The PFI Infrastructure Company plc (the "Company")

AUDIT COMMITTEE - TERMS OF REFERENCE
(Adopted by board resolution passed on 22 June 2004)
In anticipation of the intended flotation of the entire issued
Ordinary Share Capital of the Company on the Alternative
Investment Market of the London Stock Exchange

1. Objectives

1.1 To increase shareholder confidence and the credibility and objectivity of published financial information.

1.2 To assist the board of directors of the Company (the "**Board**") in meeting its financial reporting responsibilities by ensuring the adequacy and effectiveness of the full range of internal control and compliance procedures within the Company and its subsidiaries and to ensure that the principles, policies and practices adopted in the preparation of group accounts and annual financial statements comply with all statutory requirements.

1.3 To strengthen the independent position of the Company's external auditors by providing channels of communication between them and the non-executive directors.

1.4 To review the performance of the auditors.

2. Remit and Authority

The Board shall establish an audit committee as a sub-committee of the Board (the "**Audit Committee**") and as such is answerable to the Board and will report to it on a regular basis. The Audit Committee has no executive powers with regard to its recommendations and does not relieve the directors of the Company of their responsibilities for financial reporting and corporate control.

Subject to any matters expressly reserved by the Board for decision by the Board, the Audit Committee has authority to carry out the following duties:

2.1 to make recommendations to the Board on the appointment of the external auditors, the terms of their appointment, the audit fee and any resignation or dismissal relating to the auditors;

2.2 to review the half-year and annual financial statements of the Company before these statements are submitted to the Board focusing particularly on:

2.2.1 any changes in accounting policies and practices arising from the audit;

2.2.2 significant areas of judgement;

2.2.3 significant adjustments arising from the audit;

2.2.4 the going concern assumption;

2.2.5 compliance with applicable accounting standards; and

2.2.6 compliance with legal requirements (including those of the London Stock Exchange plc).

2.3 to enter into discussions with external auditors concerning the nature and scope of the audit before the audit commences, the co-ordination of the audit where more than one firm is involved, any problems or reservations arising from the audit and any matters which the external auditors wish to discuss, without executive Board members being present;

2.4 to discuss with the new external auditors, and with the directors, and management of the Company, the accounting principles, policies and practices adopted in preparation of the accounts of the Company and to be assured that any annual financial statements comply with all statutory requirements and accounting standards;

2.5 to review the external auditors' management letter;

2.6 to review the Company's statement on internal control systems prior to its endorsement by the Board;

2.7 to review any significant findings of internal investigations and management's response thereto;

2.8 to ensure that any internal audit function is adequately resourced and has the appropriate standing within the Company;

2.9 to consider the effectiveness of internal financial controls and to make recommendations regarding changes where this is deemed necessary;

2.10 to investigate any matters within these terms of reference, for which task the Audit Committee shall be provided with the necessary resources and access to information in order to carry out any such investigation;

2.11 to obtain external professional advice in pursuance of its duties; and

2.12 to consider such other matters as may from time to time be referred to the Audit Committee by the Board.

3. Membership

The Audit Committee shall have a minimum of two members, who shall be drawn exclusively from the non-executive directors of the Company. A majority of these non-executive directors should be independent of the executive directors. The membership of the Audit Committee is to be set out in the annual report of the Company.

Audit Committee meetings shall have a quorum of [two] members and be chaired by the David Steers (or his successor from time to time) and shall also be attended by the external auditors, the head of any internal audit department and the finance director of the Company. The Audit Committee may invite any outsiders to attend its meeting as it deems appropriate.

4. Procedure

The Audit Committee shall meet at least twice a year and at such other times as the Chairman of the Audit Committee shall deem necessary, shall be held outside of the UK and should report the conclusions of such meetings to the board.

The Audit Committee shall have discussions with the external auditors at least once a year without any executive Board members being present.

Proper minutes shall be kept of all meetings of the Audit Committee.

The Audit Committee is authorised by the board to seek any information it requires from any officer or employee of the Company and all officers of the Company and employees are directed to co-operate with any request made by the Audit Committee.