearing system approved by the Trustee (the “**Alternative Clearing System**”) (each a “**relevant Clearing System**”). The records of each relevant Clearing System shall be conclusive evidence of the nominal amount of Bonds represented by the Global Bonds and a statement issued by any relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The Temporary Global Bond is exchangeable in whole or in part for interests recorded in the records of the relevant Clearing System in the Permanent Global Bond on or after a date which is expected to be 4 May 2010 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond.

The Permanent Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for Definitive Bonds only if:

- (a) an Event of Default (as set out in Condition 8 (*Repayment upon Event of Default*)) has occurred; or
- (b) any relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no Alternative Clearing System is available; or
- (c) the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) of the United Kingdom or as a result of a change in the practice of any relevant Clearing System which would not be suffered were the Bonds in definitive form and a certificate to such effect signed by two Directors of the Issuer or one Director and the Company Secretary is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Bond (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (c) above) the Issuer may give notice to the Trustee and the Bondholders, of its



intention to exchange the Permanent Global Bond for Definitive Bonds on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Bond may or, in the case of (c) above, shall surrender the Permanent Global Bond to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Bond the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Bond, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant Definitive Bonds.

In the event that a Global Bond is exchanged for Definitive Bonds, such Definitive Bonds shall be issued in minimum denominations of £50,000 and higher integral multiples of £1,000 up to a maximum of £99,000, but will in no circumstances be issued to Bondholders who hold Bonds in the relevant Clearing System in amounts that are less than £50,000.

“**Exchange Date**” means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant Clearing System is located.

## 2. Payments

On and after 4 May 2010, no payment will be made on the Temporary Global Bond unless exchange for an interest in the Permanent Global Bond is improperly withheld or refused. Payments of principal and interest in respect of Bonds represented by a Global Bond will be made to its holder. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System, and, in the case of payments of principal, the nominal amount of the Bonds will be reduced accordingly. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Payments of interest on the Temporary Global Bond (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

## 3. Notices

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of a relevant Clearing System, notices to Bondholders may be given by delivery of the relevant notice to that relevant Clearing System for communication to the relative Accountholders rather than by publication as required by Condition 15 (*Notices*) provided that, so long as the Bonds are admitted to listing by the UK Listing Authority and admitted to trading on the London Stock Exchange, the requirements of the UK Listing Authority have been complied with. Any such notice shall be deemed to have been given to the Bondholders on the day of such delivery, provided that such day is a day on which banks are generally open in London and Brussels or Luxembourg, as the case may be, failing which it shall be deemed given on the next such business day.

## 4. Accountholders

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of a relevant Clearing System, each person (other than a relevant Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular principal amount of such Bonds (each an “**Accountholder**”) (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Bonds standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders and giving notice to the Issuer pursuant to Condition 5(d) (*Redemption at the option of the*

*Bondholders upon a Change of Control Event*)) other than with respect to the payment of principal and interest on such principal amount of such Bonds, the right to which shall be vested, as against the Issuer, the Guarantors and the Trustee, solely in the bearer of the relevant Global Bond in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to the relevant Clearing System for its share of each payment made to the bearer of the relevant Global Bond.

## **5. Prescription**

Claims against the Issuer and the Guarantors in respect of principal and interest on the Bonds represented by a Global Bond will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 (*Taxation*)).

## **6. Cancellation**

On cancellation of any Bond represented by a Global Bond and required by the Conditions of the Bonds to be cancelled, the Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant Clearing System and, upon such entry being made, the principal amount of the applicable Global Bond recorded in the records of the relevant Clearing System shall be reduced by the aggregate principal amount of the Bonds so cancelled.

## **7. Put Option**

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of any relevant Clearing System, the option of the Bondholders provided for in Condition 5(d) (*Redemption at the option of the Bondholders upon a Change of Control Event*) may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of the relevant Clearing System (which may include notice being given on his instructions by any relevant Clearing System to the Principal Paying Agent by electronic means) of the principal amount of the Bonds in respect of which such option is exercised.

The Issuer shall procure that any exercise of any option or any right under the Bonds, as the case may be, shall be entered in the records of the relevant Clearing System and upon any such entry being made, the principal amount of the Bonds represented by the Permanent Global Bond shall be adjusted accordingly.

## **8. Authentication and Effectuation**

The Temporary Global Bond and the Permanent Global Bond shall not become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Principal Paying Agent and effectuated by the entity appointed as Common Safekeeper by the relevant Clearing Systems.

## **9. Euroclear and Clearstream, Luxembourg**

Bonds represented by a Global Bond are transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

References in the Global Bonds to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee in which the Bonds are held from time to time.

## Business Description

### DESCRIPTION OF THE ISSUER

The Issuer is a leading UK public transport group, operating primarily in the UK bus and rail sectors. Its date of incorporation is 17 February 1987 with registered number 2100855, and it is quoted on the London Stock Exchange. The Issuer and its Subsidiaries (as defined in Condition 3 (*Negative Pledge*)) (collectively, the “**Group**”) have their main operations in the UK. The Issuer had a market capitalisation at close of trading on 28 February 2010 of approximately £584 million. In its financial year ended 27 June 2009 total turnover was £2,346.1 million and profit before tax (before amortisation and exceptional items) was £112.1 million. As at the date of this Prospectus, the Group employs over 25,000 staff throughout the UK.

The Issuer operates through two main divisions – Bus and Rail. It also has a small Aviation Services division which, following the recent disposal of the majority of its ground and cargo handling activities in January 2010, consists mainly of ground handling services at London Heathrow Terminal 1 and parking and security operations. The Group’s activities are based in the UK with the exception of a joint venture (“**JV**”) in North America to pursue potential opportunities for yellow school bus contracts.

The table below sets out divisional information for the financial year ended 27 June 2009, as extracted from the Group’s audited consolidated results for that year:

	<i>Revenue</i> <i>£million</i>	<i>Operating profit*</i> <i>£million</i>	<i>Net assets **</i> <i>£million</i>
Bus .....	584.7	66.6	344.7
Rail .....	1,552.0	61.5	10.0
Aviation Services .....	209.4	(4.5)	33.1
<b>Total</b> .....	<b>2,346.1</b>	<b>123.6</b>	

Source: Go-Ahead plc Annual Report and Accounts 2009 page 74.

\* Before amortisation and exceptional items

\*\* Net assets for the divisions are exclusive of unallocated group liabilities which are included in other amount of £397.3 million.

### 1. History and Development

The Issuer was created out of the privatisation of the National Bus Company with the formation of Go-Ahead Northern Limited. In 1994, the Issuer listed on the London Stock Exchange.

#### Bus

The Issuer’s first major acquisition was Brighton & Hove in 1993, which was followed by the Oxford Bus Company in March 1994. Following the privatisation of London Buses in the mid-nineties, the Group acquired London Central in 1994 and London General in 1996. The Group further expanded its UK bus operations with the acquisition of Metrobus in 1999 and operations along the South Coast from 2003-2005. The Group has continued its expansion into the bus sector through acquisitions and, in 2009 and 2010, acquired Plymouth CityBus and Konectbus, respectively.

#### Rail

Following the privatisation of the rail industry in 1996 the Issuer joined forces with Keolis S.A., a French transport operator, to create a joint venture partnership, branded Govia, with 65 per cent. of the issued share capital owned by the Issuer and the remaining 35 per cent. owned by Keolis S.A., through which it would bid for future franchises. In 1996, Govia won the Thameslink franchise which it ran until it expired in 2006.

In 2001, Govia took over the operation of the South Central rail franchise from Connex South Eastern. A new franchise was signed in 2003 to run until 2009 with the railway branded as ‘Southern’. In June 2009, Govia retained the South Central franchise for a further five years and ten months from September 2009. In 2005, Govia was awarded the Integrated Kent franchise. Renamed as Southeastern, this new franchise runs

until 2012 with the potential for extensions dependent upon performance. The Southeastern franchise includes the operation of new high speed trains on the domestic Channel Tunnel Rail Link into St Pancras from December 2009.

In 2007, Govia was awarded the newly created West Midlands franchise which began operations in November 2007 and is due to run until 2015. Known as London Midland, the franchise combines the former Silverlink County franchise and the West Midlands regional services of the former Central Trains franchise.

### **Aviation Services**

In 1998, the Group entered the aviation services market through the acquisition of Gatwick Handling Limited, followed by a number of smaller acquisitions in ground and cargo handling. In 2002, the Group further expanded the aviation services division with the acquisition of Meteor Parking Limited (“**Meteor Parking**”), thereby operating car parking services at many UK airports. Meteor Parking also manages station parking and security services. In January 2010, the Group completed the sale of the majority of its aviation services operations in order to focus on its core bus and rail operations. The Group still operates Heathrow Terminal 1 ground handling services, the contracts of which are due to expire in the first half of 2011, and Meteor Parking.

### **Corporate Responsibility**

The Group is committed to operating its companies in a socially and environmentally responsible way and, unlike the other major public transport groups, it operates through a devolved structure. The Group strongly believes that public transport is best provided locally. All of its bus and rail companies are locally branded and form an integral part of the communities they serve.

The Group empowers its local managers to deliver services to their own markets in the way they best see fit and believes this local focus and understanding of community best enables the Group to provide high quality services. The Issuer has always taken its environmental responsibilities seriously and in 2008 it became the only UK public transport group to have been officially certified with the Carbon Trust Standard after taking action on climate change. The Carbon Trust Standard is the UK’s only independent certification recognising achievements in action on climate change by leading organisations in industry, commerce and the public sector.

## **2. Current overview of operations**

### **Bus**

The Group is one of the UK’s largest bus operators. With a fleet of over 3,500 buses, the Group carries, on average, around 1.6 million passengers every day. Its operations are focused on high density urban commuter markets where the bus can be an effective means of reducing traffic congestion. The Group is the largest operator in London, with around 21 per cent. market share, where it provides regulated services for Transport for London. The Group provides deregulated services in the North East, Oxford, the South East and Southern England and recently expanded its UK bus operations with the acquisition of Plymouth CityBus and Konectbus. The Group has also formed a joint venture in North America to pursue potential opportunities for yellow school bus contracts. At the time of this Prospectus, the JV does not operate any contracts.

### **Rail**

The rail operation, Govia, is 65 per cent. owned by the Issuer and 35 per cent. by Keolis S.A. It is the busiest rail operator by passenger numbers in the UK, responsible for nearly 30 per cent. of all UK passenger rail journeys through its three strategically selected and commuter focused rail franchises: Southern (which includes the Gatwick Express), Southeastern and London Midland. In December 2009, Southeastern launched the UK’s first high speed domestic rail service between Kent and London, significantly reducing current journey times.

## Aviation Services

In order for the Group to focus on its core bus and rail operations, the Issuer recently disposed of the majority of its aviation ground and cargo handling operations. It still operates limited ground handling contracts at Heathrow Terminal 1, which are due to expire in the first half of 2011. The Group continues to provide car parking services through Meteor Parking, which includes the 'Meet & Greet' and 'Pink Elephant' brands.

### 3. Organisation Structure

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

Name	Country of Incorporation	Proportion of ownership interest	Principal activity
Go-Ahead Holding Limited	England & Wales	100%	Holding company
Go-Ahead Leasing Limited	England & Wales	100% (indirect)	Financial leasing
Go-Ahead Finance Company	England & Wales	100% (indirect)	Holding company
Go North East Limited	England & Wales	100% (indirect)	Operation of bus services
London General Transport	England & Wales	100% (indirect)	Operation of bus services Services Limited
Metrobus Limited	England & Wales	100% (indirect)	Operation of bus services
Go South Coast Limited	England & Wales	100% (indirect)	Operation of bus services
Brighton & Hove Bus and Coach Company Limited	England & Wales	100% (indirect)	Operation of bus services
City of Oxford Motor Services Limited	England & Wales	100% (indirect)	Operation of bus services
Plymouth Citybus Limited	England & Wales	100% (indirect)	Operation of bus services
Konectbus Limited	England & Wales	100% (indirect)	Operation of bus services
Govia Limited	England & Wales	65% (indirect)	Rail holding company
Southern Railway Limited	England & Wales	65% (indirect)	Operation of train passenger services
London & South Eastern Railway Limited	England & Wales	65% (indirect)	Operation of train passenger services
London & Birmingham Railway Limited	England & Wales	65% (indirect)	Operation of train passenger services
Aviance UK Limited	England & Wales	100% (indirect)	Operation of aviation ground handling

The Group's long standing strategy is to deliver high quality passenger transport services in dense, urban markets, primarily through bus and rail. The four principal components of this strategy are to:

- run the Group's companies in a safe, socially and environmentally responsible manner;
- provide high quality, locally focused passenger transport services;
- prioritise the Group's operations in high density urban markets in the UK; and
- run the Group's business with strong financial discipline to deliver shareholder value.

### 4. Directors and Business Address of the Issuer

The Directors of the Issuer, whose registered office is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123, are:

<u>Name</u>	<u>Title and principal activities outside the Group (if any)</u>
Sir Austen Patrick Brown	<i>Non-Executive Chairman Chairman of the Nomination Committee Senior Independent Director of Northumbrian Water Limited Non-Executive Director of Northumbrian Water Limited</i>
Keith Lawrence Ludeman	<i>Group Chief Executive Non-Executive Director of ATOC Limited</i>
Nick Swift	<i>Group Finance Director</i>
Andrew James Allner	<i>Non-Executive Director Chairman of the Audit Committee Non-Executive Director of CSR plc Non-Executive Director of Marshalls plc Non-Executive Director of Northgate plc</i>
Rupert Laxelles Pennant-Rea	<i>Chairman of the Remuneration Committee Non-Executive Director/ Senior Independent Director Non-Executive Chairman of PGI Group Ltd, Acuity VCT plc, Acuity VCT 2 plc and Henderson Group plc Non-Executive Director of Times Newspaper Holdings Limited, The Economist Newspaper Limited, Defaqto Group Limited, Specialist Waste Recycling Limited, Gold Fields Limited and First Quantum Minerals (UK) Ltd</i>
Carolyn Sephton	<i>Group Company Secretary</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of the Issuer and their private interests or other duties.

## 5. Major Shareholders

As at 28 February 2010, the Issuer had been notified, in accordance with the Disclosure and Transparency Rules, applicable to shares listed on the London Stock Exchange, of the interests in its shares representing 3 per cent. or more of the voting rights in the Issuer as shown below. These holdings include, where applicable, the aggregate of investment management clients' interests within the respective asset management companies and may have since changed without triggering a further notification.

	<u>Direct/Indirect</u>	<u>Number of Shares</u>	<u>%</u>
Newton Investment Management Limited.....	Direct	3,352,486	7.80
D Ballinger.....	Direct	2,525,580	5.81
Ameriprise Financial, Inc. and its group .....	Indirect	2,319,693	5.40
Ameriprise Financial, Inc. and its group .....	Direct	16,000	0.04
Capital Research and Management Co.....	Indirect	2,311,612	5.38
Schroders plc .....	Indirect	2,416,616	5.10
JP Morgan Chase & Co. ....	Indirect	2,110,118	4.85
Artemis Investment Management Limited .....	Direct	2,086,486	4.85
JMoyes .....	Direct	2,054,061	4.50
Legal & General Group plc .....	Direct	1,705,480	3.96
Aegon UK Group of Companies .....	Direct	1,286,892	3.00
Aegon UK Group of Companies .....	Indirect	6,104	0.01

The Issuer is not aware of any arrangement, the effect of which would result in a change of control of the Issuer.



## DESCRIPTION OF THE GUARANTORS

Each of the Guarantors is (directly or indirectly) a wholly-owned subsidiary of the Issuer.

None of the Guarantors are aware of any arrangement, the effect of which would result in a change of control of the relevant Guarantor.

### **Go-Ahead Holding Limited (“Go-Ahead Holding”)**

Go-Ahead Holding was incorporated in England as a private limited company on 24 August 2007 as an intermediate holding company to hold the Issuer’s investments in its subsidiary companies and as a vehicle for medium term financing.

The registered number of Go-Ahead Holding is 6352308, its registered office is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123.

The executive officers of Go-Ahead Holding, whose business address is 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123, are:

<u>Name</u>	<u>Title and principal activities outside the Group (if any)</u>
Keith Ludeman	<i>Group Chief Executive, Go-Ahead</i>
Nick Swift	<i>Group Finance Director, Go-Ahead</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of Go-Ahead Holding and their private interests or other duties.

### **Go-Ahead Leasing Limited (“Go-Ahead Leasing”)**

Go-Ahead Leasing was incorporated in England as a private limited company on 18 October 2004. Its principal activity is to act as an intermediate leasing company to acquire and finance vehicles for the Group.

The registered number of Go-Ahead Leasing is 5262810, its registered office is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123.

The executive officers of Go-Ahead Leasing, whose business address is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123, are:

<u>Name</u>	<u>Title and principal activities outside the Group (if any)</u>
Keith Ludeman	<i>Group Chief Executive, Go-Ahead</i>
Nick Swift	<i>Group Finance Director, Go-Ahead</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of Go-Ahead Leasing and their private interests or other duties.

### **Go North East Limited (“Go North East”)**

Go North East was incorporated in England as a private limited company on 23 September 1986 with registered number 2057284. It is a subsidiary of Go-Ahead Holding and its principal activity is the provision of passenger bus services in and around Newcastle-upon-Tyne, Gateshead, Northumberland, Durham, Teesside, Sunderland and the immediate surrounding areas. The registered office of Go North East is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123.



The executive officers of Go North East, whose business address is 117 Queen Street, Gateshead, Tyne and Wear NE8 2UA and telephone number is +44 (0)191 4205 050, are:

<u>Name</u>	<u>Title and principal activities outside the Group (if any)</u>
Keith Ludeman	<i>Group Chief Executive, Go-Ahead</i>
Nick Swift	<i>Group Finance Director, Go-Ahead</i>
Peter Huntley	<i>Managing Director, Go North East</i>
Colin McPherson	<i>Finance Director, Go North East</i>
Kevin Carr	<i>Engineering Director, Go North East</i>
Martin Harris	<i>Operations Director, Go North East</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of Go North East and their private interests or other duties.

### **London General Transport Services Limited (“LGTS”)**

LGTS was incorporated in England as a private limited company on 14 December 1988 with registered number 2328489. It is a subsidiary of Go-Ahead Holding and its principal activity is the provision of passenger bus services in central London which are regulated by Transport for London. The registered office of LGTS is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123.

The executive officers of LGTS, whose business address is No. 18 Merton High Street, London SW19 1DN and telephone number is +44 (0)20 8545 6100, are:

<u>Name</u>	<u>Title and principal activities outside the Group (if any)</u>
Keith Ludeman	<i>Group Chief Executive, Go-Ahead</i>
Nick Swift	<i>Group Finance Director, Go-Ahead</i>
John Trayner	<i>Managing Director, Go Ahead London</i>
Paul Reeves	<i>Finance Director, Go Ahead London</i>
David Cutts	<i>Operations Director, Go Ahead London</i>
Phil Margrave	<i>Engineering Director, Go Ahead London</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of LGTS and their private interests or other duties.

### **Metrobus Limited (“Metrobus”)**

Metrobus was incorporated in England as a private limited company on 27 July 1983 with registered number 1742404. It is a subsidiary of Go-Ahead Holding and its principal activity is the provision of passenger bus services in South East London. The registered office of Metrobus is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123.

The executive officers of Metrobus, whose business address is Wheatstone Close, Crawley, West Sussex RH10 9UA and telephone number is +44 (0)129 3449 192, are:

<u>Name</u>	<u>Title and principal activities outside the Group (if any)</u>
Keith Ludeman	<i>Group Chief Executive, Go-Ahead</i>
Nick Swift	<i>Group Finance Director, Go-Ahead</i>
Alan Eatwell	<i>Managing Director, Metrobus</i>
Kevin Lavender	<i>Deputy Managing Director, Metrobus</i>
Kevin Carey	<i>Operations Director, Metrobus</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of Metrobus and their private interests or other duties.

**Go South Coast Limited (“Go South Coast”)**

Go South Coast was incorporated in England as a private limited company on 16 March 2000 with registered number 3949597. It is a subsidiary of Go-Ahead Holding and its principal activity is the provision of local bus services in and around Dorset, Wiltshire, Hampshire, Isle of Wight and Southampton. The registered office of Go South Coast is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123.

The executive officers of Go South Coast, whose business address is Towngate House, 2-8 Parkstone Road, Poole, Dorset BH15 2PR and telephone number is +44 (0)1202 680 888, are:

<u>Name</u>	<u>Title and principal activities outside the Group (if any)</u>
Keith Ludeman	<i>Group Chief Executive, Go-Ahead</i>
Nick Swift	<i>Group Finance Director, Go-Ahead</i>
Alex Carter	<i>Managing Director, Go South Coast</i>
Matt Dolphin	<i>Finance Director, Go South Coast</i>
Steve Hamilton	<i>Engineering Director, Go South Coast</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of Go South Coast and their private interests or other duties.

**Brighton & Hove Bus and Coach Company Limited (“Brighton and Hove”)**

Brighton & Hove was incorporated in England as a private limited company on 26 November 1935 with registered number 307468. It is a subsidiary of Go-Ahead Holding and its principal activity is the provision of local bus services in and around Brighton and Hove. The registered office of Brighton and Hove is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123.

The executive officers of Brighton and Hove, whose business address is 43 Conway Street, Hove, East Sussex BN3 3LT and telephone number is +44 (0)1273 886 200, are:

<u>Name</u>	<u>Title and principal activities outside the Group (if any)</u>
Keith Ludeman	<i>Group Chief Executive, Go-Ahead</i>
Nick Swift	<i>Group Finance Director, Go-Ahead</i>
Roger French	<i>Managing Director, Brighton and Hove</i>
Phil Woodgate	<i>Finance Director, Brighton and Hove</i>
Mike Best	<i>Operations Director, Brighton and Hove</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of Brighton and Hove and their private interests or other duties.

**City of Oxford Motor Services Limited (“Oxford Bus Company”)**

Oxford Bus Company was incorporated in England as a private limited company on 6 December 1906 with registered number 91106. It is a subsidiary of Go-Ahead Holding and its principal activity is the provision of local bus services in and around Oxford, and coach services from Oxford to central London, and to Gatwick and Heathrow airports. The registered office of Oxford Bus Company is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE and telephone number is +44 (0)191 232 3123.

The executive officers of Oxford Bus Company, whose business address is Cowley House, Watlington Road, Oxford OX4 6GA and telephone number is +44 (0)1865 785 402, are:

<u>Name</u>	<u>Title and principal activities outside the Group (if any)</u>
Keith Ludeman	<i>Group Chief Executive, Go-Ahead</i>
Nick Swift	<i>Group Finance Director, Go-Ahead</i>
Philip Kirk	<i>Managing Director, Oxford Bus Company</i>
Helen Fowweather	<i>Finance Director, Oxford Bus Company</i>
Louisa Weeks	<i>Operations Director, Oxford Bus Company</i>
Ray Woodhouse	<i>Engineering Director, Oxford Bus Company</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of Oxford Bus Company and their private interests or other duties.

## United Kingdom Taxation

The following is a general description of certain United Kingdom (“UK”) tax considerations relating to the Bonds. It does not purport to be a complete analysis of all UK tax considerations relating to the Bonds, relates only to persons who are the absolute beneficial owners of the Bonds and hold the Bonds as an investment, does not deal with certain classes of persons (such as persons connected with the Issuer, dealers in securities and those who are treated for tax purposes as having received their Bonds by reason of their employment) and, save as specifically mentioned, applies only to Bondholders who are resident and (if individuals) ordinarily resident in the UK for tax purposes.

This summary is based upon the Issuer’s understanding of UK tax law and HM Revenue and Customs (“HMRC”) practice as in effect on the date of this Prospectus and is subject to any change in such law or practice that may take effect after such date (possibly with retrospective effect).

Prospective purchasers of Bonds who may be subject to tax in any jurisdiction other than the UK, or who have any doubt whatsoever as to their tax position, should consult an appropriate professional advisor without delay.

### *A. Withholding Tax and Interest on Bonds*

The Bonds will constitute “quoted Eurobonds” so long as they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 of the Income Tax Act 2007. The London Stock Exchange’s Regulated Market is a recognised stock exchange for these purposes. On the basis of HMRC’s published interpretation of the relevant legislation and the application of Section 1005(3) of the Income Tax Act 2007, securities will be treated as listed on the Regulated Market of the London Stock Exchange if they are included in the Official List by the UKLA and are admitted to trading on the Regulated Market of the London Stock Exchange. Whilst the Bonds are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Bonds may be made without withholding or deduction for or on account of UK income tax.

In all other cases, interest will generally be paid under deduction of income tax at the basic rate (currently 20 per cent.) subject 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 subject to any other exemption that may be available to particular Bondholders.

If interest is paid under deduction of UK income tax (for example, if the Bonds cease to be listed on a recognised stock exchange), Bondholders who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

The interest paid on the Bonds will have a UK source and accordingly may be chargeable to UK tax by direct assessment. In this event, where the interest is paid without withholding or deduction, the interest will not be assessed to UK tax in the hands of holders of the Bonds who are not resident for tax purposes in the UK (other than certain trustees), except where such persons carry on a trade, profession or vocation in the UK through a UK branch or agency or, in the case of corporate holders, carry on a trade through a permanent establishment in the UK in connection with which the interest is received or to which the Bonds are attributable, in which case tax may be levied on the UK branch, agency or permanent establishment. There are exemptions for interest received by certain categories of agents.

The above description of the UK withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

### *Provision of Information*

Bondholders who are individuals should note that where any interest on Bonds is paid to them (or to any person acting on their behalf) by any person in the UK acting on behalf of the Issuer (a “**paying agent**”), or is received by any person in the UK acting on behalf of the relevant Bondholder (other than solely by clearing or arranging the clearing of a cheque) (a “**collecting agent**”), then the paying agent or the collecting agent

(as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Bondholder (including the Bondholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of UK income tax and whether or not the Bondholder is resident in the UK for UK taxation purposes. Where the Bondholder is not so resident, the details provided to HMRC may, in certain cases, be passed by HMRC to the tax authorities of the jurisdiction in which the Bondholder is resident for taxation purposes.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission's advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above. Bondholders are advised to consult their independent professional advisers in relation to the implications of the proposed changes, once finally made.

#### *Interpretation*

References to “**interest**” above are to “interest” as understood in UK tax law. The statements above do not take any account of any different definitions of “interest” which may prevail under any other law.

#### **B. United Kingdom Corporation Tax Payers**

In general, Bondholders who are within the charge to UK corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

#### **C. Other United Kingdom Tax Payers**

##### *Taxation of Chargeable Gains*

The Bonds are denominated in sterling and, on the assumption that they comprise normal commercial loans should constitute “qualifying corporate bonds” within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of a Bond by a Bondholder resident or ordinarily resident for tax purposes in the UK or who carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment to which the Bond is attributable and who is not within the charge to UK corporation tax (for the purposes of this section, a “**UK income tax payer**”) will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

##### *Accrued Income Scheme*

A disposal of a Bond (including a disposal occurring on redemption) by a Bondholder who is a UK income tax payer may give rise to a charge to UK income tax in respect of an amount treated under the provisions of Chapter 2 of Part 12 of the Income Tax Act 2007 (Accrued Income Profits and Losses) as representing interest accrued on the Bonds at the time of transfer. The Bonds will constitute “variable rate securities” for

these purposes and therefore the accrued income for tax purposes in respect of a transfer of the Bonds will be computed on a just and reasonable basis. A transferee of the Bonds will generally not be entitled to any relief for any amount of income that has accrued prior to the date of transfer, except to the extent that it falls to be taken into account in the application of the just and reasonable basis of charge on a subsequent disposal of the Bonds.

***D. Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

No United Kingdom stamp duty or SDRT will be payable on the issue of the Bonds or on a transfer by delivery of the Bonds.



## Subscription and Sale

Pursuant to a Subscription Agreement dated 22 March 2010 (the “**Subscription Agreement**”), Barclays Bank PLC and The Royal Bank of Scotland plc (together the “**Joint Lead Managers**”), together with Crédit Agricole Corporate and Investment Bank and Commerzbank Aktiengesellschaft (together the “**Co-Lead Managers**”) (the Joint Lead Managers and the Co-Lead Managers together herein referred to as the “**Managers**”) have agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Bonds at the issue price of 99.420 per cent. of their principal amount. The Issuer will pay to the Managers a combined management, underwriting and selling commission of 0.40 per cent. of the principal amount of the Bonds to be deducted from the issue proceeds. The Managers are entitled to terminate and to be released and discharged from their obligations under the Subscription Agreement in certain circumstances prior to payment to the Issuer. The yield of the Bonds is 5.477 per cent. on an annual basis. The relevant yield is calculated as at the Issue Date on the basis of the relevant issue price. It is not an indication of future yield.

### United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered, sold or delivered 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 Bonds 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 U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds 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, an offer or sale of Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### United Kingdom

Each Manager has represented, warranted and agreed that: (i) 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 Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Bonds in, from or otherwise involving the United Kingdom.

Save for having obtained approval of this document by the UK Listing Authority pursuant to listing rules made under Part VI of the FSMA, no action has been or will be taken by the Issuer, the Guarantors or any of the Managers that would permit a public offering of the Bonds or possession or distribution of this document or other offering material relating to the Bonds in any jurisdiction where, or in any circumstances in which, action for these purposes is required. This document does not constitute an offer and may not be used for the purposes of any offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

**General**

None of the Issuer, the Guarantors or the Managers represents that the Bonds may at any time lawfully be sold in or from any jurisdiction (other than in or from Great Britain) in compliance with any applicable registration requirements or pursuant to an exemption available thereunder or assumes any responsibility for facilitating such sales.

## General Information

- (1) The net proceeds of the issue of the Bonds, which are estimated to amount to approximately £198,040,000, will be used by the Issuer for general corporate purposes.
- (2) The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg with a Common Code of 049717458 and an ISIN Code of XS0497174580. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
- (3) The Issuer estimates that the expenses related to the admission of trading of the Bonds will be approximately £22,600.
- (4) It is expected that the Bonds will be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Regulated Market on or about 24 March 2010 (subject only to issue) and that such admission will become effective, and that dealings in the Bonds on the London Stock Exchange will commence, on 25 March 2010.
- (5) Each of the Issuer and the Guarantors has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds and the guarantee of the Bonds by the Guarantors. The issue of the Bonds was authorised by resolutions of the board of Directors of the Issuer passed on 22 February 2010. The giving of the Guarantees was authorised by resolutions of the boards of Directors of Go-Ahead Holding Limited, Go-Ahead Leasing Limited, Go North East Limited, London General Transport Services Limited, Metrobus Limited, Go South Coast Limited, Brighton & Hove Bus and Coach Company Limited and City of Oxford Motor Services Limited each passed on 16 March 2010.
- (6) The Trust Deed provides that the Trustee may rely on certificates or reports from any auditors or other parties in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document in connection therewith contains any limit on the liability of such auditors or such other party.
- (7) Save as set out in "*Business Description - Aviation Services*" on page 34, there has been no significant change in the financial or trading position of the Group since 2 January 2010, nor has there been any material adverse change in the prospects of the Issuer since 27 June 2009.
- (8) There has been no significant change in the financial or trading position of each of the Guarantors since 2 January 2010, nor has there been any material adverse change in the prospects of each of the Guarantors since 27 June 2009.
- (9) There are no, nor have there been any, governmental, legal or arbitration proceedings involving the Issuer, the Guarantors or any member of the Group (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) in the 12 months preceding the date of this document which may have or have had in such period a significant effect on the financial position or profitability of the Issuer, the Group or any Guarantor.
- (10) There are no material contracts entered into other than in the ordinary course of the Issuer's or any Guarantor's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or any Guarantor's ability to meet its obligations to Bondholders in respect of the Bonds being issued.
- (11) The Bonds will, subject to the termination provisions described below, be unconditionally and irrevocably guaranteed by the Guarantees given by the Guarantors, which Guarantors are, as at the date of this Prospectus, certain guarantors of the Principal Indebtedness. A Guarantee will terminate in respect of an individual Guarantor in certain circumstances as set out in Condition 2(c) (*Release of a Guarantor*).

- (12) The Prospectus will also be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/en-gb/pricesnews/marketnews/](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/).
- (13) Ernst & Young LLP, Registered Auditor of the Issuer, who is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales, has audited and rendered an unqualified audit report on, in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board:
- (a) the accounts of the Issuer, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, for the two years ended 27 June 2009 and 28 June 2008; and
  - (b) the accounts of each of the Guarantors, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, for the two years ended 27 June 2009 and 28 June 2008.

Ernst & Young LLP has no material interest in the Issuer or any of the Guarantors.

- (14) Copies of the following documents will be available from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London at Winchester House, One Great Winchester Street, London EC2N 2DB so long as any of the Bonds remains outstanding:
- (a) the memorandum and articles of association of each of the Issuer and the Guarantors;
  - (b) the audited financial statements of the Issuer for the financial years ended 28 June 2008 and 27 June 2009 and the audited non-consolidated financial statements of each of the Guarantors for the financial years ended 28 June 2008 and 27 June 2009 (in each case together with the audit report relating thereto). The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis and unaudited consolidated interim accounts on a semi-annual basis. None of the Guarantors currently prepare non-consolidated interim accounts; and
  - (c) the Trust Deed and the Agency Agreement.
- (15) The Issuer does not intend to provide any post-issuance information in relation to any Bonds.
- (16) Certain of the Managers 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, the Guarantors and their affiliates in the ordinary course of business.

## **PRINCIPAL OFFICES OF THE ISSUER**

*Registered office*

3rd Floor, 41-51 Grey Street  
Newcastle upon Tyne NE1 6EE  
United Kingdom

*London office*

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United Kingdom

### **TRUSTEE**

**Deutsche Trustee Company Limited**

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United Kingdom

### **AUDITOR OF THE ISSUER AND THE GUARANTORS**

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*To the Managers and the  
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