

The date of this Programme Memorandum is 8 July 2004.

**CLASS Limited**  
*(Incorporated with limited liability in Jersey)*  
**U.S.\$5,000,000,000 Secured Note Programme**

**The Issuer accepts full responsibility for the accuracy of the information contained in this listing document and confirms, having made reasonable enquiry, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement within the listing document misleading.**

Under the U.S.\$5,000,000,000 Secured Note Programme (the "Programme") described in this Programme Memorandum, CLASS Limited (the "Issuer") subject to compliance with all relevant laws, regulations and directives, may from time to time issue Secured Notes (the "Notes") and/or incur other secured limited recourse indebtedness as more fully described in "Summary of the Programme" - "Alternative Investments") and in conjunction therewith may from time to time buy, sell or enter into options, swaps or repurchases, substantially on the terms set out herein, as supplemented in respect of each issue by a memorandum supplementary hereto (each a "Supplemental Programme Memorandum"). The aggregate principal amount of Notes and Alternative Investments outstanding will not at any time exceed U.S.\$5,000,000,000. This Programme Memorandum replaces and supersedes any other Programme Memorandum previously issued in respect of the Programme.

Notes will be issued in Series (as defined in "Summary of the Programme") and, unless otherwise stated in the relevant Supplemental Programme Memorandum, each Series will be secured by a first fixed charge on and/or an assignment of and/or other security interest in favour of the Trustee (as defined in the relevant trust instrument (the "Trust Instrument")) over or in respect of certain bonds, notes, warrants, options, swaps, loans or any other financial obligations assigned to or acquired by the Issuer or any other agreed assets (the "Collateral") owned or entered into by the Issuer and by a first fixed charge in favour of the Trustee over the Issuer's right to all funds held from time to time by the Agents (as defined herein) for payments due under the Notes of such Series and may also be secured by an assignment in favour of the Trustee of the Issuer's rights under an interest rate and/or currency and/or other exchange agreement (the "Swap Agreement") or a repurchase agreement (the "Repurchase Agreement") and/or a credit support document (the "Credit Support Document"), together with such additional security, if any, as may be described in the relevant Supplemental Programme Memorandum (together the "Mortgaged Property"). The respective rankings for priority of the interests of the holders of the Notes of such Series and of the counterparty to the relevant Swap Agreement (the "Counterparty") and each other party entitled to the benefit of such first fixed charge and/or assignment and/or other security interest in favour of the Trustee (each a "Secured Party") in the proceeds of such first fixed charge and/or assignment and/or other security interest shall be specified in the relevant Supplemental Programme Memorandum. The obligations of the Issuer under a Swap Agreement to the Counterparty to such Swap Agreement, may also be secured by certain assets comprised in the Mortgaged Property. Claims against the Issuer by holders of the Notes of a particular Series and, if applicable, each Counterparty and each Secured Party will be limited to the Mortgaged Property applicable to that Series. If the net proceeds of the enforcement of the Mortgaged Property for a Series are not sufficient to make all payments due in respect of the Notes and Coupons (if any) of that Series and, if applicable, due to each Counterparty and each Secured Party, no other assets of the Issuer will be available to meet such shortfall and the claims of holders of the Notes and, if applicable, any such Counterparty or Secured Party in respect of any such shortfall shall be extinguished. The Issuer may from time to time issue further Notes on the same terms as existing Notes and such further Notes shall be consolidated and form a single series with such existing Notes; provided that unless otherwise approved by Extraordinary Resolution of Noteholders of the relevant Series, the Issuer provides additional assets as security for such further Notes and such existing Notes in accordance with Condition 15.

Alternative Investments will be secured in the manner set out above in relation to Notes or in such other manner as may be set out in the relevant Supplemental Programme Memorandum. In all cases the recourse of the creditors in respect of such Alternative Investments and, if applicable, each Counterparty and each Secured Party, will be limited in the manner set out above in relation to Notes.

Application has been made for certain Series of Notes or Alternative Investments issued under the Programme to be listed on the Luxembourg Stock Exchange or any other Stock Exchange. However, unlisted Notes and Alternative Investments may also be issued pursuant to the Programme. The relevant Supplemental Programme Memorandum in respect of a Series will specify whether or not such Notes or Alternative Investments will be listed on the Luxembourg Stock Exchange (or any other Stock Exchange) during the period of 12 months from the date of this Programme Memorandum. The aggregate principal amount of, interest (if any) payable in respect of, the issue price of, the issue date of and maturity date (if any) of, the Mortgaged Property, and any other terms and conditions not contained herein which are applicable to each Series of Notes or to any Alternative Investments will be set forth in the relevant Supplemental Programme Memorandum which, with respect to Notes or Alternative Investments to be listed, will be delivered to the relevant Stock Exchange on or before the issue date of the Notes or Alternative Investments.

Notes to be issued in bearer form ("Bearer Notes" comprising a "Bearer Series") will initially be represented by interests in a temporary Global Note or by a permanent Global Note, in either case in bearer form (each a "Temporary Global Note" and a "Permanent Global Note", respectively), without interest coupons, which may be deposited with a common depository on behalf of Euroclear S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream, Banking, société anonyme ("Clearstream, Luxembourg"), or such other clearing system as may be specified in the relevant Supplemental Programme Memorandum, on the relevant issue date. The provisions governing the exchange of interests in Global Notes for bearer notes in definitive form ("Definitive Bearer Notes") are described in "Summary of Provisions Relating to Notes While in Global Form". Notes to be issued in registered form ("Registered Notes" comprising a "Registered Series") and which are sold in an "offshore transaction" within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), will be represented by interests in a permanent global certificate (each a "Global Certificate"), without interest coupons, which will be registered in the name of a nominee for, and shall be deposited on its issue date with a common depository on behalf of, Euroclear and Clearstream, Luxembourg, or, if Notes of such Series are also to be offered and sold in the United States or to or for the account or benefit of U.S. persons, by a Global Certificate (a "DTC Regulation S Global Certificate") which will be deposited with or on behalf of The Depository Trust Company ("DTC") for the accounts of Euroclear and Clearstream, Luxembourg; provided however, that if so specified in the applicable Supplemental Programme Memorandum, a Registered Series, all or a portion of which is to be offered or sold to or for the account or benefit of U.S. persons (as defined in Regulation S), may be issued either (i) in fully registered definitive form (each an "Individual Certificate") which will not be eligible for trading in any clearing system or (ii) in the form of one or more fully registered global notes (each, a "DTC Global Certificate") which will be deposited with or on behalf of DTC and registered in the name of its nominee. The DTC Regulation S Global Certificate will be exchangeable for Definitive Bearer Notes only in certain circumstances. See "Summary of Provisions Relating to Notes While in Global Form - Special Provisions Relating to DTC Global Certificates" herein. The form of any Alternative Investments will be as specified in the relevant Supplemental Programme Memorandum.

THE NOTES AND ALTERNATIVE INVESTMENTS WILL BE OBLIGATIONS SOLELY OF THE ISSUER AND WILL NOT BE GUARANTEED BY, OR BE THE RESPONSIBILITY OF, ANY OTHER ENTITY.

**The attention of investors is drawn to the sections headed "Investor Suitability" on page 7 and "Investment Considerations" on page 8 of this Programme Memorandum.**

**Arranger**  
**Deutsche Bank AG London**

*The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that this is the case), the information contained in this Programme Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The delivery of this Programme Memorandum at any time does not imply any information contained herein is correct at any time subsequent to the date hereof.*

*No person has been authorised to give any information or to make any representation other than those contained in this Programme Memorandum and/or in the relevant Supplemental Programme Memorandum in connection with the issue or sale of the Notes and Alternative Investments and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Arranger (as defined in “Summary of the Programme”).*

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

*This Programme Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Arranger to subscribe for, or purchase, any Notes or Alternative Investments.*

*The distribution of this Programme Memorandum and the offering or sale of the Notes or Alternative Investments in certain jurisdictions may be restricted by law. Persons into whose possession this Programme Memorandum comes are required by the Issuer and the Arranger to inform themselves about and to observe any such restriction. The Notes and Alternative Investments have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the “Securities Act”) and may include Notes or Alternative Investments in bearer form that are subject to U.S. tax law requirements. The Issuer has not registered and will not register as an “investment company” under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). Consequently, the Notes and the Alternative Investments may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except in accordance with the registration requirements of the Securities Act or an exemption therefrom and under circumstances that will not require the Issuer to register under the Investment Company Act. For a description of certain restrictions on offers and sales of Notes and Alternative Investments and on distribution of this Programme Memorandum, see “Subscription and Sale and Transfer Restrictions”.*

*Neither the Arranger nor the Trustee has separately verified the information contained herein and accordingly neither the Arranger nor the Trustee makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with the Notes and the Alternative Investments or their distribution and none of them accepts any responsibility or liability therefor. Neither the Arranger nor the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Programme Memorandum nor to advise any investor or potential investor in the Notes or the Alternative Investments of any information coming to the attention of either the Arranger or the Trustee.*

## **NOTICE TO NEW HAMPSHIRE RESIDENTS:**

*NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE OR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.*

The Jersey Financial Services Commission has given and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Notes by the Issuer. It must be distinctly understood that, in giving this consent the Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it. The Jersey Financial Services Commission is protected by the Borrowing (Control) (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

The directors of the Issuer have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the directors accept responsibility accordingly.

## **AVAILABLE INFORMATION**

**So long as any of the Notes or Alternative Investments are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, unless it becomes subject to and complies with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of Notes or Alternative Investments that are restricted securities, or to any prospective purchaser of Notes or Alternative Investments that are restricted securities designated by a holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Such information is available free of charge at the specified office of the Paying Agent in Luxembourg.**

*In this Programme Memorandum, unless otherwise specified or the context otherwise requires, references to “dollars”, and “U.S. dollars”, “USD” and “U.S.\$” are to United States dollars and references to “euro”, “EUR” or “€” are to the lawful currency of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty of European Union as amended by the Treaty of Amsterdam.*

*In connection with any Series of Notes, or any Alternative Investments, the Arranger (if any) disclosed as a stabilising agent (the “Stabilising Agent”) in the relevant Supplemental Programme Memorandum may over-allot or effect transactions which with a view to supporting the market price of the Notes or Alternative Investments at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Agent to do this. Such stabilising, if commenced, may be discontinued at any time,*

*must be brought to an end after a limited period and will be carried out in accordance with applicable laws and regulations.*

***The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience of investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Jersey Financial Services Commission as suitable investments for any other type of investor.***

***Any individual intending to invest in any investment described in this document should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.***

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## INVESTOR SUITABILITY

Prospective investors should determine whether an investment in the Issuer is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in any Notes or Alternative Investments and to arrive at their own evaluation of the investment.

**Attention is drawn, in particular, to “Investment Considerations” below.**

Investment in the Notes and Alternative Investments is only suitable for investors who:

- (1) have the requisite knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Programme Memorandum and the relevant Supplemental Programme Memorandum and the merits and risks of an investment in the Issuer in the context of such investors' financial position and circumstances;
- (2) are capable of bearing the economic risk of an investment in the Issuer for an indefinite period of time;
- (3) are acquiring the Notes or Alternative Investments for their own account for investment, not with a view to resale, distribution or other disposition of the Notes or Alternative Investments (subject to any applicable law requiring that the disposition of the investor's property be within its control);
- (4) recognise that it may not be possible to make any transfer of the Notes or Alternative Investments for a substantial period of time, if at all; and
- (5) are banks, investment banks, pension funds, insurance companies, securities firms, investment institutions, central governments, large international or supranational organisations or other entities, including *inter alia* treasuries and finance companies of large enterprises which are active on a regular and professional basis in the financial markets for their own account.

## INVESTMENT CONSIDERATIONS

### General

Purchasers of Notes or Alternative Investments should conduct such independent investigation and analysis regarding the Issuer, the Collateral, the security arrangements, the Notes and Alternative Investments, each Counterparty, each party to any Swap, Repurchase or other Agreement entered into in respect of any Notes or Alternative Investments and all other relevant market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes or Alternative Investments. The Issuer, the Arranger and the Trustee disclaim any responsibility to advise purchasers of Notes or Alternative Investments of the risks and investment considerations associated with the purchase of the Notes or Alternative Investments as they may exist at the date hereof or from time to time thereafter. However, as part of such independent investigation and analysis, prospective purchasers of Notes or Alternative Investments should consider all the information set forth in this Programme Memorandum and the relevant Supplemental Programme Memorandum, including the considerations set forth below.

### Illiquid Collateral

The Collateral may comprise or include privately placed, unlisted securities or domestic securities or other assets which are not admitted to any trading market and which are not readily realisable.

### Credit Risk of Counterparties

In certain cases the security for the Notes or Alternative Investments may be limited to the claims of the Issuer against the Counterparty to a Swap, Repurchase or other Agreement.

### No Secondary Market

There can be no assurance that a secondary market in respect of any of the Notes and Alternative Investments will develop.

### Limited Recourse

The Notes are secured, limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves and secured in the manner described in paragraph 18 of the Terms and Conditions of the Notes. Recourse in respect of the Notes will be limited to the Mortgaged Property relating to the Notes. Claims of Noteholders and any counterparty to a Swap Agreement in respect of the Notes and any other persons entitled to the benefit of the security for such Series shall rank in accordance with the priorities specified in the relevant Trust Instrument and in the relevant Supplemental Programme Memorandum.

### Country and Regional Risk

The price and value of the Collateral may be influenced by the political, financial and economic stability of the country and/or region in which the issuer of or obligor in respect of the Collateral is incorporated or has its principal place of business or of the country in the currency of which the Collateral is denominated. In certain cases the price and value of assets originating from countries not ordinarily considered to be emerging markets countries may behave in a manner similar to those of assets originating from emerging markets countries.

## **Emerging Markets**

The assets comprising the Collateral or, as the case may be, to which the return on any Series of Notes may be linked may originate from an emerging markets country. Investing in securities issued by entities in emerging markets countries or in securities, the return on which is linked to such securities involves certain systemic and other risks and special considerations which include:

- (1) the prices of emerging markets assets may be subject to sharp and sudden fluctuations and declines;
- (2) emerging markets securities and other assets tend to be relatively illiquid. Trading volume may be lower than in debt of higher grade credits. This may result in wide bid/offer spreads prevailing in adverse market conditions. In addition, the sale or purchase price quoted for a portion of the Collateral may be better than can actually be obtained on the sale of the entire holding of the Collateral;
- (3) published information in or in respect of emerging markets countries and the issuers of or obligors in respect of emerging markets securities or other assets has been proven on occasions to be materially inaccurate;
- (4) in certain cases the holders of Notes or Alternative Investments may be exposed to the risk of default by a sub-custodian in an emerging markets country;
- (5) realisation of Collateral comprising emerging markets securities or other assets may be subject to restrictions or delays arising under local law; and
- (6) issuers of emerging markets securities and/or governmental authorities in emerging markets jurisdictions have sometimes sought to restructure their debt obligations during times of economic crisis, including postponing and rescheduling debt obligations and making repayment of existing debt obligations conditional on investors' providing new funds for further newly issued debt obligations.

## **Further Issues of Notes by the Issuer**

Where the Issuer issues Further Notes pursuant to Condition 15 of the Terms and Conditions of the Notes herein, the method of calculation used by the Issuer to provide additional security for such Further Notes could affect the value of the original security provided for the Notes.

THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES OR ALTERNATIVE INVESTMENTS.



## **DOCUMENTS INCORPORATED BY REFERENCE**

This Programme Memorandum should be read and construed in conjunction with each relevant Supplemental Programme Memorandum and the most recently published accounts of the Issuer from time to time (if any), which shall be deemed to be incorporated in, and to form part of, this Programme Memorandum and which shall be deemed to modify or supersede the contents of this Programme Memorandum to the extent that a statement contained in any such document is inconsistent with such contents. Copies of any or all of the documents which are incorporated herein by reference will be available free of charge from the specified offices of the Listing Agents and from the specified office(s) of the Issuing and Paying Agent(s) (in respect of each Series).

## SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Programme Memorandum and, in relation to each Series and each issue of Alternative Investments, the Supplemental Programme Memorandum relating to such Series or Alternative Investments. Words and expressions defined or used in “Terms and Conditions of the Notes” or in the relevant Supplemental Programme Memorandum shall have the same meaning herein.

<b>Issuer:</b>	CLASS Limited.
<b>Description:</b>	U.S.\$5,000,000,000 Secured Note Programme.
<b>Size:</b>	Up to U.S.\$5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes or Alternative Investments outstanding at any one time.
<b>Arrangers:</b>	Deutsche Bank AG London or as otherwise specified in the relevant Supplemental Programme Memorandum.
<b>Mortgaged Property:</b>	The Notes of each Series will be secured in the manner set out in Condition 4 of the Terms and Conditions of the Notes, including (unless otherwise stated in the relevant Supplemental Programme Memorandum) a first fixed charge and/or assignment of and/or security interest over or in respect of certain Collateral (as specified in the relevant Supplemental Programme Memorandum) and a first fixed charge over the Issuer’s interest in funds held by the Agents (as defined in the Terms and Conditions of the Notes) under the Agency Agreement (as so defined) to meet payments due in respect of the Notes of that Series. Each Series may also be secured by an assignment of the Issuer’s rights under a Swap Agreement and/or Purchase Agreement and/or Repurchase Agreement and/or Credit Support Document, together with such additional security as may be described in the relevant Supplemental Programme Memorandum.
<b>Other Secured Parties:</b>	If so specified in the relevant Supplemental Programme Memorandum, any of the Counterparty under any Swap Agreement, the Custodian, the Agent and the Registrar may be entitled to the benefit of the security for each Series of Notes. The priority of each person entitled to the benefit of such security will be as specified in the relevant Supplemental Programme Memorandum.
<b>Trustee:</b>	As specified in the relevant Supplemental Programme Memorandum.
<b>Issuing and Paying Agent:</b>	As specified in the relevant Supplemental Programme Memorandum.
<b>Registrar:</b>	As specified in the relevant Supplemental Programme Memorandum.
<b>Custodian:</b>	Unless otherwise specified in the relevant Supplemental Programme Memorandum, Deutsche Bank AG London. If specified in the relevant Supplemental Programme Memorandum, one or more sub-custodians may be appointed in relation to the Collateral for any Series.
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis and will be in series (each a “Series”). The Notes in each Series will

have one or more issue dates and be on terms otherwise identical (or identical other than in respect of the first payment of interest) and will be intended to be interchangeable with all other Notes of that Series.

**Issue Price:** Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes:** The Notes may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Notes in registered form (“Exchangeable Bearer Notes”) or in registered form only (“Registered Notes”).

Each Series of Bearer Notes or Exchangeable Bearer Notes will initially be represented by a Temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Summary of the Programme - Selling Restrictions”) and otherwise such Series will be represented by a Permanent Global Note. Permanent Global Notes will be exchangeable for definitive Notes in the limited circumstances set out therein. See “Summary of Provisions Relating to Notes while in Global Form”.

Notes to be issued in registered form (“Registered Notes” comprising a “Registered Series”) and which are sold in an “offshore transaction” within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”), will be represented by interests in a permanent global certificate (each a “Global Certificate”), without interest coupons, which will be deposited on its issue date with a common depository on behalf of, Euroclear and Clearstream, Luxembourg. If so specified in the applicable Supplemental Programme Memorandum, a Registered Series, all or a portion of which is to be offered or sold to or for the account or benefit of U.S. persons (as defined in Regulation S), may be issued either (i) in fully registered definitive form (each an “Individual Certificate”) which will not be eligible for trading in any clearing system or (ii) in the form of one or more fully registered global notes (each, a “DTC Global Certificate”) which will be deposited with or on behalf of The Depository Trust Company (“DTC”) and registered in the name of its nominee. See “Summary of Provisions Relating to Notes While in Global Form” herein.

Each Series of Notes in registered form offered outside the United States may be represented by one or more Global Certificates in registered form without Coupons, deposited on the Issue Date (as defined in the relevant Supplemental Programme Memorandum) with a common depository for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee for Euroclear and Clearstream, Luxembourg; provided, however, that, unless otherwise specified in the relevant Supplemental Programme Memorandum, Notes of any Series that are offered and sold to investors in the United States in reliance upon an exemption from the registration requirements of the Securities Act, will be available only in fully registered definitive form and will not be eligible for trading in

Euroclear or Clearstream, Luxembourg. Global Certificates will be exchangeable for individual certificates in the limited circumstances set out therein. See “Summary of Provisions Relating to Notes while in Global Form”.

In relation to Notes in definitive form, references in this Programme Memorandum to “Noteholder” mean the bearer of any Bearer Note and the Receipts (as defined under “Terms and Conditions of the Notes”) relating to it or the person in whose name a Registered Note is registered (as the case may be) and to “holder” (in relation to a Note, Receipt, Coupon or Talon) (as each term is defined under “Terms and Conditions of the Notes”) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).

<b>Swaps and Repurchases:</b>	Any swap or repurchase entered into in connection with Notes of any Series by the Issuer will be a limited recourse obligation of the Issuer and will be on the terms set out in the relevant Supplemental Programme Memorandum.
<b>Currencies:</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in such currency or currencies as the Issuer and the relevant Arranger(s) agree.
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity between seven days and perpetuity.
<b>Denomination:</b>	Notes will be in such denominations as may be specified in the relevant Supplemental Programme Memorandum.
<b>Fixed Interest Rate Notes:</b>	Fixed Interest Rate Notes will bear interest payable in arrears on the date or dates in each year specified in the relevant Supplemental Programme Memorandum.
<b>Floating Rate Notes:</b>	Floating Rate Notes will bear interest set separately for each Series by reference to EURIBOR, LIBOR, LIBID or LIMEAN (or such other benchmark as may be specified in the relevant Supplemental Programme Memorandum) as adjusted for any applicable margin. Interest periods will be specified in the relevant Supplemental Programme Memorandum.
<b>Zero Coupon Notes:</b>	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest (except as provided in Condition 7.4).
<b>Variable Coupon Amount Notes:</b>	The Supplemental Programme Memorandum issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Supplemental Programme Memorandum.
<b>Interest Periods and Interest Rates:</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Supplemental Programme Memorandum.

<b>Variable Redemption Amount Notes:</b>	The Supplemental Programme Memorandum issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Supplemental Programme Memorandum.
<b>Redemption by Instalments:</b>	The Supplemental Programme Memorandum in respect of each issue of Notes which are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
<b>Other Notes:</b>	Terms applicable to high interest Notes, low interest Notes, step up Notes, step down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note which the Issuer and the Arranger may agree that the Issuer can issue under the Programme will be set out in the relevant Supplemental Programme Memorandum.
<b>Optional Redemption:</b>	The Supplemental Programme Memorandum in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer and/or the Noteholders (either in whole or in part) and, if so, the terms applicable to such redemption.
<b>Mandatory Redemption:</b>	If all or some of the Collateral relating to a Series becomes repayable prior to the stated maturity date of such Collateral or there is a payment default in respect of any such Collateral, if any Credit Support Document relating to such Series is terminated or if there is early termination of the Swap Agreement (if any) or Repurchase Agreement (if any) relating to such Series, the Notes of that Series shall become repayable in whole or in part. See "Terms and Conditions of the Notes - Redemption, Purchase and Options".
<b>Status of Notes:</b>	The Notes of each Series will be secured, limited recourse obligations of the Issuer, ranking <i>pari passu</i> without any preference among themselves and secured in the manner described in "Terms and Conditions of the Notes". Recourse in respect of any Series of Notes will be limited to the Mortgaged Property relating to that Series. Claims of Noteholders and, if applicable, any counterparty to a Swap Agreement in respect of any Series of Notes and any other persons entitled to the benefit of the security for such Series shall rank in accordance with the priorities specified in the relevant Trust Instrument and in the relevant Supplemental Programme Memorandum.
<b>Negative Pledge/Restrictions:</b>	There is no negative pledge. However, so long as any of the Notes remains outstanding, the Issuer will not, without the prior written consent of the Trustee and the Swap Counterparty (if any) incur any indebtedness for moneys borrowed or raised other than in respect of Permitted Investments or Permitted Indebtedness (as defined in Condition 6), engage in any activity other than certain activities related to the Notes or any Permitted Investment or Permitted Indebtedness, as described in Condition 6, have any subsidiaries or employees, declare any dividends, purchase, own, lease or otherwise acquire any real property or consolidate or merge with any

other person or issue any shares.

**Cross Default:** None.

**Withholding Tax:** All payments of principal and interest by the Issuer in respect of the Notes and Coupons may be made subject to any withholding or deduction for, or on account of, any applicable taxation. In the event of the imposition of any such taxes, the Issuer will use all reasonable endeavours (subject to the consent of the Trustee and the Swap Counterparty) to arrange for the substitution of its obligations by a company incorporated in another jurisdiction or (subject as provided above) to change its residence for taxation purposes to another jurisdiction, failing which it shall redeem the Notes, subject to certain exceptions.

**Fungible Issues:** Unless otherwise provided in the relevant Supplemental Programme Memorandum the Issuer may from time to time issue further Notes of any Series on the same terms as existing Notes and on terms that such further Notes shall be consolidated and form a single series with such existing Notes of the same Series; provided that unless otherwise approved by Extraordinary Resolution of Noteholders of the relevant Series, the Issuer shall provide additional assets as security for such further Notes and existing Notes in accordance with Condition 15.

**Governing Law of Notes:** Unless otherwise specified in the relevant Trust Instrument or Supplemental Programme Memorandum, English law.

**Listing:** Application may be made to the relevant listing authority for Notes or Alternative Investments of any Series, if so specified in the relevant Supplemental Programme Memorandum, to be listed on the Luxembourg Stock Exchange or on any other Stock Exchange as specified in the relevant Supplemental Programme Memorandum within 12 months of the date of this Programme Memorandum (in the case of the Luxembourg Stock Exchange). Unlisted Notes or Alternative Investments may also be issued.

**Selling and Transfer Restrictions:** There are restrictions on the sale of Notes and the distribution of offering materials in various jurisdictions. See "Subscription and Sale and Transfer Restrictions". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act. The Notes in bearer form will be issued in compliance with U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (the "D Rules") unless (i) the relevant Supplemental Programme Memorandum states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "C Rules") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the relevant Supplemental Programme Memorandum as a transaction to which TEFRA is not applicable.

In addition, the Supplemental Programme Memorandum for each Series of Notes, all or a portion of which are to be offered and sold in the United States or to or for the account or benefit of U.S. persons,

will disclose the exemption from the Investment Company Act being relied upon by the Issuer, together with the selling and transfer restrictions applicable to such exemption. See “Subscription and Sale and Transfer Restrictions” herein.

**Alternative  
Investments:**

The Issuer may from time to time incur secured limited recourse indebtedness in a form other than Notes. Alternative Investments may take the form of limited recourse asset-backed debt instruments in non-standard form or governed by laws other than the laws of England or limited recourse asset-backed debt incurred under loan or facility agreements, including agreements governed by laws other than the laws of England, or such other form as may be determined by the Issuer and the Arranger in respect of such Alternative Investment and will be secured in the manner described under Condition 4 of the Notes, *mutatis mutandis*, or in such other manner as may be determined by the Issuer and the Arranger in respect of such Alternative Investment. The terms and conditions and form of, and security for, each Alternative Investment will be as set out in the relevant Supplemental Programme Memorandum, or in such other documents as may be appropriate and agreed by the Issuer and the Arranger in respect of such Alternative Investment.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented, modified or varied in accordance with the provisions of the relevant Trust Instrument in relation to a particular Series only, will (subject as provided in "Summary of Provisions relating to Notes while in Global Form") be applicable to the Global Note(s) or Global Certificate(s) representing each Series and to the Definitive Bearer Notes or Individual Certificates (if any) issued in exchange therefor (each as defined in these Terms and Conditions) and which, subject further to deletion of non-applicable provisions, will be endorsed on such Definitive Bearer Notes or Individual Certificates. Details of applicable definitions for each Series will be set out in the relevant Trust Instrument. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes which may be issued under the Programme. The terms and conditions of any Alternative Investments will be as set out in the relevant Trust Instrument.*

The Notes are constituted and secured by a trust instrument dated the Issue Date (the "**Trust Instrument**") and made between, inter alios, the Issuer and the person specified therein as Trustee (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Instrument) as trustee for the holders of the Notes. By executing the Trust Instrument, the Issuer and the Trustee have entered into an Agency Agreement in respect of the Notes (the "**Agency Agreement**") on the terms set out in and/or incorporated by reference into the Trust Instrument with the persons (if any) executing the Trust Instrument in the capacity of issuing and paying agent (the "**Agent**") and/or as paying agent (the "**Paying Agent**") and/or as transfer agent (the "**Transfer Agent**") and/or as registrar (the "**Registrar**") and/or as custodian (the "**Custodian**") and/or as calculation agent (the "**Calculation Agent**") and/or as selling agent (the "**Selling Agent**") and/or as credit event monitoring agent (the "**Credit Event Monitoring Agent**") and/or in such other capacity as may be specified in the Trust Instrument. References to "**Paying Agents**" shall include the Agent and any substitute or additional paying agents appointed in accordance with the Trust Instrument. References to "**Transfer Agents**" shall include the Transfer Agent and any substitute or additional transfer agents appointed in accordance with the Trust Instrument. "**Agents**" means the Agent, the Paying Agents, the Registrar, the Transfer Agents, the Custodian, the Calculation Agent, the Selling Agent, the Credit Event Monitoring Agent or any of them and shall include such further or other person or persons as may be appointed from time to time an agent under the Agency Agreement with the prior written approval of the Trustee under the Trust Instrument. References in these Conditions to the "**Sub-Custodian**" are to the person (if any) specified in the Trust Instrument as the sub-custodian of the Custodian. If any person has executed the Trust Instrument in the capacity of swap counterparty (the "**Swap Counterparty**"), the Issuer and the Swap Counterparty have by executing the Trust Instrument entered into an agreement in respect of the Notes on the terms set out in and/or incorporated by reference into the Trust Instrument (such agreement, as supplemented by a confirmation entered into by the Issuer and the Swap Counterparty and dated the Issue Date and, if applicable, the Credit Support Annex (as defined in Condition 4.2 (C)), the "**Swap Agreement**"). If any person has executed the Trust Instrument in the capacity of repurchase counterparty (the "**Repurchase Counterparty**"), the Issuer and the Repurchase Counterparty have by executing the Trust Instrument entered into an agreement (the "**Repurchase Agreement**") in respect of the Notes on the terms set out in and/or incorporated by reference into the Trust Instrument. If any person has executed the Trust Instrument in the capacity of credit support provider (the "**Credit Support Provider**"), the Credit Support Provider has executed a letter of credit, guarantee or other credit support document (the "**Credit Support Document**") in favour of the Issuer in respect of the Notes on the terms set out or summarised in and/or incorporated by reference into the Trust Instrument. By executing the Trust Instrument the Issuer and the person or persons executing the Trust Instrument in the capacity of purchaser (the "**Purchaser**") have entered into an agreement (the "**Purchase Agreement**") in respect of the Notes on the terms set out in and/or incorporated by reference into the Trust Instrument.



These terms and conditions (the “**Conditions**”) apply in relation to the Notes in definitive form as completed, modified and amended by the provisions of the Terms (as defined in the Trust Instrument) set out in the Trust Instrument and the other provisions of the Trust Instrument. Each reference herein to a specific numbered Condition is to such Condition as so completed, modified or amended. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Instrument. Copies of the Trust Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement, the Swap Agreement (if any), the Repurchase Agreement (if any), the Credit Support Document (if any) and the Purchase Agreement) are available for inspection during normal office hours at the principal office of Deutsche Bank AG London specified in the Supplemental Programme Memorandum, and at the principal offices of the Trustee and each of the Paying Agents. The Noteholders (as defined below), the holders (the “**Couponholders**”) of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) and the holders of the instalment receipts (the “**Receipts**”) appertaining to the payment of principal by instalments are deemed to have notice of, and shall be bound by, all of the provisions of the Trust Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement, the Swap Agreement (if any), the Repurchase Agreement (if any), the Credit Support Document (if any) and the Purchase Agreement) applicable to them.

These Conditions apply to Notes in global form as completed, modified and amended by the provisions of the Terms, the other provisions of the Trust Instrument and by the provisions of the relevant Temporary Global Note, Permanent Global Note or Global Certificate.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts (each as defined in the Trust Instrument) and all other amounts in the nature of principal payable pursuant to Condition 8 or any amendment or supplement to it and (ii) “**interest**” shall be deemed to include all Interest Amounts (as defined in Condition 7.7) and all other amounts payable pursuant to Condition 7.

These Conditions apply separately to each series (a “**Series**”) of Notes, being Notes issued by the Issuer on the same date, bearing interest (if any) on the same basis and at the same rate and on terms identical to other Notes of the same Series and identified as forming a Series, together with any further Notes issued pursuant to Condition 15 and being consolidated and forming a single series with such Notes.

The Collateral (if any) will be identified in the Terms. Except where the context otherwise requires, references in these Conditions to the “**Collateral**” includes any Replacement Collateral or Substitute Collateral (as defined in Condition 4.5) delivered, transferred or assigned to the Issuer in accordance with Condition 4.5 and any Purchased Collateral or Fungible Collateral (as defined in Condition 5.2) delivered to the Issuer pursuant to Condition 5.2.

All capitalised items which are not defined in the Conditions shall have the meanings given to them in the Trust Instrument.

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

The Notes may be issued in bearer form and serially numbered (“**Bearer Notes**”, which expression includes Notes which are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Denomination(s) specified in the Trust Instrument. If it is stated in the Terms that the form of some or all of the Notes is “**Bearer**”, such Notes are Bearer Notes. If it is so stated that the form of some or all of the Notes is “**Exchangeable Bearer**”, such Notes are Exchangeable Bearer Notes. If it is so stated that the form of some or all of the Notes

is “**Registered**”, such Notes are Registered Notes. Unless otherwise stated in the Terms, the form of all of the Notes of a particular Series on issue will be the same.

All Registered Notes of the same Series shall have the same Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Denomination as the lowest denomination of Exchangeable Bearer Notes.

Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note, the principal amount of which is redeemed in instalments, may be issued with one or more Receipts attached.

Registered Notes are issued in the form of definitive registered certificates (“**Individual Certificates**”), in respect of a holding of one or more Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall, in compliance with applicable law, pass by delivery. Title to the Registered Notes shall pass by registration in the register (the “**Register**”) which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person will be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).

## 2. **Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### 2.1 **Exchange of Exchangeable Bearer Notes**

Subject as provided in Condition 2.6, each Exchangeable Bearer Note may be exchanged (in whole but not in part) for the same aggregate principal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 9.2) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes and Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes which are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### 2.2 **Transfer of Registered Notes**

One or more Registered Notes may be transferred upon the surrender, at the specified office of the Registrar or any Transfer Agent, of the Individual Certificate or Individual Certificates relating to the Registered Notes to be transferred, together with the form of

transfer endorsed on such Individual Certificate(s) duly completed and executed and such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Individual Certificate, a new Individual Certificate will be issued to the transferee in respect of the part transferred and a further new Individual Certificate in respect of the balance of the holding not transferred will be issued to the transferor. In no event may the Registrar or any Transfer Agent register the transfer of a Registered Note or an Individual Certificate in violation of the restrictive legend (if any) set forth on the face of such Individual Certificate.

### **2.3 Exercise of Options or Partial Redemption in respect of Registered Notes**

In the case of an exercise of an Issuer's or a Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Individual Certificate, a new Individual Certificate shall be issued to the holder in respect of the balance of the holding not subject to the exercise of such option or, as the case may be, redeemed. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the Registrar or any Transfer Agent.

### **2.4 Delivery of new Individual Certificates**

Each new Individual Certificate to be issued pursuant to Condition 2.1, 2.2 or 2.3 will be available for delivery within five business days of surrender of the relevant Exchangeable Bearer Note or, as the case may be, the relevant Individual Certificate and, if applicable, receipt of the relevant request for exchange, form of transfer or notice of exercise together with such other evidence (if any) as may be required pursuant to the relevant Condition. Delivery of new Individual Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom surrender of such Individual Certificate and, if applicable, delivery of such request, form of transfer or notice of exercise shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, notice of exercise or otherwise in writing, shall be mailed at the risk of the holder entitled to the new Individual Certificate to such address as may be so specified. In this Condition 2.4 "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

### **2.5 Exchange and transfer free of charge**

Exchange and transfer of Notes or Individual Certificates on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Noteholder (or the giving by the relevant Noteholder of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

### **2.6 Closed periods**

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 calendar days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 calendar days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 8.7, (iii) after any such Note has been drawn for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or

more Registered Note(s) in respect of which the Individual Certificate is simultaneously surrendered not later than any Record Date.

### 3. **Status**

#### 3.1 **Status**

The Notes, Coupons and Receipts are secured, limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves, which are secured in the manner described in Condition 4 and recourse in respect of which is limited in the manner described in Condition 4.8.

#### 3.2 **Non-applicability**

Where no reference is made in the Trust Instrument to any Credit Support Document, Swap Agreement, Repurchase Agreement, Custodian, Sub-Custodian or Selling Agent, references in these Conditions to any such document or agreement and to any Credit Support Provider, Swap Counterparty, Repurchase Counterparty, Custodian, Sub-Custodian or Selling Agent, as the case may be, shall not be applicable.

### 4. **Security for the Notes**

#### 4.1 **Collateral**

Unless otherwise specified in the Terms, the Purchaser will pursuant to the Purchase Agreement procure that the Collateral is delivered to the Custodian on the Issue Date or within the period thereafter specified in the Terms and, with effect from such delivery, the Collateral will be held by the Custodian (or, if so specified in the Terms, the Sub-Custodian), on behalf of the Issuer, subject to the security created by or pursuant to the Trust Instrument.

#### 4.2 **Security**

(A) If it is stated in the Terms that the security for the Notes is “**Collateral charged to Trustee**”, the Issuer has in the Trust Instrument created the following security:

- (1) (i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee of the Collateral and all of the Issuer’s rights in respect of and sums derived from the Collateral (including, without limitation, any proceeds of the sale thereof) and (ii) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights in respect of the Collateral against the Custodian;
- (2) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights, title and interest under each relevant Credit Support Document, Swap Agreement and/or Repurchase Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder;
- (3) a first fixed charge in favour of the Trustee over (i) the Issuer’s right to all sums held by the Agent and/or the Custodian and/or the Registrar to meet payments due in respect of the Notes; (ii) any sums of money, securities or other property received or receivable by the Issuer under any relevant Credit Support Document, Swap Agreement and/or Repurchase Agreement and (iii) all of the Issuer’s rights as against the Custodian in respect of any sum

standing to the credit of the Deposit Account (as defined in Condition 4.5) or the Repurchase Account (as defined in Condition 5.2);

- (4) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest under the Agency Agreement and all sums derived therefrom in respect of the Notes; and
  - (5) to the extent that at any time the Collateral has not been delivered to the Custodian (or, if so specified in the Purchase Agreement, the Sub-Custodian) to be held on behalf of the Issuer as provided in the Purchase Agreement, (i) an assignment by way of first fixed charge in favour of the Trustee of the Issuer's rights, title and interest under the Purchase Agreement and any sums received or receivable by the Issuer thereunder and (ii) a first fixed charge in favour of the Trustee of any sums received or receivable by the Issuer under the Purchase Agreement.
- (B) If it is stated in the Terms that the security for the Notes is “**Collateral charged to Trustee; additional foreign law security**”, the Issuer has in the Trust Instrument created the security specified in Condition 4.2 (A) and has in addition, and without prejudice to the security specified in Condition 4.2 (A) (1), executed in favour of the Trustee the pledge or security or other agreement or document specified in the Terms (each an “**Additional Security Document**”).
- (C) If it is stated in the Terms that the security for the Notes is “**Collateral delivered to the Swap Counterparty under Credit Support Annex**”, the Issuer has in the Trust Instrument created the security specified in Conditions 4.2 (A) (2) to (4) and will on the Issue Date pursuant to the Credit Support Annex (as defined in the Terms) transfer the Collateral to the Swap Counterparty free and clear of any liens, claims, charges or encumbrances or any other interest of any third party. Following such transfer, the Issuer will not have any right, title or interest in or to the Collateral but the Swap Counterparty will pay to the Issuer amounts equal to all payments and interest received on the Collateral (“**Distributions**”).

In these Conditions and in the Trust Instrument, “**Mortgaged Property**” means, in relation to any Series of Notes, the Collateral (unless it is stated in the Terms that Condition 4.2(C) applies) and the other property, assets and/or rights of the Issuer which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Trustee pursuant to the Trust Instrument and/or any Additional Security Document.

***Where Condition 4.2 (C) applies, the security for the Notes will not include any pledge or other security interest in or over the Collateral or of any of the Issuer's rights in respect of, or sums derived from, the Collateral.***

#### 4.3 General provisions relating to security

Unless otherwise specified in the Terms, the security constituted or created pursuant to the Trust Instrument and any Additional Security Document will be granted to the Trustee for itself and as trustee under the Trust Instrument as continuing security (i) for the payment of all sums due to the Trustee or any receiver under the Trust Instrument and/or any Additional Security Document or due under the Notes, Coupons or Receipts, (ii) for the performance of the Issuer's obligations under the Swap Agreement, (iii) for the payment of all sums payable to the Custodian for reimbursement in respect of payments made to the Swap Counterparty by the Custodian relating to sums receivable on or in respect of the Collateral pursuant to any provision of the Agency Agreement which

requires the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Custodian for any payment made by the Custodian to the Swap Counterparty relating to sums receivable on or in respect of the Collateral before actual payment to the Custodian of the amount receivable on or in respect of the Collateral and (iv) for the payment of all sums payable to the Agent or the Registrar pursuant to any provision of the Agency Agreement which requires the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Agent or the Registrar for any amount paid out by the Agent or the Registrar, as the case may be, to the holders of Notes, Coupons or Receipts before receipt of the corresponding amount due from the Issuer.

Unless otherwise specified in the Terms, the security constituted by or created pursuant to the Trust Instrument and any Additional Security Document shall become enforceable (i) in the circumstances specified in Condition 8.2 or 8.3 or 8.4 or 8.11, (ii) upon the occurrence of an Event of Default and (iii) on the Swap Agreement Termination Date (as defined in Condition 5.1) if sums remain owing to the Swap Counterparty under the Swap Agreement.

Unless the Notes are secured as described in Condition 4.2 (C) or it is otherwise specified in the Terms, the Collateral will be held by the Custodian (which expression shall include any additional or other Custodians from time to time appointed) on behalf of the Issuer on and subject to the terms and conditions of the Agency Agreement and, where applicable, subject to the security referred to in Condition 4.2 (A) or (B). The Issuer reserves the right at any time with the prior written consent of the Trustee to change the Custodian. Notice of such change shall be given to the Noteholders in accordance with Condition 16. If it is specified in the Terms that there is a Sub-Custodian in relation to the Collateral, such Sub-Custodian (which expression shall include any additional or other Sub-Custodians from time to time appointed) shall hold the Collateral on behalf of the Custodian, on and subject to the terms of an agreement (the "**Sub-Custody Agreement**") between the Sub-Custodian and the Custodian and/or such other persons as shall be specified in the Terms.

***The Trust Instrument provides that the Trustee shall not be bound or concerned to make any investigation into, or be responsible for:-***

- (i) the creditworthiness of the Collateral or any obligor or guarantor in respect of the Collateral or of any Swap Counterparty, Repurchase Counterparty, Credit Support Provider or other person which is a party to any other agreement or document constituting or evidencing any of the Collateral or the Mortgaged Property; or***
- (ii) the validity or enforceability of the obligations of any such person as is referred to in sub-paragraph (i) above or of the security constituted by or pursuant to the Trust Instrument or any other agreement or document constituting the security for the Notes; or***
- (iii) whether the cashflows relating to the Collateral and/or the Mortgaged Property and the Notes are matched.***

***None of the Issuer, the Purchaser, the Swap Counterparty, the Custodian, any Sub-Custodian or the Trustee will have any responsibility for the performance by any clearing system (or its participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations. None of the Issuer, the Trustee or the Swap Counterparty will have any responsibility for the performance by the Custodian of its obligations under the***

***Agency Agreement or for the performance by any Sub-Custodian of its obligations under the relevant Sub-Custody Agreement.***

**4.4 Application of Proceeds of Enforcement of Mortgaged Property**

The Trustee shall (subject to the provisions of the Trust Instrument) apply all moneys received by it under the provisions of the Trust Instrument and any Additional Security Document in connection with the realisation or enforcement of the security constituted by or pursuant to the Trust Instrument and any Additional Security Document in accordance with the following provisions of this Condition 4.4:

- (A) If “**Counterparty Priority**” is specified in the Terms, the Trustee shall apply such moneys received by it:
- (i) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Trust Instrument and/or any Additional Security Document (which for the purpose of this Condition 4.4 and the Trust Instrument shall include any taxes required to be paid, the costs of realising any security and the Trustee's remuneration);
  - (ii) secondly, in payment of any amounts owing to the Swap Counterparty under the Swap Agreement (which for the purpose of this Condition 4.4 and the Trust Instrument shall include any amounts owing to the Custodian for reimbursement in respect of payments made to such Swap Counterparty relating to sums receivable on or in respect of the Collateral);
  - (iii) thirdly, pro rata in payment of any amounts owing to the holders of Notes, Coupons and Receipts (which for the purpose of this Condition 4.4 and the Trust Instrument shall include any amount owing to the Agent or the Registrar for reimbursement in respect of payment of principal and interest made to holders of Notes, Coupons and Receipts); and
  - (iv) fourthly, in payment of the balance (if any) to the Issuer.
- (B) If “**Pari passu Ranking**” is specified in the Terms, the Trustee shall apply such moneys received by it:
- (i) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Trust Instrument and/or any Additional Security Document;
  - (ii) secondly, pro rata in payment of any amounts owing to the Swap Counterparty under the Swap Agreement and the holders of Notes, Coupons and Receipts; and
  - (iii) thirdly, in payment of the balance (if any) to the Issuer.
- (C) If “**Noteholder Priority**” is specified in the Terms, the Trustee shall apply such moneys received by it:
- (i) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any

receiver under or pursuant to the Trust Instrument and/or any Additional Security Document;

- (ii) secondly, pro rata in payment of any amounts owing to the holders of Notes, Coupons and Receipts;
  - (iii) thirdly, pro rata in payment of any amounts owing to the Swap Counterparty under the Swap Agreement; and
  - (iv) fourthly, in payment of the balance (if any) to the Issuer.
- (D) If “**Custodian Priority**” is specified in the Terms, the Trustee shall apply such moneys received by it:
- (i) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Trust Instrument and/or any Additional Security Document;
  - (ii) secondly, in payment of any amounts owing to the Custodian for reimbursement in respect of payments made to the Swap Counterparty under the Swap Agreement relating to sums receivable on or in respect of the Collateral;
  - (iii) thirdly, pro rata in payment of any amounts owing to the Swap Counterparty under the Swap Agreement and the holders of Notes, Coupons and Receipts; and
  - (iv) fourthly, in payment of the balance (if any) to the Issuer.
- (E) If “**Other Priority**” is specified in the Terms, the Trustee shall apply such moneys received by it in the manner set out in the Trust Instrument.

#### 4.5 Replacement and/or Substitution of Collateral

- (A) If it is specified in the Terms that this Condition 4.5 (A) applies to the Notes, and the security for the Notes is as described in Condition 4.2 (A) or (B), the Swap Counterparty may from time to time, at its cost and subject to and in accordance with the provisions of the Trust Instrument, by notice in writing to the Issuer, the Trustee and, if there is a Repurchase Agreement, the Repurchase Counterparty (a “**Replacement Notice**”) in, or substantially in, the form set out in the Agency Agreement, require that any securities or other assets for the time being comprising all or part of the Collateral (but excluding any Collateral which has been transferred to the Repurchase Counterparty pursuant to an exercise of the Purchase Option (as defined in Condition 5.2)) (hereinafter referred to as the “**Replaced Collateral**”) be replaced (a “**Replacement**”) by Eligible Securities (“**Replacement Collateral**”) provided however that:-
- (i) upon any release of the Replaced Collateral from the security created by or pursuant to the Trust Instrument, any such Replacement Collateral being substituted for the Replaced Collateral has been delivered, transferred or assigned to the Issuer on the same terms (mutatis mutandis) as the Replaced Collateral and is subject to the charge or other security interest created by or pursuant to the Trust Instrument;



- (ii) such other conditions as may be specified in the Terms are satisfied; and
- (iii) the Issuer will procure that there is issued to the Luxembourg Stock Exchange a supplement to the Supplemental Programme Memorandum for review and approval.

Upon receipt of a Replacement Notice, the Issuer shall forthwith notify the Agent (in the case of Bearer Notes), the Registrar (in the case of Registered Notes), the Custodian, the Sub-Custodian, the Calculation Agent and, in accordance with Condition 16, the Noteholders. The Trustee shall not be liable to the Issuer, any Counterparty, the Noteholders or any other person and the Issuer shall not be liable to the Trustee, any Counterparty or the Noteholders for any loss arising from any arrangement referred to in the Replacement Notice or otherwise from the operation of this Condition 4.5.

If it is specified in the Terms that this Condition 4.5 (A) applies to the Notes, and the security for the Notes is as described in Condition 4.2 (C), the Swap Agreement provides that the Swap Counterparty may from time to time, at its own cost, by notice in writing to the Issuer, require that there be a Replacement. Any such notice shall specify the Eligible Securities comprising the Replacement Collateral and the date as from which the Replacement takes effect. For the avoidance of doubt, the Replacement Collateral will as from such date be deemed to have been transferred by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex free and clear of any liens, claims, charges or encumbrances or any other interest of any third party and on terms that, with effect from such date, the Swap Counterparty will pay to the Issuer amounts equal to all Distributions received on the Replacement Collateral.

As used in this Condition 4.5, “**Eligible Securities**” means securities or other assets of the type or types specified for this purpose in the Terms.

***The Trust Instrument provides that, in connection with any Replacement relating to Notes the security for which is as described in Condition 4.2 (A) or (B), the Trustee shall receive a certificate from the Swap Counterparty describing the replacement and confirming that sub-paragraphs (i) and (ii) above have been complied with, and that it may rely absolutely upon such certificate for all purposes and need make no enquiry of any nature. By subscription for, or acquisition of, any Note, each Noteholder accepts and is bound by this provision.***

***The Trust Instrument provides that the Trustee shall not be liable to the Issuer, the Swap Counterparty, the Repurchase Counterparty, any Noteholder or any other person, nor shall the Issuer be liable to the Trustee, any Noteholder, the Swap Counterparty, the Repurchase Counterparty or any other person for any loss arising from any arrangement referred to in any Replacement Notice or otherwise from the operation of Condition 4.5 (A).***

The Swap Counterparty shall bear and pay, and shall indemnify the Issuer and the Trustee against, all costs, expenses and taxes (including, without limitation, stamp duty) (if any) payable in connection with a Replacement.

(B)

- (1) If securities and/or other assets which comprise all or part of the Collateral have a maturity date which falls prior to the maturity date or other date for

final redemption of the Notes (“**Maturing Collateral**”) and it is provided in the Terms that this Condition 4.5 (B) applies to the Notes and the security for the Notes is as described in Condition 4.2 (A) or (B), the proceeds of redemption received upon maturity of such Maturing Collateral shall be applied by the Custodian on behalf of the Issuer:-

- (i) in the purchase of Eligible Securities (“**Substitute Collateral**” and each such purchase a “**Substitution**”); and/or
- (ii) by crediting such proceeds of redemption to an interest bearing account in the name of the Custodian (the “**Deposit Account**”) opened by the Custodian with a bank or other financial institution (which shall be the Custodian unless otherwise specified in the Terms) on terms that the funds standing to the credit of such Deposit Account shall earn the rate or rates of interest (which may be a floating rate) specified in the Terms or, if no rate is so specified, such rate or rates as may be determined from time to time by the bank or other financial institution with which the Deposit Account is opened. The Custodian may from time to time apply the funds standing to the credit of the Deposit Account in the purchase of Eligible Securities, in which case such purchase, and the Eligible Securities so purchased, will be deemed to be a Substitution and Substitute Collateral, respectively, for the purposes of this Condition 4.5 (B) (1). Subject to any such application by the Custodian, the Issuer will procure that funds credited to the Deposit Account from time to time (including capitalised interest) shall be debited from the Deposit Account on or before the Maturity Date or other date for redemption of the Notes to be applied by the Issuer in connection with such redemption, as specified in the Trust Instrument.

Not later than the date of each Substitution pursuant to this Condition 4.5 (B) (1), the Swap Counterparty shall give a notice to the Issuer, the Trustee and, if there is a Repurchase Agreement, the Repurchase Counterparty (a “**Substitution Notice**”) in, or substantially in, the form set out in the Agency Agreement, specifying, among other things, the details of any Substitute Collateral and the date on which it is to be purchased. Upon receipt of a Substitution Notice, the Issuer shall forthwith notify the Agent (in the case of Bearer Notes), the Registrar (in the case of Registered Notes), the Custodian, the Swap Counterparty and, in accordance with Condition 16, the Noteholders, and a Substitution Notice, once given by the Swap Counterparty, shall be conclusive and binding on the Issuer, and on such other persons so notified by the Issuer (save in the case of manifest error).

Notwithstanding the foregoing, a Substitution may only be made if:-

- (a) the Substitute Collateral has been delivered, transferred or assigned to the Issuer on the same terms (mutatis mutandis) as the Maturing Collateral and is subject to the charge or other security interest created by or pursuant to the Trust Instrument; and
- (b) such other conditions as are specified in the Terms are satisfied.

All determinations of the availability of Substitute Collateral, and all determinations and calculations of the purchase price and applicable date for purchase thereof shall be made by the Swap Counterparty in

accordance with the Trust Instrument and all such determinations and calculations shall be binding on the Issuer, the Trustee, the Noteholders and all other persons (in the absence of manifest error). The Trustee shall not be liable to the Issuer, the Noteholders or any other person nor shall the Issuer be liable to the Trustee or any Noteholder for any loss arising from any arrangement referred to in any Substitution Notice or for the purchase price of the Substitute Collateral or otherwise from the operation of this Condition 4.5 (B) (1).

***The Trust Instrument provides that, in connection with any Substitution, the Trustee shall receive a certificate from the Swap Counterparty describing the Substitution and confirming that subparagraphs (a) and (b) above have been complied with, and it may rely absolutely upon such certificate for all purposes and need make no enquiry of any nature. By subscription for, or acquisition of, any Note, each Noteholder accepts and is bound by this provision.***

- (2) If there is Maturing Collateral and it is provided in the Terms that this Condition 4.5 (B) applies to the Notes and the security for the Notes is as described in Condition 4.2 (C), the Swap Agreement provides that the Swap Counterparty shall on the maturity date of the Maturing Collateral, subject to payment in full of all principal, interest and other sums falling due on such date in respect of the Maturing Collateral, replace the Maturing Collateral with Eligible Securities. Such Eligible Securities will as from the date of such replacement be deemed to have been transferred by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex free and clear of any liens, claims, charges or encumbrances or any other interest of any third party and on terms that, with effect from such date, the Swap Counterparty will pay to the Issuer amounts equal to all Distributions received on such Eligible Securities.
- (C) All rights of Replacement and/or Substitution under Condition 4.5 (A) or (B) shall cease forthwith upon the security constituted by the Trust Instrument becoming enforceable whether in whole or in part.
- (D) Where the security for the Notes is as described in Condition 4.2(C), the Collateral may be replaced or substituted by the Swap Counterparty in accordance with the provisions of the Swap Agreement.

***In respect of any Notes listed on the Luxembourg Stock Exchange, in the case of a Replacement and/or Substitution in accordance with this Condition 4.5, supplemental Listing Particulars will be prepared for submission to the Luxembourg Stock Exchange.***

#### **4.6 Purchase of Collateral maturing after the Maturity Date**

If any securities forming all or part of the Collateral have a maturity date falling after the Maturity Date of the Notes (“**Remaining Collateral**”), then unless otherwise provided in the Terms, the Swap Agreement provides that the Swap Counterparty shall on the Maturity Date for the Notes purchase the Remaining Collateral (excluding any interest payable on the Remaining Collateral on the Maturity Date for the Notes but including any interest accrued but not falling due for payment until after the Maturity Date for the Notes) from the Issuer at a price equal to 100 per cent. of the principal amount of the Remaining Collateral, provided that the Remaining Collateral has not become repayable or become capable of being declared due and repayable on or prior to the Maturity Date for the Notes

and provided further that no payment default has occurred in respect of the Remaining Collateral on or at any time prior to the Maturity Date for the Notes.

#### 4.7 Realisation of the Mortgaged Property relating to the Notes

##### (A) *Realisation of Security*

In the event of the security constituted by or created pursuant to the Trust Instrument over the Mortgaged Property becoming enforceable, the Trustee may at its discretion and shall:

- (1) if requested in writing by the holders of at least one-fifth in aggregate principal amount of the Notes then outstanding (as defined in the Trust Instrument); or
- (2) if directed by an Extraordinary Resolution (as defined in the Trust Instrument) of the Noteholders; or
- (3) if directed in writing by the Swap Counterparty (if the Swap Agreement has terminated in accordance with its terms prior to the Swap Agreement Termination Date or, on or after the Swap Agreement Termination Date, if sums remain owing to the Swap Counterparty under the Swap Agreement),

do one or more of the following:

- (i) (where Condition 4.2 (A) or (B) applies) instruct the Selling Agent to endeavour to sell or otherwise realise the Collateral in accordance with Condition 4.7 (B) and the provisions of the Agency Agreement;
- (ii) (where Condition 4.2 (A) or (B) applies) take other steps to realise all or some of the Collateral;
- (iii) terminate and/or enforce and/or realise any Credit Support Document, Swap Agreement, Repurchase Agreement or other agreement entered into by the Issuer, the rights of the Issuer in respect of which form part of the Mortgaged Property;
- (iv) otherwise enforce the security constituted by or pursuant to the Trust Instrument and/or any Additional Security Document

in each case without any liability as to the consequences of such action and without having regard to the effect of such action on individual Noteholders or Couponholders and provided that the Trustee shall not be required to take any action that would involve any personal liability or expense without first being indemnified to its satisfaction or to do anything which is or may be contrary to any applicable law. Where “**Counterparty Priority**”, “**Noteholder Priority**” or “**Custodian Priority**” is specified in the Terms, any request or direction given by the person or persons ranking in priority immediately after the Trustee will have priority over any conflicting direction given under this Condition 4.7 (A) and, in the absence of any such request or direction, the Trustee may at its discretion decline to act on any request or direction given by any other person. If “**Pari passu Ranking**” is specified in the Terms, any request of the kind referred to in Condition 4.7 (A) (1) or direction of the kind referred to in Condition 4.7 (A) (2) shall have priority over any conflicting request or direction under this Condition 4.7 (A) and the Trustee may at its discretion decline to act on any other direction.

(B) *Selling Agent*

If the Selling Agent is instructed by the Trustee in accordance with Condition 4.7 (A) to endeavour to sell or otherwise realise the Collateral the Selling Agent shall, on behalf of and as the agent of the Trustee pursuant to, and in accordance with, the provisions of the Agency Agreement, use all reasonable endeavours to sell or otherwise realise the Collateral as soon as reasonably practicable on or after the date on which it receives such instruction at its best execution price less any commissions or expenses charged by the Selling Agent and specified for this purpose in the Trust Instrument.

If, however, the Selling Agent determines that there is no available market for the Collateral, or if the Selling Agent otherwise determines that it is impossible to sell or otherwise realise the Collateral or any part of it, the Selling Agent will promptly notify the Issuer, the Trustee and the Swap Counterparty of such lack of availability or impossibility and the Selling Agent shall not be required to effect the sale or other realisation of the Collateral or any further part of it. Any such determination by the Selling Agent shall be in its sole discretion and shall be binding on the Issuer, the Trustee, the Swap Counterparty, the Noteholders and the Couponholders. In the event that the Selling Agent makes such determination the Trustee at its discretion may, and shall if so requested or directed in accordance with Condition 4.7 (A) (but subject in each case to its being indemnified in accordance with such Condition) realise all or part of the Collateral by other means.

In order to obtain its best execution price for the above purposes, the Selling Agent shall be required to take reasonable care to ascertain the price which is the best available for the sale or other realisation of the Collateral at the time of the sale or other realisation for transactions of the kind and size concerned and, unless circumstances require the Selling Agent to do otherwise in the interests of the Noteholders and the Couponholders, to deal at a price which is not less advantageous to the Noteholders and Couponholders.

***The Trustee shall have no responsibility or liability for the performance by the Selling Agent of its duties under this Condition 4.7 (B) or for the price at which any of the Collateral may be sold or otherwise realised.***

#### 4.8 **Shortfall after application of proceeds**

If the net proceeds of the realisation of the security created pursuant to the Trust Instrument (the “**Net Proceeds**”) are not sufficient to make all payments due in respect of the Notes, the Coupons and the Receipts and for the Issuer to meet its obligations, if any, in respect of the termination of the Swap Agreement (or a part of it) and/ or any other obligations secured thereby, then the obligations of the Issuer in respect of the Notes and the Swap Agreement and/or any such other obligations will be limited to such net proceeds. The other assets of the Issuer (including, in the case of a mandatory partial redemption where Condition 4.2 (A) or (B) applies, the Collateral other than the Repayable Assets, which will remain available to those holders whose Notes have not been redeemed), will not be available for payment of any Shortfall (as defined below) arising therefrom. Any Shortfall shall be borne by the Noteholders and Couponholders, the Swap Counterparty and any other persons entitled to the benefit of such security according to the priorities specified in the Trust Instrument.

The Issuer will not be obliged to make any further payment in excess of the Net Proceeds and any right to receive any further sum in each case in respect of any Shortfall remaining

after realisation of the security under Condition 4.7 and application of the proceeds in accordance with the Trust Instrument shall be extinguished and neither the Trustee nor any Swap Counterparty nor any Noteholder or Couponholder nor any other person entitled to the benefit of such security (nor any person acting on behalf of any of them) may take any further action to recover such Shortfall. Failure to make any payment in respect of any Shortfall shall in no circumstances constitute an Event of Default under Condition 11.

**Where Condition 4.2 (A) or (B) applies, the realisation of some only of the Collateral where there is a shortfall will not extinguish any claims in respect of the remaining Collateral.**

In this Condition “**Shortfall**” means the amount, if any, by which the amount of the Net Proceeds is less than the payments which would but for this Condition 4.8 have been due under the Notes and the Swap Agreement and/or to any other person entitled to the benefit of the security created pursuant to the Trust Instrument.

#### 4.9 **Division of security**

If “**Pari passu Ranking**” is specified in the Terms, the Trustee shall, (subject to certain conditions in the Trust Instrument) if so requested by the Swap Counterparty or the holders of one fifth in aggregate principal amount of the Notes then outstanding or by an Extraordinary Resolution divide the security constituted by the Trust Instrument and/or any Additional Security Document between the Swap Counterparty and the Noteholders and enforce such security separately in accordance with the terms of the Trust Instrument.

#### 4.10 **Issuer’s rights as holder of Collateral**

The Issuer may exercise any rights in its capacity as holder of the Collateral only with the prior written consent of the Trustee (which consent may be given by the Trustee in its absolute discretion) or as directed by an Extraordinary Resolution of the Noteholders and, if such consent or direction is given, the Issuer will act only in accordance with such consent or direction. In particular, the Issuer will not attend or vote at any meeting of holders of the Collateral, or give any consent or notification or make any declaration in relation to the Collateral, unless the Trustee shall give its prior written consent (which consent may be given by the Trustee in its absolute discretion) or by direction of any Extraordinary Resolution of the Noteholders.

### 5. **Swap Agreement; Repurchase Agreement**

#### 5.1 **Swap Agreement**

The Swap Agreement will terminate on the date specified in the Swap Agreement (the “**Swap Agreement Termination Date**”), unless terminated earlier in accordance with its terms. Unless otherwise specified in the Terms, (i) the Swap Agreement will terminate in full if all the Notes are redeemed prior to their Maturity Date pursuant to any provision of Condition 8 or upon the occurrence of an Event of Default; and (ii) the Swap Agreement will terminate in part (on a pro rata basis in a proportion of its principal amount equal to the proportion that the principal amount of the relevant Notes being redeemed bears to the aggregate principal amount of the Notes of the relevant Series immediately prior to such redemption) if some of the Notes are redeemed or the Notes are redeemed in part prior to their Maturity Date pursuant to any provision of Condition 8. In the event of an early termination of the Swap Agreement, either party to the Swap Agreement may be liable to make a termination payment to the other party in an amount determined in accordance with the provisions of the Swap Agreement. In the event of an early termination of the Swap Agreement as a result of the redemption of the Notes pursuant to Condition 8.2, any

obligation of the Issuer at any time to deliver the Collateral to the Swap Counterparty shall for the purposes of the calculation of such termination payment be deemed to be replaced by an obligation of the Issuer to pay to the Swap Counterparty a sum equal to the nominal amount of such Collateral.

Neither the Issuer nor the Swap Counterparty is obliged under the Swap Agreement to gross up payments to be made by it to the other if withholding taxes are imposed on such payments, but the Swap Agreement is terminable in such event. If the Issuer, on the occasion of the next payment due under the Swap Agreement, would be required by law to withhold or account for tax such that it would be rendered unable to make payment of the full amount due or would be required to account for tax or would suffer tax on its income in respect of the amount paid to it, the Issuer shall so inform the Trustee in writing, and shall use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal obligor in accordance with Condition 13.4 or to use all reasonable endeavours (subject to obtaining the prior written consent of the Trustee) to transfer its residence for tax purposes to another jurisdiction.

***To the extent that the Swap Counterparty fails to make payments due to the Issuer under the Swap Agreement, the Issuer will be unable to meet its obligations in respect of the Notes and Coupons. In such event, the Swap Agreement will be terminated and the Notes will become repayable in accordance with Condition 8.3. Upon enforcement in respect of the Mortgaged Property, the net proceeds thereof may be less than the claims of the Swap Counterparty, the Noteholders and Couponholders and the other persons entitled to the benefit of such security.***

## 5.2 Repurchase Agreement

If it is stated in the Terms that the Issuer has entered into the Repurchase Agreement, the Repurchase Counterparty may, subject to the provisions thereof, at any time and from time to time prior to the Maturity Date (and provided that the Notes have not fallen due and repayable prior to the Maturity Date) in its absolute discretion at its option (the “**Purchase Option**”), by giving not less than one Business Days’ notice to the Issuer, the Trustee and the Custodian (a “**Purchase Notice**”), require the transfer of any amount of the assets comprised in the Collateral (the “**Purchased Collateral**”) (unless it is specified in the Terms that the Purchase Option may be exercised on the Issue Date, in which case the Purchase Option may in addition be exercised on the Issue Date by the delivery of the Purchase Notice to the Issuer, the Trustee and the Custodian) on terms that full legal and beneficial ownership of such Purchased Collateral shall vest in the Repurchase Counterparty free and clear of all charges, liens and encumbrances created by the Trust Instrument with respect thereto or otherwise by the Issuer and together with the benefit of all the Issuer’s rights and entitlements thereto and therein subsisting at the time the Purchase Option is exercised against payment to the Issuer of the purchase price (the “**Purchase Price**”) (if any) specified in, or determined in accordance with the provisions of, the Terms and on terms that the Repurchase Counterparty shall be obliged to deliver the Purchased Collateral or Fungible Collateral to the Issuer on the date specified in the relevant Purchase Notice or, if no date is so specified, on the date specified in the absolute discretion of the Repurchase Counterparty (each, a “**Redelivery Date**”) against payment of the repurchase price (the “**Repurchase Price**”) (if any) specified in, or determined in accordance with the provisions of, the Terms and that until the Purchased Collateral or Fungible Collateral is so delivered, all payments of principal, interest or other sums in respect of the Purchased Collateral will be made to the Repurchase Counterparty (each, a “**Purchase Transaction**”). Unless otherwise provided in the Terms, the Repurchase Price may not exceed the amount for the time being standing to the credit of the Repurchase Account (as defined below).

**“Fungible Collateral”** means an amount of debt or equity securities equivalent to the Purchased Collateral the subject of the relevant Purchase Transaction (provided that, if and to the extent that such Purchased Collateral has been redeemed, such expression shall mean a sum of money equivalent to (and in the same currency as) the proceeds of such redemption) and debt or equity securities are **“equivalent to”** Purchased Collateral if they (i) are of the same issuer or obligor (ii) are part of the same issue, series or class, (iii) are of an identical type, nominal value and description and amount as the Purchased Collateral and (iv) have the same terms and conditions and rank in all respects *pari passu* and equally with the Purchased Collateral.

Under the Repurchase Agreement, the Repurchase Counterparty in respect of a Purchase Transaction will be required to make payments to the Issuer equal to each payment of principal, interest, dividends or other distributions made by an obligor of the relevant Purchased Collateral (each an **“Income Payment”**) on the date on which such payments under such Purchased Collateral are made by the obligor of such Purchased Collateral.

Unless otherwise specified in the Terms, if the Repurchase Counterparty exercises its Purchase Option under the Repurchase Agreement, the Issuer will be deemed to be authorised by the Trustee (and by all other persons entitled to the benefit of the security created by or pursuant to the Trust Instrument) to release from the security created by or pursuant to the Trust Instrument the Collateral which is the subject of the Purchase Transaction. If any Purchased Collateral or Fungible Collateral is redelivered to the Issuer pursuant to the Repurchase Agreement, the right of the Issuer to receive payments from the Repurchase Counterparty equal to the Income Payments made on or in respect of such Purchased Collateral or Fungible Collateral shall terminate and, upon redelivery of such Purchased Collateral or Fungible Collateral, such Purchased Collateral or Fungible Collateral shall be subject to the security constituted by or created pursuant to the Trust Instrument.

Any amount of Purchase Price paid by the Repurchase Counterparty to the Issuer pursuant to the Repurchase Agreement shall be credited to an interest bearing account in the name of the Custodian (the **“Repurchase Account”**) opened by the Custodian with a bank or other financial institution (which shall be the Custodian unless otherwise specified in the Terms) specified in the Trust Instrument on terms that the funds standing to the credit of the Repurchase Account shall earn the rate or rates of interest (which may be a floating rate) specified in the Trust Instrument. Funds credited to the Repurchase Account from time to time (including capitalised interest) shall be debited from the Repurchase Account on each Repurchase Date to be applied in payment of the Repurchase Price then due or as otherwise provided in the Trust Instrument.

***To the extent that the Repurchase Counterparty fails to make payments due to the Issuer under the Repurchase Agreement, or to deliver Purchased Collateral or Fungible Collateral to the Issuer when required under the Repurchase Agreement, the Issuer will be unable to meet its obligations in respect of the Notes, Receipts and Coupons. In such event, the Repurchase Agreement will be terminated and the Notes will become repayable in accordance with Condition 8.3. Upon enforcement in respect of the Mortgaged Property, the net proceeds thereof may be less than the claims of the Swap Counterparty, the Noteholders and Couponholders and the other persons entitled to the benefit of such security.***

***The Trustee shall not be liable to the Issuer, any Noteholder, the Swap Counterparty or any other person for any loss arising from the exercise of any Purchase Option, any Purchase Transaction or any release of Mortgaged Property in connection therewith.***



## 6. Restrictions

The Issuer has covenanted in the Trust Instrument that (*inter alia*) so long as any of the Notes remains outstanding, it will not, without the consent of the Trustee and the Swap Counterparty:

- (A) engage in any activity or do any thing whatsoever except:
  - (i) issue or enter into Investments (which as defined in the Trust Instrument include further Notes and other kinds of structured investments) which are subject to the enforcement and limited recourse provisions contained in the Trust Instrument (“**Permitted Investments**”) or otherwise incur indebtedness in respect of moneys borrowed or raised where such indebtedness is incurred on terms that it is secured on specified assets of the Issuer (other than its share capital) which do not form part of the Mortgaged Property and on terms which provide for the extinguishment of all claims in respect of such indebtedness after application of the proceeds of the assets on which such indebtedness is secured (“**Permitted Indebtedness**”);
  - (ii) enter into any Agency Agreement, Trust Instrument, Swap Agreement, Repurchase Agreement or deed or agreement of any other kind related to any Permitted Investment or Permitted Indebtedness, but provided always that any such agreement is entered into on terms that the obligations of the Issuer thereunder are secured on specified assets of the Issuer (other than its share capital) which do not form part of the Mortgaged Property and on terms which provide for extinguishment of all claims in respect of such obligations after application of the assets on which such indebtedness is secured;
  - (iii) acquire, or enter into any agreement constituting the Collateral in respect of any Permitted Investment or the assets securing any Permitted Indebtedness;
  - (iv) perform its obligations under each Permitted Investment or Permitted Indebtedness and the Agency Agreement, Trust Instrument, Swap Agreement, Repurchase Agreement or other deeds or agreements incidental to the issue and constitution of, or the granting of security for, any Permitted Investment or Permitted Indebtedness;
  - (v) enforce any of its rights under the Agency Agreement, the Trust Instrument, the Swap Agreement, the Repurchase Agreement or any other deed or agreement entered into in relation to any Permitted Investment or Permitted Indebtedness;
  - (vi) perform any act incidental to or necessary in connection with any of the above;
- (B) have any subsidiaries or employees;
- (C) subject to sub-paragraph (A) above, dispose of any of its property or other assets or any part thereof or interest therein (subject as provided in the Conditions relating to any Permitted Investment or the terms and conditions of any Permitted Indebtedness);
- (D) declare or pay any dividend or other distribution to its shareholders or third parties;

- (E) purchase, own, lease or otherwise acquire any real property;
- (F) consolidate or merge with any other person or demerge; or
- (G) issue any shares or grant any rights in relation to the issuance of shares.

## 7. **Interest, Credit Events and other Calculations**

### 7.1 **Interest Rate and Accrual**

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate specified in the Terms, such interest being payable in arrears on each Interest Payment Date.

Interest will cease to accrue on each Note on the due date for redemption unless upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Interest Rate in the manner provided in this Condition 7 to the Relevant Date.

### 7.2 **Business Day Convention**

If any date referred to in these Conditions which is specified in the Terms to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

### 7.3 **Interest Rate on Floating Rate Notes**

If the Interest Rate is specified in the Terms as being Floating Rate, then subject to the addition or subtraction of any Margin or to any other adjustment provided for in Condition 7.5, the Interest Rate for each Interest Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period in accordance with the following:

- (A) If the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:
  - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
  - (ii) otherwise the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date.

- (B) If the Primary Source for the Floating Rate is Reference Banks or if Condition 7.3 (A) (i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if Condition 7.3 (A) (ii) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent.
- (C) If Condition 7.3 (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or if the Relevant Currency is euro, in the Euro-zone (the “**Principal Financial Centre**”) as selected by the Calculation Agent are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or, if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe (y) to leading banks carrying on business in the Principal Financial Centre: except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Period and to the relevant Interest Period).

#### 7.4 **Interest Rate on Zero Coupon Notes**

As from the Maturity Date, the Interest Rate for any overdue principal in respect of a Note the Interest Rate of which is specified in the Terms to be Zero Coupon shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 8.6).

#### 7.5 **Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding**

- (A) If any Margin or Rate Multiplier is specified in the Terms (either (x) generally, or (y) in relation to one or more Interest Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Periods in the case of (y), calculated in accordance with Condition 7.3 by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to Condition 7.5 (B).
- (B) If any Maximum Interest Rate or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the Terms, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum as the case may be.

- (C) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up) (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up) save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “**unit**” means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

## 7.6 Interest Calculations

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note on the first day of such period by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in the Trust Instrument in respect of such period, in which case the amount of interest payable in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with such formula).

## 7.7 Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quotation or make any determination or calculation, the Calculation Agent will determine the Interest Rate and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Denomination of the Notes for the relevant Interest Period, calculate the Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Issuer, the Trustee, the Agent, the Registrar, each of the Paying Agents, the Noteholders and, for so long as the Notes are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as possible after their determination but in no event later than (i) (except in the case of notices to the Noteholders) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate, Interest Payment Date and Interest Amount, or (ii) in all other cases, the fourth Relevant Business Day after such determination, and in any event not later than the relevant payment date. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made with the prior written consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no notification of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

## 7.8 Determination or Calculation by Trustee

If the Calculation Agent fails at any time for any reason to determine or calculate the Interest Rate for an Interest Period or the Interest Amount, Instalment Amount or Redemption Amount or to comply with any other requirement, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

## 7.9 Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Benchmark”** means LIBOR, LIBID, LIMEAN or such other benchmark as may be specified as the Benchmark in the Terms;

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the **“Calculation Period”**):

- (i) if **“Actual/365”** or **“Actual/Actual”** is specified in the Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified in the Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **“Actual/360”** is specified in the Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if **“30/360”**, **“360/360”** or **“Bond Basis”** is specified in the Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30 day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)); or
- (v) if **“30E/360”** or **“Eurobond Basis”** is specified in the Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the final Interest Payment is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month).

**“Effective Date”** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the Trust Instrument or, if none is so specified, the first day of the Interest Period to which such Interest Determination Date relates.

**“Euro-zone”** means the region comprising the member states of the European Union that adopt the euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

**“Interest Commencement Date”** means the Issue Date of the Notes or such other date as may be specified as such in the Trust Instrument.

**“Interest Determination Date”** means, with respect to an Interest Rate and Interest Period, the date specified as such in the Trust Instrument or, if none is so specified, the first day of such Interest Period if the Relevant Currency is sterling or the day falling two Relevant Business Days in London prior to the first day of such Interest Period if the Relevant Currency is not sterling.

**“Interest Payment Date”** means each date specified as such in the Terms.

**“Interest Period”** means the period beginning on (and including) the Interest Commencement 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 Rate”** means the rate of interest payable from time to time in respect of this Note and which is either specified in, or calculated in accordance with the provisions of, the Terms (after adding or subtracting any Margin or making any other adjustment provided for in Condition 7.5).

**“Notes Currency”** means the currency in which the Notes are denominated.

**“Page”** means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Monitor Money Rates Service (**“Reuters Screen”**), the Dow Jones Telerate Service (**“Telerate”**) and the Bloomberg service (**“Bloomberg Screen”**)) as may be specified as such in the Trust Instrument for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other page as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

**“Reference Banks”** means the institutions specified as such in the Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) which is most closely connected with the Benchmark or, if the Relevant Currency is euro, the Euro-zone.

**“Relevant Business Day”** means:

- (a) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in each of the financial centres specified for this purpose in the Terms; and
- (b) in the case of euro, a day on which TARGET is open.

**“Relevant Currency”** means the currency specified as such in the Terms or if none is specified, the Notes Currency.

**“Relevant Date”** means, in respect of any Note, Receipt or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**“Relevant Financial Centre”** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre specified as such in the Terms or, if none is so specified the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected or if the Relevant Currency is euro, London.

**“Relevant Rate”** means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

**“Relevant Time”** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the Terms or, if none is specified, the local time in the Relevant Financial Centre (or, if the Relevant Financial Centre is the Euro-zone, Central European Time) at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre.

**“Representative Amount”** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such in the Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

**“Specified Duration”** means with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified as such in the Terms or, if none is specified, a period of time equal to the relative Interest Period, ignoring any adjustment pursuant to Condition 7.2.

**“TARGET”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer System.

## 8. **Redemption, Purchase and Options**

### 8.1 **Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount (which unless otherwise specified in the Terms, is its outstanding principal amount) on the Maturity Date specified on each Note.

### 8.2 **Mandatory Redemption**

If any of the Collateral becomes repayable or becomes capable of being declared due and repayable prior to its stated date of maturity for whatever reason or (unless the Trustee otherwise agrees) there is a payment default in respect of any of the Collateral (whether the Collateral forms part of the security for the Notes in accordance with Condition 4.2 (A) or (B) or Condition 4.2 (C) applies to the Notes), all such Collateral which has become so

repayable or capable of being declared due and repayable prior to its stated maturity or in respect of which there is a payment default (the “**Affected Collateral**”) together with all remaining Collateral or, if so specified in the Terms, a part thereof only (which may or may not form obligations of the same person as those which have become repayable or in respect of which there has been such a payment default) shall be deemed to have become immediately repayable (the “**Repayable Assets**”). The Issuer shall then forthwith give not more than 30 nor less than 15 days' notice (unless otherwise specified in the Terms) to the Trustee, the Noteholders, the Swap Counterparty and the Repurchase Counterparty specifying the principal amount of the Repayable Assets, the principal amount of the Notes to be redeemed and the due date for redemption and upon expiry of such notice (i) the Issuer shall redeem each Note in whole or, as the case may be, in part on a pro rata basis in a proportion of its Redemption Amount equal to the proportion that the principal amount of the Repayable Assets which are the subject of such notice bears to the principal amount of the Collateral which have not, at the date of the giving of the notice, been the subject of that or any other such notice and (ii) (in the case of Notes secured in the manner described in Condition 4.2 (A) or (B)) the security constituted by or created pursuant to the Trust Instrument over the Repayable Assets shall become enforceable. Interest shall continue to accrue on the part of the principal amount of Notes which has become due for redemption until payment thereof has been made to the Trustee and notice is given in accordance with Condition 16 that such amount is available for payment. Failure to make any payment due in respect of a mandatory redemption under this Condition 8.2 of part of the principal amount of the Notes or interest thereon shall not constitute an Event of Default under Condition 11.

In the event of such redemption and the security constituted by or created pursuant to the Trust Instrument becoming enforceable the Trustee may take such action as is provided in Condition 4.7 (A) and shall do so if so requested or directed in accordance with the provisions of such Condition (subject in each case to its being indemnified in accordance with such Condition and provided always that the Trustee shall not be required to do anything which is contrary to any applicable law).

### 8.3 **Redemption for taxation and other reasons**

If:

- (A) the Issuer, on the occasion of the next payment due in respect of the Notes, would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, then the Issuer shall so inform the Trustee, and shall use all reasonable endeavours to arrange (subject to and in accordance with Condition 13.4) the substitution of a company incorporated in another jurisdiction as the principal obligor or (with the prior written consent of the Trustee, the Swap Counterparty and the Repurchase Counterparty) to change its residence for taxation purposes to another jurisdiction approved beforehand in writing by the Trustee, the Swap Counterparty and the Repurchase Counterparty and if it is unable to arrange such substitution or change before the next payment is due in respect of the Notes; and/or
- (B) the Credit Support Document is terminated prior to the Maturity Date for any reason; and/or
- (C) the Swap Agreement is terminated in accordance with its terms prior to the Swap Agreement Termination Date; and/or
- (D) the Repurchase Agreement is terminated as a result of a failure by the Repurchase Counterparty to make payments due to the Issuer under the Repurchase



Agreement, or to deliver Purchased Collateral or Fungible Collateral to the Issuer when required under the Repurchase Agreement,

then the Issuer shall forthwith give not more than 30 nor less than 15 days' notice (unless otherwise specified in Trust Instrument) to the Trustee, the Noteholders, the Swap Counterparty and the Repurchase Counterparty, and upon expiry of such notice the Issuer shall redeem all but not some only of the Notes at their outstanding Redemption Amount together with any interest accrued to the date fixed for redemption and the security constituted by or created pursuant to the Trust Instrument shall become enforceable (if the same shall not already have become enforceable in accordance with these Conditions).

Notwithstanding the foregoing, if any of the taxes referred to in Condition 8.3 (A) above arises (i) by reason of any Noteholder's connection with the jurisdiction of incorporation of the Issuer otherwise than by reason only of the holding of any Note or receiving or being entitled to any Redemption Amount or interest in respect thereof; or (ii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claims for exemption from such tax, then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder, all other Noteholders shall receive the due amounts payable to them and the Issuer shall not be required by reason of such deduction to endeavour to arrange any substitution, or to redeem the Notes, pursuant to this Condition 8.3. Any such deduction shall not be an Event of Default under Condition 11.

In the event of such redemption and the security constituted by the Trust Instrument becoming enforceable, the Trustee may take such action as is provided in Condition 4.7 (A) and shall do so if so requested or directed in accordance with the provisions of such Condition (subject in each case to its being indemnified in accordance with such Condition and provided that the Trustee shall not be required to do any thing which is contrary to applicable law).

#### 8.4 **Adverse Tax Event following delivery of Collateral to Swap Counterparty under Credit Support Annex**

If Condition 4.2 (C) applies to the Notes and an Adverse Tax Event (as defined in the Terms) has occurred and is continuing the Issuer may give to the Trustee and the Noteholders not less than 5 Business Days' notice (in accordance with Condition 16) of such redemption and shall on the expiry of such Notice (the "**Adverse Tax Event Redemption Date**") redeem all (but not some only) of the Notes at their Redemption Amount plus interest accrued to the date of redemption, provided that:

- (a) if the Adverse Tax Event shall result in any reduction in any payment received or receivable by the Issuer in respect of or referable to interest on the Collateral (whether upon payment of such interest or as a result of a reduction in the aggregate amount received by the Issuer upon the sale of the Collateral), the interest payable in respect of the Notes on such Adverse Tax Event Redemption Date shall be reduced pro rata; and
- (b) if the Adverse Tax Event shall result in any reduction in any payment received or receivable by the Issuer in respect of or referable to principal of the Collateral, the Principal Amount payable in respect of the Notes on such Adverse Tax Event Redemption Date shall be reduced pro rata.

Any reduction in the principal or interest payable in respect of the Notes on the Adverse Tax Event Redemption Date shall be determined by the person specified for this purpose in the Terms, acting as calculation agent under the Swap Agreement, and shall be binding

on the Issuer, the Trustee, the Agent, the Noteholders and all other persons in the absence of manifest error. No liability shall attach to the person acting in such capacity.

## 8.5 Purchases

Unless otherwise provided in the Terms, and subject to receipt by the Issuer of an amount (whether by sale of the Collateral (or in the case of a purchase of some only of the Notes, a proportion of the Collateral corresponding to the proportion of the Notes to be purchased) or otherwise) which, plus or minus any termination payment payable to or by the Issuer from or to the Swap Counterparty on the termination (or as the case may be partial termination) of the Swap Agreement, is sufficient to fund the purchase price payable by the Issuer, the Issuer may purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

## 8.6 Early Redemption of Zero Coupon Notes

- (A) The Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date (a “**Zero Coupon Note**”), the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Zero Coupon Note pursuant to Condition 8.2, 8.3 or 8.4 or upon it becoming due and payable as provided in Condition 11, shall be the Amortised Face Amount of such Zero Coupon Note (calculated by the Calculation Agent as provided below).
- (B) Subject to the provisions of Condition 8.6 (C) below, the “**Amortised Face Amount**” of any Zero Coupon Note shall be the scheduled Redemption Amount of such Zero Coupon Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the yield (the “**Amortisation Yield**”) specified as the Amortisation Yield in the Terms (or, if none is so specified, the Amortisation Yield, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year it shall be made on the basis of the Day Count Fraction shown in the Terms.
- (C) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 8.2, 8.3, 8.4 or 8.11 or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 8.6 (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 7.4.

## 8.7 Redemption at the Option of the Issuer and Exercise of Issuer's Options

If so provided in the Terms, the Issuer may, on giving irrevocable notice to the Noteholders and the Trustee falling within the Issuer's Option Period (as specified in the Terms), redeem, or exercise any Issuer's option in relation to all or, if so provided, some of

the Notes in the principal amount or integral multiples thereof and on the Issuer's Optional Redemption Date or Dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

Where Notes are to be redeemed in part or the Issuer's option is to be exercised in respect of some only of the Notes, the Notes to be redeemed or in respect of which such option is exercised will be selected individually by lot, in such place as the Trustee shall approve and in such manner as the Trustee shall deem to be appropriate and fair.

## 8.8 Redemption at the Option of Noteholders and Exercise of Noteholders' Options

- (A) If so provided in the Terms, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

If the Terms for the relevant Series so provide, and, if so, in the circumstances specified therein, the Issuer's obligation to pay the Redemption Amount and interest accrued to the date of redemption may be satisfied by the Issuer delivering Collateral. The amount of such Collateral to be delivered (the "**Relevant Collateral**") shall be the corresponding proportion of all such Collateral (rounded down to the nearest denomination of the Collateral) as the Notes held by that Noteholder bear to the then outstanding principal amount of the Notes. Delivery shall be made in the manner set out in the Terms.

- (B) If so provided in the Terms, a holder of any Note will have the option, with the consent of the Swap Counterparty, to require the Issuer at any time to redeem such Note at its Redemption Amount which shall be an amount equal to the realisable value of the Relevant Collateral (less any costs and expenses associated with the realisation of such Collateral and less any other amount specified in the Terms) on the date of receipt of the relevant option notice or on a date as soon as practicable thereafter, as determined by the Issuer.

If the Terms for the relevant Series so provide, and, if so, in the circumstances (if any) specified therein, the Issuer's obligation to pay such Redemption Amount may be satisfied by the Issuer delivering the Relevant Collateral (or any portion thereof specified in the Terms) in the manner set out in the Terms. The Issuer shall make the relevant payment or delivery on the date of expiry of the relevant option notice or on a date as soon as practicable thereafter.

- (C) To exercise any option referred to above or any other Noteholders' option which may be set out in the Terms the holder must deposit the relevant Note with any Paying Agent (in the case of Bearer Notes) or the Individual Certificate representing such Note(s) with the Registrar or any Transfer Agent (in the case of Registered Notes) at such Agent's specified office, together with a duly completed option notice (a "**Put Notice**" or "**Option Notice**", as appropriate) within the Noteholders' Option Period (as specified in the Terms). No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

## 8.9 **Redemption by Instalments**

If it is stated in the Terms that the Notes are “**Instalment Notes**”, then unless previously redeemed, purchased and cancelled as provided in this Condition 8, each Note will be partially redeemed on each Instalment Date specified in the Terms at the respective Instalment Amount so specified, whereupon the outstanding principal amount of such Note shall be reduced for all purposes by the Instalment Amount.

## 8.10 **Cancellation**

All Notes purchased by or on behalf of the Issuer or redeemed must be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to, or to the order of, the Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and in each case, when so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 8.11 **U.S. Regulatory Redemption**

If it is specified in the Terms that the Notes are to be offered in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933) and that the Notes are subject to mandatory transfer and/or redemption pursuant to this Condition 8.11 then, unless otherwise provided in the Terms, the Issuer may, if in the sole determination of the Issuer it is necessary to do so to maintain any applicable exemption from the U.S. Investment Company Act of 1940 (i) by notice to any Noteholder require such Noteholder to transfer the Notes held by it within such period as may be specified in the notice or (ii) give not less than 15 days' notice to any Noteholder and upon the expiry of such notice redeem all of the Notes held by such Noteholder at their outstanding Redemption Amount together with any interest accrued to the date fixed for redemption and in such event, if Condition 4.2 (A) or (B) applies to the Notes, the security created by or pursuant to the Trust Instrument over a proportion of the Collateral equal to the proportion that principal amount of the Notes to be redeemed bears to the aggregate principal amount of the Notes immediately prior to such redemption shall become enforceable. By subscription for, or acquisition of, any Note, each Noteholder accepts and is bound by this provision.

***The relevant exemptions under the U.S. Investment Company Act of 1940 are described under “Subscription and Sale and Transfer Restrictions” herein.***

***The Trustee shall not be liable to any Noteholder, the Swap Counterparty or any other person for any loss arising from the operation of Condition 8.11.***

*Notices given in respect of a redemption of the Notes prior to their Maturity Date pursuant to Condition 8 shall also, for as long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange require, be given to the Luxembourg Stock Exchange.*

## 9. **Payments and Talons**

## 9.1 Bearer Notes

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note) or (in the case of all other payments or principal or Redemption Amount) the relevant Bearer Notes or (in the case of interest, save as specified in Condition 9.6 (F)) the relevant Coupons, as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due, drawn on or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency; provided that (i) in the case of euro, the transfer may be to, or the cheque drawn on, a euro account with a bank in the Euro-zone, and (ii) in the case of Japanese yen, the transfer will be to a non-resident Japanese yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan).

## 9.2 Registered Notes

Payments of principal (which for the purposes of this Condition 9.2 shall include the final Instalment Amount but not other Instalment Amounts) in respect of Registered Notes will be made against presentation and surrender of the relevant Individual Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

Interest (which for the purpose of this Condition 9.2 shall include all Instalment Amounts other than the final Instalment Amount) on Registered Notes will be paid to the person shown on the Register (or, if more than one person is so shown, to the first named person) at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”).

Payments of principal or interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned (in the case of payment in Japanese yen to a non-resident of Japan, drawn on an authorised foreign exchange bank) or, in the case of euro, a bank in the Euro-zone, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of principal or interest may be made by transfer to an account in the relevant currency maintained by, the payee with a bank in the principal financial centre of the country of that currency.

## 9.3 Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided in Condition 9.1 when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

#### 9.4 **Payments subject to law, etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

#### 9.5 **Appointment of Agents**

The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any of the Agents and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer will at all times maintain (i) an Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Calculation Agent where the Terms so require one, (v) a Paying Agent and, in relation to Registered Notes, a Transfer Agent having a specified office in a European city approved by the Trustee, (vi) a Custodian where the Terms so require, (vii) a Credit Event Monitoring Agent where the Terms so require and (viii) a Selling Agent where the Terms so require. If and for as long as the Notes are listed on the Luxembourg Stock Exchange, a Paying Agent will be maintained in Luxembourg and, if definitive Individual Certificates are issued and outstanding in relation to Registered Notes, a Transfer Agent will also be maintained in Luxembourg. For so long as the Notes are listed on any other stock exchange, the Issuer will maintain such other agents as may be required by the rules of such stock exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Notes denominated in U.S. dollars in the circumstances described in Condition 9.3 above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

#### 9.6 **Unmatured Coupons and Receipts and unexchanged Talons**

- (A) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to, the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).
- (B) If the relative Notes so provide, upon the due date for redemption of any Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (C) Upon the due date for redemption of any Bearer Note, any Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (D) Upon the due date for redemption in full of any Bearer Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on

or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

- (E) Where any Bearer Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (F) If the due date for redemption of any Notes is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Individual Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Individual Certificate representing it, as the case may be.

#### 9.7 **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Agent or such other Paying Agent as is notified to the Noteholders in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which have become void pursuant to Condition 10).

#### 9.8 **Non-Business Days**

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation and in such jurisdictions as shall be specified as “**Business Day Jurisdictions**” in the Terms and:

- (A) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (B) (in the case of a payment in euro) a day on which TARGET is open.

#### 10. **Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and (subject to Condition 9.6 (B)) Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

#### 11. **Events of Default**

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of Notes then outstanding, or if so directed by an Extraordinary Resolution of such holders, shall (subject in each case to being indemnified to its satisfaction), give notice to

the Issuer that such Notes are, and they shall accordingly forthwith become immediately due and repayable at their Redemption Amount, together with accrued interest (if any) thereon to the date of payment and the security constituted by or created pursuant to the Trust Instrument shall become enforceable, as provided in the Trust Instrument, in any of the following events (each an “Event of Default”):

- (i) if default is made for a period of 14 days or more in the payment of any sum due in respect of the Notes or any of them; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Instrument and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or
- (iii) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation, demerger or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution.

The Issuer has undertaken in the Trust Instrument that, on each anniversary of the date of first entry into of a Trust Instrument between the Issuer and the Trustee and also within 14 days after any request by the Trustee, it will send to the Trustee a certificate signed by a Director of the Issuer to the effect that, after making all reasonable enquiries by such Director, to the best of the knowledge, information and belief of the Issuer there did not exist, as at a date not more than five days prior to the date of the certificate, nor had there existed at any time prior thereto since the date of the Trust Instrument or the date of the last such certificate if any, any Event of Default or Potential Event of Default (as defined in the Trust Instrument) or, if such an Event of Default or Potential Event of Default did then exist or had existed, specifying the same and to such other effect as the Trustee may require.

***The Trust Instrument provides that the Trustee shall not be under any obligation to monitor whether or not an Event of Default or a Potential Event of Default (as defined in the Trust Instrument) has occurred or is continuing.***

## 12. **Enforcement**

At any time after the Notes become due and payable or in any of the circumstances specified in Condition 4.3, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Instrument, the Notes and the Coupons and, to the extent provided in the Trust Instrument, to enforce the security constituted by the Trust Instrument but it shall not be obliged to take any such proceedings unless (a) it shall have been so requested or directed by any person entitled to make such request or give such direction pursuant to Condition 4.7 (A) and (b) it shall have been indemnified to its satisfaction and provided that it shall not be obliged to take any action if it would be against any applicable law.

Only the Trustee (or, to the extent provided in Condition 4.7 (B), the Selling Agent) may pursue the remedies available under the Trust Instrument to enforce the rights of the Noteholders, Couponholders and/or the Swap Counterparty and/or the Custodian and/or the Agent and/or the Registrar and no Noteholder, Couponholder, Swap Counterparty or the Custodian or the Agent or



the Registrar is entitled to proceed against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Instrument, fails or neglects to do so.

The Trustee, the Swap Counterparty, the Repurchase Counterparty, the Noteholders and Couponholders, the Custodian, the Agent and the Registrar shall have recourse only to the Mortgaged Property and the Selling Agent or the Trustee having realised the same or, in the case of a partial redemption pursuant to Condition 8.2, the Repayable Assets and distributed the net proceeds in accordance with Condition 4.4, the Trustee, Swap Counterparty, the Repurchase Counterparty, the Noteholders and Couponholders, the Custodian, the Agent, the Registrar or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer or the Trustee to recover any further sum (save for lodging a claim in the liquidation of the Issuer initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer) and the right to receive any such sum shall be extinguished. In particular, neither the Trustee or the Swap Counterparty or the Repurchase Counterparty or the Custodian or the Agent or the Registrar nor any Noteholder or Couponholder, nor any other party to the Trust Instrument shall be entitled to petition or take any other step for the winding-up of the Issuer, nor shall any of them have any claim in respect of any asset of the Issuer not forming part of the Mortgaged Property.

### 13. **Meeting of Noteholders; Modifications; Waiver; and Substitution**

#### 13.1 **Meetings of Noteholders**

The Trust Instrument contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes (including these Conditions or the provisions of the Trust Instrument insofar as the same may apply to such Notes). The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Noteholders, whatever the principal amount of the Notes so held or represented, and an Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Couponholders and holders of Receipts, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereof, (ii) to reduce or cancel the principal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown in the Trust Instrument, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Redemption Amount or, in the case of Zero Coupon Notes, to vary the method of calculating the Amortised Face Amount, (vi) to change the currency or currencies of payment or denomination of the Notes, (vii) to take any steps which as specified in the Trust Instrument may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, (ix) to modify the provisions of the Trust Instrument concerning this exception or (x) to modify any other provisions specifically identified for this purpose in the Trust Instrument, will only be binding if passed at a meeting of the Noteholders, the quorum at which shall be two or more persons holding or representing 75 per cent., or at any adjourned meeting, not less than 25 per cent., in principal amount of the Notes for the time being outstanding. The holder of a Global Note or Global Certificate representing all of the Notes for the time being outstanding will be treated as being two persons for the purposes of such quorum

requirements. A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of Noteholders.

### 13.2 **Modification**

The Trustee may, without the consent of the Noteholders but only with the prior written consent of the Swap Counterparty agree to (i) any modification to the Trust Instrument, the Swap Agreement, the Repurchase Agreement, the Credit Support Document or any other agreement or document entered into in relation to the Notes which is of a formal, minor or technical nature or is made to correct a manifest error, (ii) any modification of any of the provisions of the Trust Instrument, the Swap Agreement, the Repurchase Agreement, the Credit Support Document or any other agreement or document entered into in relation to the Notes which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders and (iii) any modification of the provisions of the Trust Instrument, the Swap Agreement, the Repurchase Agreement, the Credit Support Document or any other agreement or document entered into in relation to the Notes which is made to satisfy any requirement of any rating agency which has issued or is proposing to issue a rating in respect of the Notes or any stock exchange on which the Notes are or are proposed to be issued and which, in either case, is not in the opinion of the Trustee materially prejudicial to the interests of the Noteholders. The Trust Instrument provides that the Issuer shall not agree to any amendment or modification of the Trust Instrument without first obtaining the consent in writing of the Swap Counterparty, which consent shall not be unreasonably withheld or delayed.

If the Trustee shall so require, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

### 13.3 **Waiver**

The Trustee may, without the consent of the Noteholders but only with the prior written consent of the Swap Counterparty and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, but only if and in so far as in its opinion the interests of the Noteholders shall not be materially prejudiced thereby, waive or authorise, on such terms and conditions as to it shall seem expedient, any breach or proposed breach by the Issuer of any of the covenants or provisions in the Trust Instrument or the Conditions or determine that any Event of Default or Potential Event of Default shall not be treated as such provided always that the Trustee shall not exercise any powers conferred on it by this Condition 13.3 in contravention of any express direction given by an Extraordinary Resolution of the Noteholders but no such direction shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination shall be binding on the Noteholders and the Swap Counterparty.

### 13.4 **Substitution**

The Trust Instrument contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Instrument and such other conditions as the Trustee may require but without the consent of the Noteholders but subject to the prior written consent of the Swap Counterparty, to the substitution of any other company (a "**Substitute Company**") in place of the Issuer or of any previous substituted company, as principal obligor under the Trust Instrument and all of the Notes then outstanding. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders but subject to the prior written consent of the Swap Counterparty, to a change of the law governing the Notes

and/or the Trust Instrument provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders. In addition, the Trust Instrument provides that the Issuer shall be required to use all reasonable endeavours to arrange the substitution of a Substitute Company incorporated in another jurisdiction as principal obligor under the Trust Instrument in the circumstances described in Condition 8.3 (A).

***The Trust Instrument provides that, if a Director or other authorised officer of any Substitute Company certifies that the Substitute Company will be solvent immediately after the time at which the substitution is to be effected, the Trustee shall not have regard to the financial condition, profits or prospects of such Substitute Company or compare the same with those of the Issuer (or any previously substituted company).***

### 13.5 Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall assume that each holder of a Bearer Note is the holder of all Receipts, Coupons and Talons relating to such Bearer Note and shall have regard to the interests of the holders of such Notes or the Coupons, Receipts or Talons relating thereto as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders or holders of Receipts or Talons and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder or holder of any Receipt or Talon be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual holders of such Notes, Coupons, Receipts or Talons.

### 14. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws at the specified office of the Agent in London (in the case of the Bearer Notes, Receipts, Coupons or Talons) and the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### 15. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders, but subject to Condition 6, create and issue further notes:

- (1) having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) and so that the same shall be consolidated and form a single series with such Notes (the “**Existing Notes**”) provided that, unless otherwise approved by an Extraordinary Resolution of Noteholders, the Issuer provides additional assets as security for such further notes (“**Further Notes**”) of at least an amount determined either on the Nominal Basis or on the Market Value Basis (as each such term is defined below), as selected by the Issuer and specified in the Supplemental Deed (the

**“Basis Selection”**), and the Issuer enters into, or has the benefit of, additional or supplemental Credit Support Documents and/or Swap Agreements and/or Repurchase Agreements extending the terms of any existing Credit Support Document, Swap Agreement and/or Repurchase Agreement to the Further Notes on terms no less favourable than those on which such existing documents and agreements, as so extended, apply to the Existing Notes. Any Further Notes shall be constituted and secured by a deed supplemental to the Trust Instrument (the **“Supplemental Deed”**, and so that, upon the execution of the Supplemental Deed, all references to the **“Trust Instrument”** shall be construed as being to such document as amended and supplemented by the Supplemental Deed), such further security shall be added to the Mortgaged Property so that the Further Notes and the Existing Notes shall be secured by the same Mortgaged Property and references in these Conditions to **“Notes”**, **“Collateral”**, **“Mortgaged Property”**, **“Credit Support Document”**, **“Swap Agreement”** and **“Repurchase Agreement”** shall be construed accordingly; or

- (2) upon terms that such notes form a separate series from the Notes and shall not be secured on the Mortgaged Property for the Notes. Any such notes shall be secured on, but only on, such property or assets as may be referred to in the relevant conditions and trust instrument applying to such separate series.

In this Condition:

**“Nominal Basis”** means that the additional assets required to be provided by the Issuer in respect of any Further Notes issued or to be issued pursuant to paragraph (1) hereof shall be of a nominal amount which bears the same proportion to the nominal amount of the Further Notes as the proportion which the nominal amount of such assets forming part of the Mortgaged Property for the Existing Notes bears to the nominal amount of the Existing Notes as at such date.

**“Market Value Basis”** means that the additional assets required to be provided by the Issuer in respect of any Further Notes issued or to be issued pursuant to paragraph (1) hereof shall be the variable E calculated in accordance with the following formula:

$$(A + B) \div C = (D + E + F) \div (G + H)$$

where:

- A = the Value of the assets forming part of the Mortgaged Property for the Existing Notes as at 11.00 a.m. (London time) on the Issue Date of the Existing Notes
- B = the Mark to Market Value of any Credit Support Document and/or Swap Agreement and/or Repurchase Agreement in respect of the Existing Notes as at 11.00 a.m. (London time) on the Issue Date of the Existing Notes
- C = the total nominal principal amount of the Existing Notes as at the Issue Date of the Existing Notes
- D = the Value of the assets forming part of the Mortgaged Property for the Existing Notes as at 11.00 a.m. (London time) on the London Business Day falling 2 London Business Days before the Issue Date of the Further Notes (or such other day as may be selected by the Issuer and specified in the Supplemental Deed)

- E = the Value of the additional assets to form part of the Mortgaged Property for the Existing Notes and the Further Notes required to be provided by the Issuer in respect of the Further Notes as at 11.00 a.m. (London time) on the London Business Day falling 2 London Business Days before the Issue Date of the Further Notes (or such other day as may be selected by the Issuer and specified in the Supplemental Deed)
- F = the Mark to Market Value of any Credit Support Document and/or Swap Agreement and/or Repurchase Agreement in respect of the Existing Notes, as extended so as to apply also to the Further Notes, as at 11.00 a.m. (London time) on the London Business Day falling 2 London Business Days before the Issue Date of the Further Notes (or such other day as may be selected by the Issuer and specified in the Supplemental Deed)
- G = the total nominal principal amount of the Existing Notes as at the Issue Date of the Further Notes
- H = the total nominal principal amount of the Further Notes as at the Issue Date of the Further Notes

for which purposes:

the “**Mark to Market Value**” of any Credit Support Document and/or Swap Agreement and/or Repurchase Agreement means the amount (which may be a negative number) determined by the calculation agent under the relevant Agreement (which determination shall be final and binding on all persons in the absence of manifest error), being (i) if such Agreement is a Swap Agreement, the amount that would be payable to the Issuer by the Swap Counterparty pursuant to Section 6(e)(ii)(2)(A) thereof as if all Transactions were being terminated on such date, provided that Market Quotation shall be determined by the calculation agent appointed under the relevant Credit Support Document and/or Swap Agreement and/or Repurchase Agreement using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of “**Market Quotation**”), or (ii) if such Agreement is a Credit Support Document or a Repurchase Agreement, an amount (which may be a negative number) that would be payable to the Issuer by the Swap Counterparty, determined in the manner specified in the Terms in respect of the Existing Notes or in the Supplemental Deed;

the “**Value**” of any assets forming or to form part of the Mortgaged Property for the Existing Notes and/or the Further Notes means the firm bid price of the calculation agent appointed under the relevant Credit Support Document and/or Swap Agreement and/or Repurchase Agreement, or the firm bid price supplied to such calculation agent by such dealer (s) in such assets as it may in its discretion select (or the arithmetical average of such prices, if more than one), for such assets, or, if no such bid price is quoted by or available to such calculation agent, determined in such other manner as such calculation agent, acting in good faith, may determine;

all calculations and determinations of any Mark to Market Value or Value shall be performed or made by the calculation agent under the relevant Credit Support Document, Swap Agreement or Repurchase Agreement, or such other person as may be specified in the Trust Instrument or Supplemental Deed and shall be conclusive and binding on all persons in the absence of manifest error, and no liability shall attach to such calculation agent, the Trustee or the Issuer in respect thereof; and

the Basis Selection shall be made by the Issuer, acting in its discretion (subject to any commitment to act in accordance with the instructions of any person), which selection

shall be conclusive and binding on all persons in the absence of manifest error, and no liability in respect thereof shall attach to the Issuer, the Trustee or any other person in accordance with whose instructions the Issuer is required to act.

***The Basis Selection by the Issuer is likely to affect the value of the total amount of the Mortgaged Property charged in favour of the Trustee as security for the benefit of the persons having an interest therein, including the holders of the Existing Notes and the Further Notes. In making the Basis Selection, the Issuer (i) will not be required to take into account the interests of the Noteholders, and (ii) may be required to make such selection acting on the instructions of any Swap Counterparty, Repurchase Counterparty, Credit Support Provider or any other person. No assurance can be given that the Basis Selection by the Issuer will be such as would result in the Mortgaged Property for the Existing Notes and the Further Notes, or the pro rata interest therein of each holder of the Existing Notes and the Further Notes, having the highest value. Further, any Swap Counterparty, Repurchase Counterparty, Credit Support Provider or other person in accordance with whose instructions the Issuer may be required to make such selection, or an affiliate of any of them, may in such capacity or in any other capacity in which it may be acting in respect of the Existing Notes, the Further Notes and/or any arrangements in contemplation thereof or in connection therewith, have an interest in procuring that the Basis Selection will be such as will result in the Mortgaged Property for the Existing Notes and the Further Notes having the lowest value.***

***Following the issue of any Further Notes, each holder of a Note (whether an Existing Note or a Further Note) will have an equal pro rata share in the Mortgaged Property, as increased in the manner determined by the Basis Selection, and the amount of such pro rata share will be affected by the outcome of the Basis Selection. Any such Swap Counterparty, Repurchase Counterparty or Credit Support Provider or other person shall be entitled to instruct the Issuer to make the Basis Selection in such manner as it may deem appropriate, without regard to the interests of the holders of the Existing Notes and/or the Further Notes.***

***The Trustee will not have any responsibility for, or any right to control, the Basis Selection and shall not be liable for any loss suffered by any holder of any Existing Note or Further Note or any other person for any Basis Selection made by the Issuer or for any determination of the amount and/or value of any additional assets required to be and/or actually provided by the Issuer in respect of any Further Notes.***

## 16. **Notices**

Notices to the holders of Registered Notes will be mailed to them or, if there is more than one holder of any Registered Note, to the first named holder of that Note at their respective addresses in the Register and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. If and for so long as any Registered Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, notices to holders of such Registered Notes will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Notices to the holders of Bearer Notes will be valid if published in a leading daily newspaper of general circulation in London approved by the Trustee (which is expected to be the *Financial Times*) and (if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If, in the opinion of the Trustee, any such publication is not practicable, notice will be validly given if published in another leading daily English newspaper of general circulation in Europe approved by the Trustee. Any such

notice to holders of Bearer Notes shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

All notices regarding Notes in global form will be valid if published as described above or if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to the Noteholders provided that Notices will always be published in compliance with the rules of the Luxembourg Stock Exchange.

Couponholders and holders of Receipts and Talons shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition.

#### 17. **Indemnification and Obligations of the Trustee**

The Trust Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Collateral or for the value, validity, sufficiency and enforceability (which the Trustee has not investigated) of the security created over the Mortgaged Property. The Trustee is not obliged to take any action under the Trust Instrument unless indemnified to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Issuer, any issuer or guarantor (where applicable) of any of the Collateral, any Credit Support Provider, Swap Counterparty, or any of their subsidiary, holding or associated companies without accounting to the Noteholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Collateral, from any obligation to insure or to procure the insuring of the Collateral (or any documents evidencing, constituting or representing the same or transferring any rights or obligations thereunder) and from any claim arising from the fact that the Collateral is held in an account with Euroclear Bank S.A./N.V., as operator of the Euroclear System, Clearstream, Luxembourg or any other clearance system in accordance with that system's rules or otherwise held in safe custody by the Custodian or the Sub-Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for supervising the performance by any other person of their obligations to the Issuer.

The Trust Instrument provides that the Trustee will be under no obligation or duty to act on any directions of the Noteholders or the Swap Counterparty (save in each case as expressly provided in the Trust Instrument) and (save as aforesaid) in the event of any conflict between directions given by the Noteholders and the Swap Counterparty (in any case where it is expressly provided in the Trust Instrument that the Noteholders and the Swap Counterparty are entitled to give directions to the Trustee) it shall be entitled to act in accordance only with the directions of the Noteholders (but without prejudice to the provisions concerning the enforcement of security under Conditions 4.7 and 12 and the Trust Instrument and to the provisions concerning the application of moneys received by the Trustee upon such enforcement under Condition 4.4 and the Trust Instrument).

## 18. **Governing Law and Jurisdiction**

### 18.1 **Governing Law**

The Trust Instrument, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

### 18.2 **Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in conjunction with the Notes, the Receipts, the Coupons or the Talons may be brought in such courts ("**Proceedings**"). The Issuer has in the Trust Instrument irrevocably submitted to the jurisdiction of such courts.

### 18.3 **Agent for Service of Process**

The Issuer has irrevocably appointed the person specified in the Trust Instrument as its Agent for Service of Process, at its registered office for the time being, as its agent to receive, for it and on its behalf, service of process in any Proceedings in England.



## **SUMMARY OF PROVISIONS RELATING TO NOTES WHILE IN GLOBAL FORM**

### **Initial Issue of Notes**

Upon the initial deposit of a Global Note in respect of Bearer Notes with a common depository for Euroclear and Clearstream, Luxembourg and/or any other clearing system (an "Alternative Clearing System") (the "Common Depository") or registration of Registered Notes in the name of any nominee for Euroclear or Clearstream, Luxembourg or any Alternative Clearing System and delivery of the Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg or such Alternative Clearing System will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Unless otherwise provided in the relevant Supplemental Programme Memorandum, Notes which are offered or sold to investors in the United States in reliance upon an exemption from the registration requirements of the Securities Act will be available either (i) in the form of fully registered definitive notes (each an "Individual Certificate") or (ii) if the applicable Trust Instrument specifies that the Issuer is relying on the exemption from registration as an investment company provided by Section 3(c)(7) of the Investment Company Act and the rules and regulations thereunder and the Notes are to be issued as DTC Global Certificates, in the form of one or more DTC Global Certificates. See "Special Provisions Relating to DTC Global Certificates" below.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of such Global Certificate, as the case may be, and in relation to all other rights arising under the Global Note or Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for as long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of such Global Certificate, as the case may be, in respect of each amount so paid.

### **Exchange**

#### **Temporary Global Notes**

Each Temporary Global Note will be exchangeable on or after its Exchange Date:

- (i) if the relevant Trust Instrument indicates that such Temporary Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Programme-Selling Restrictions"), in whole, but not in part, for the Definitive Bearer Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Trust Instrument for interests in a Permanent Global Note or, if so provided in the relevant Supplemental Programme Memorandum, for Definitive Bearer Notes.

Each Temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any Permanent Global Note or Definitive Bearer Notes for which it may be exchangeable.

### **Permanent Global Notes**

Each Permanent Global Note will be exchangeable on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes and Global Certificates”, in part for Definitive Bearer Notes or, in the case of (ii) below, Registered Notes:

- (i) by the Issuer giving notice to the Noteholders, the Agent and the Trustee of its intention to effect such exchange;
- (ii) if the relevant Supplemental Programme Memorandum provides that the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; or
- (iii) otherwise, if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

### **Global Certificates**

Each Global Certificate will be exchangeable on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes and Global Certificates”, in part for Individual Certificates:

- (i) by the Issuer giving notice to the Noteholders, the Registrar and the Trustee of its intention to effect such exchange; or
- (ii) otherwise, if the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

### **Partial Exchange of Permanent Global Notes and Global Certificates**

For so long as a Permanent Global Note or Global Certificate is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note or Global Certificate will be exchangeable in part on one or more occasions (1) in the case of a Permanent Global Note, for Individual Certificates if the Permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Bearer Notes or Individual Certificates, as the case may be, if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Supplemental Programme Memorandum).

### **Delivery of Definitive Bearer Notes and Individual Certificates**

On or after any due date for exchange for Definitive Bearer Notes or Individual Certificates (a) the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Agent and (b) the holder of any Global

Certificate may, in the case of exchange in full, surrender such Global Certificate. In exchange for any Global Note or Global Certificate, or the part thereof to be exchanged, the Issuer will in the case of (a) a Global Note exchangeable for Definitive Bearer Notes or Individual Certificates and (b) a Global Certificate exchangeable for Individual Certificates, deliver, or procure the delivery of an equal aggregate principal amount of duly executed and authenticated Definitive Bearer Notes and/or Individual Certificates, as the case may be. Definitive Bearer Notes will be security printed and Individual Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the relevant Trust Instrument. On exchange in full of each Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Bearer Notes and/or Individual Certificates.

### **Exchange Date**

“Exchange Date” means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date, but provided that if the Issuer issues any further notes pursuant to Condition 15 (1) prior to the Exchange Date in relation to the Temporary Global Note representing the Notes with which such further notes shall be consolidated and form a single series, such Exchange Date may be extended to a date not less than 40 days after the date of issue of such further notes (but provided further that the Exchange Date for any Notes may not be extended to a date more than 160 days after their Issue Date). “Exchange Date” means in relation to a Permanent Global Note, a day falling not less than 60 days or in the case of an exchange for Registered Notes five days and in relation to a Global Certificate, a day falling not less than 60 days after that on which the notice requiring exchange is given or the date on which the Permanent Global Note becomes exchangeable pursuant to paragraph (ii) under “Permanent Global Notes” above and, in any case, on which banks are open for business in the city in which the specified office of the Agent or, as the case may be, the Registrar is located and in the city in which the relevant clearing system is located.

### **Legend**

Each Temporary Global Note, Permanent Global Note and any Bearer Note, Talon, Coupon and Receipt 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.”

The sections of the U.S. Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realised, on any sale, exchange or redemption of Bearer Notes or any related Coupons.

### **Special Provisions Relating to DTC Global Certificates**

#### *(i) Clearing and Settlement of DTC Global Certificates: Book-Entry Ownership*

The Issuer and any custodian with whom any DTC Global Certificates are deposited will make applications to DTC for acceptance in its book-entry settlement system of the DTC Restricted Global Certificate and the DTC Regulation S Global Certificate, respectively. Each DTC Global Certificate will have a different CUSIP or CINS number. The DTC Restricted Global Certificate and definitive Registered Certificates will be subject to such restrictions on transfer as are set out under "Selling and Transfer Restrictions" in the applicable Supplemental Programme Memorandum. The Issuer also will make application to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes.

Upon issuance of the DTC Restricted Global Certificate and the DTC Regulation S Global Certificate, DTC or its custodian will credit on its internal system the respective principal amounts of the individual beneficial interests represented by such DTC Global Certificates to the accounts of persons who have accounts with DTC ("**participants**"), including Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in the DTC Global Certificates will be limited to participants in DTC and persons who hold interests through participants. Ownership of beneficial interests in the DTC Global Certificates will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee and the records of participants. Until the termination of the Distribution Compliance Period investors may hold their interests in the DTC Regulation S Global Certificate only through Euroclear or Clearstream, Luxembourg. Thereafter, investors having a beneficial interest in the DTC Regulation S Global Certificate may hold such interests through DTC, Euroclear or Clearstream, Luxembourg, or indirectly through organisations which are participants in such systems. Euroclear and Clearstream, Luxembourg will hold interests in the DTC Regulation S Global Certificate on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's or Euroclear's respective names on the books of their respective depositaries, which in turn will hold such interests in the DTC Regulation S Global Certificate in customers' securities accounts in the depositaries' names on the books of DTC. Beneficial owners will not receive certificates representing their ownership interests in the DTC Global Certificates, except in the limited circumstances set out above.

*(ii) Secondary Market Transfers of Interests in DTC Global Certificates*

Transfer of interests in DTC Global Certificates within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a DTC Global Certificate to such persons may be limited. Because DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having an interest in a DTC Global Certificate to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate evidencing such interest.

Subject to compliance with the transfer restrictions applicable to the Notes described above cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in DTC in accordance with the DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depository. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (local time). Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg participants and Euroclear participants may not deliver instructions directly to the depositaries for Clearstream, Luxembourg or Euroclear. Because of time-zone differences, credits of securities received in Euroclear or Clearstream, Luxembourg as a result of a transaction with a DTC participant will be made during the securities settlement processing day dated the business day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Euroclear or Clearstream, Luxembourg participant on such business day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of securities by or through a Euroclear participant or a Clearstream, Luxembourg participant to a DTC participant will be received with value on the DTC settlement date but will not be available in the relevant Euroclear or Clearstream, Luxembourg cash account until the business day following settlement in DTC.

(iii) *Information concerning DTC, Euroclear and Clearstream, Luxembourg*

The Issuer understands that DTC will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of DTC Global Certificates for exchange as described below) only at the direction of one or more participants in whose account with DTC interests in DTC Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the DTC Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described under Condition 2.2 above, DTC will surrender the DTC Global Certificates in exchange for individual definitive Registered Notes.

The Issuer understands that DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Bank Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to the DTC system is available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with all participants, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the DTC Global Certificates among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued after reasonable notice. Neither the Issuer, the Trustee nor any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

(iv) *Alternative Procedures*

If the relevant Supplemental Programme Memorandum specifies that alternative procedures apply (the "**Alternative Procedures**"), such Registered Notes of a Registered Series will be initially represented by a DTC Global Certificate and will be eligible for deposit and clearance through DTC only. Unless otherwise specified in the applicable Supplemental Programme Memorandum, such Notes may only be offered, sold, resold, delivered or transferred (A) within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act), in a transaction made in compliance with Rule 144A under the Securities Act to persons that are Eligible Investors or (B) outside the United States to persons that are not U.S. persons in offshore transactions in reliance on Rule 903 or 904 of Regulation S. Each initial purchaser and subsequent transferee of such Notes will be deemed to have made the acknowledgements, representations and agreements with the Issuer and Arranger set forth under the heading "Subscription and Sale and Transfer Restrictions – In the Event that the Alternative Procedures Apply" below.

In the event that a holder of a beneficial interest in a DTC Global Certificate is a U.S. Person and is determined not to be a Qualifying QIB/QP (as defined under the heading "Subscription and Sale and Transfer Restrictions – In the Event that the Alternative Procedures apply"), the Issuer shall have the rights set forth in Condition 8.11 (the "**Sale/Redemption Right**"). In addition, the Issuer shall have the right to refuse to register or otherwise honour a transfer of beneficial

interests in a Global Registered Certificate to a proposed transferee that is a U.S. Person who is not a Qualifying QIB/QP.

Any DTC Global Certificate to which the Alternative Procedures apply will bear a legend (the “**Global Legend**”) setting forth (1) the minimum denomination of the DTC Global Certificate, (2) a description of the Sale/Redemption Right and (3) provisions substantially to the same effect as the information set forth under the heading “Subscription and Sale and Transfer Restrictions – In the Event that the Alternative Procedures apply” below. Transfers of such DTC Global Certificate or any beneficial interests therein shall only take place in accordance with the provisions of the Global Legend. The Issuer shall not remove the Global Legend (except for the provisions therein with respect to resales under Rule 144A, provided that the applicable holding period under Rule 144(k) has been satisfied) so long as any Notes of such Registered Series are outstanding.

If the Alternative Procedures apply, the Issuer will, for so long as any Notes of the related Registered Series are outstanding, use all reasonable endeavours to take certain actions to maintain its qualification for exemption from registration as an “investment company” under the Investment Company Act. These actions include, but are not limited to, requesting that DTC, Bloomberg Financial Markets commodities News and the CUSIP Bureau attach special indicators to their descriptions of the DTC Global Certificates which highlight the transfer restrictions on such Notes and requesting that DTC send a notice to all participants in DTC (“**DTC Participants**”) in connection with the initial offering of such DTC Global Certificates.

The Issuer will also send a notice (the “**Annual DTC Notice**”) to DTC Participants holding an interest in a DTC Global Certificate to which the Alternative Procedures apply, once per year on the anniversary of the issue date of the Notes of a U.S. Series or U.S. Tranche represented by such DTC Global Certificate, containing information substantially to the same effect as that set forth under the heading “Subscription and Sale and Transfer Restrictions – Section 3(c)(7) DTC Global Certificates” below.

### **Amendment to Conditions**

Each Temporary Global Note, Permanent Global Note and Global Certificates will contain provisions that apply to the Notes that they represent, some of which will modify the effect of the Terms and Conditions of the Notes set out in this Programme Memorandum. The following is a summary of those provisions:

#### *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Bearer Notes or Individual Certificates is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Trust Instrument. All payments in respect of Bearer Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bearer Notes, surrender of that Global Note to or to the order of the Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Bearer Notes represented thereby.

#### *Prescription*

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of

principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7.10).

### *Meetings*

The holder of a Temporary Global Note or a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Temporary Global Note, Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Temporary Global Note or a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each minimum Denomination of Notes for which such Global Note may be exchanged. All holders of Registered Notes are entitled on a poll to one vote in respect of each Note comprising such Noteholders' holding, whether or not represented by a Global Certificate.

### *Cancellation*

Cancellation of any Bearer Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Note.

### *Purchase*

Notes represented by a Permanent Global Note may only be purchased by the Issuer together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

### *Issuer's Options*

Any option of the Issuer provided for in the Conditions of any Bearer Notes while such Bearer Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in, and containing the information required by, the Conditions, except that the notice shall not be required to contain the certificate numbers of Bearer Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Bearer Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Bearer Notes of any Series, the rights of accountholders with a clearing system in respect of the Bearer Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System (as the case may be).

### *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Bearer Notes while such Bearer Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Agent within the time limits relating to the deposit of Bearer Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Bearer Notes in respect of which the option has been exercised, and stating the principal amount of Bearer Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Note to the Agent, or to a Paying Agent acting on behalf of the Agent, for notation.

### *Trustee's Powers*

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the

identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate (in the case of Registered Notes).

#### *Notices*

So long as any Bearer Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Bearer Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in an English language newspaper having general circulation in Europe approved by the Trustee.

#### *Partly-Paid Notes*

The provisions relating to Partly-Paid Notes are not set out in this Programme Memorandum, but will be contained in the relevant Supplemental Programme Memorandum and also in the relevant Global Notes.



## **USE OF PROCEEDS**

The net proceeds from each issue of Notes or Alternative Investments will be used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

## DESCRIPTION OF THE ISSUER

### General

The Issuer was registered and incorporated on 10 July 1998 under the Companies (Jersey) Law 1991 with registered number 72096 under the name Credit-Linked and Structured Securities (CLASS) Limited but changed its name to CLASS Limited on 4 February 2004 pursuant to a special resolution passed as a written resolution of the shareholders of the Issuer. The Issuer has been incorporated for an indefinite period. The registered office of the Issuer is St Paul's Gate, New Street, St Helier, Jersey, JE4 8ZB. The authorised share capital of the Issuer is £10,000 divided into 10,000 Shares of £1 each, 10 of which have been issued. All of the issued shares are fully-paid and are held by or on behalf of Osiris Trustees Limited as share trustee (the "**Share Trustee**") under the terms of an instrument of trust known as the Class Trust (the "**Class Trust**") dated 13 July 1998 under which the Share Trustee holds them on trust for Charities (as defined therein). Under the terms of the Class Trust the Share Trustee has, inter alia, covenanted not to dispose of or deal with the Shares until the trust is terminated under the terms thereof. The Share Trustee has no beneficial interest in and derives no benefit other than its fees for acting as Share Trustee from its holding of the Shares.

### Business

So long as any of the Notes or Alternative Investments remain outstanding, the Issuer will be subject to the restrictions set out in Condition 6 and each Trust Instrument.

The Issuer has, and will have, no assets other than the sum of £10 representing the issued and paid-up share capital, such fees (as agreed) per issue payable to it in connection with the issue of Notes or Alternative Investments or the purchase, sale or incurring of other obligations and any Mortgaged Property and any other assets on which the Notes or Alternative Investments are secured. Save in respect of the fees generated in connection with each issue of Notes or Alternative Investments, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the Issuer's issued and paid-up share capital, the Issuer will not accumulate any surpluses.

The Notes and Alternative Investments are obligations of the Issuer alone and not of, or guaranteed in any way by the Share Trustee or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by, Deutsche Bank AG London, Deutsche Bank Aktiengesellschaft or any Swap Counterparty, or Repurchase Counterparty or the Agent.

### Capitalisation

The following table sets out the capitalisation of the Issuer at the opening of business in London on the date of this Programme Memorandum:

#### *Shareholders' Funds:*

Share capital (authorised £10,000; issued 10 Shares of £1.00 each):	£10.00
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#### *Indebtedness*

The indebtedness of the Issuer as at the date of this Programme Memorandum is USD 2,834,391,988.25.

Save as disclosed herein, there has been no significant change in the financial or trading position of the Issuer, or material adverse change in the financial position or prospects of the Issuer since the date of its incorporation. As at the date of this Programme Memorandum the Issuer has no

borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, other than as disclosed above.

### **Directors of the Issuer**

The Directors of the Issuer are as follows:

Niall Iain McCallum  
Bernard Michael Le Claire  
Darren Hocquard

### **Financial Statements**

Since its incorporation, no financial statements of the Issuer have been published. The Issuer is not required by Jersey law, and does not intend, to publish any financial statements. The Issuer is required to and will provide the Trustee with written confirmation, on an annual basis, that to the best of its knowledge and belief no Event of Default or Potential Event of Default or other matter which is required to be brought to the Trustee's attention has occurred or, if one has, specifying the same.

## DESCRIPTION OF SWAP COUNTERPARTY

*The following information relating to the business and finances of Deutsche Bank Aktiengesellschaft and the Deutsche Bank Group is based on documents supplied by it.*

The Swap Counterparty is Deutsche Bank AG London and is the London branch of Deutsche Bank Aktiengesellschaft. The information contained in this document regarding Deutsche Bank Aktiengesellschaft and the Deutsche Bank Group (as defined below) has been reproduced from information supplied by the Swap Counterparty. The Issuer accepts responsibility for having correctly reproduced from information. However, the Issuer does not assume any responsibility for accuracy or completeness of the information so reproduced.

The audited financial statements and unaudited interim quarterly financial statements of Deutsche Bank Aktiengesellschaft and the Deutsche Bank Group will be delivered after they are published to and will be obtainable from the Luxembourg Paying Agent throughout the term of the Notes.

### **Incorporation, Registered Office and Objectives**

Deutsche Bank Aktiengesellschaft ("**Deutsche Bank**" or the "**Bank**") originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank is a banking company with limited liability incorporated under the laws of Germany under registration number HRB 30 000. The Bank has its registered office at Taunusanlage 12, 60325 Frankfurt am Main, Germany.

The Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the "**Deutsche Bank Group**").

The objects of Deutsche Bank, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The Bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Bank is entitled to transact all business and to take all steps which appear likely to promote the objectives of the Bank, in particular: to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

### **Share Capital**

As of 31 March 2004, the issued share capital of Deutsche Bank Aktiengesellschaft amounted to Euro 1,489,546,869.76 consisting of 581,854,246 ordinary shares of no par value. The shares are fully paid up and in registered form. The shares are listed for trading and official quotation on all the German Stock Exchanges. They are also listed on the Stock Exchanges in Amsterdam, Brussels, London, Luxembourg, New York, Paris, Tokyo, Vienna and Zurich.

## Capitalisation and Indebtedness of Deutsche Bank Group

As of 31 March 2004, the capitalisation of the Deutsche Bank Group (unaudited) on the basis of United States Generally Accepted Accounting Principles ("**U. S. GAAP**") was as follows:

	As of 31 March 2004 <hr/> (in Euro million)
Deposits	351,005
Trading liabilities	170,535
Central bank funds purchased and securities sold under repurchase agreements	115,656
Securities loaned	21,773
Other short-term borrowings	22,137
Acceptances outstanding	108
Insurance policy claims and reserves	9,467
Accrued interest payable	3,955
Pending securities transactions past settlement date	9,802
Other liabilities	46,160
Long-term debt	95,424
Obligation to purchase common shares	3,551
<b>Total liabilities</b>	<b>849,573</b>
Common shares, no par value, nominal value of Euro 2.56	1,490
Additional paid-in capital	11,147
Retained earnings	21,504
Common shares in treasury, at cost	(656)
Equity classified as obligation to purchase common shares	(3,551)
Share awards	1,309
Accumulated other comprehensive income (loss)	
Deferred tax on unrealized net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany	(2,805)
Unrealized net gains on securities available for sale, net of applicable tax and other	1,467
Unrealized net gains on derivatives hedging variability of cash flows, net of tax	13
Foreign currency translation, net of tax	(1,344)
<b>Total accumulated other comprehensive income (loss)</b>	<b>(2,669)</b>
<b>Total shareholders' equity</b>	<b>28,574</b>
<b>Total liabilities and shareholders' equity</b>	<b>878,147</b>

There has been no material change in the capitalisation of the Deutsche Bank Group since 31 March 2004.

### Management

In accordance with German law, Deutsche Bank has both a Supervisory Board (*Aufsichtsrat*) and a **Board of Managing Directors** (*Vorstand*). These Boards are separate; no individual may be a member of both. The Supervisory Board appoints the members of the Board of Managing Directors and supervises the activities of this Board. The Board of Managing Directors represents Deutsche Bank and is responsible for its management.

The **Board of Managing Directors** (*Vorstand*) consists of

Dr. Josef Ackermann                      Spokesman of the Board of Managing Directors

Dr. Clemens Börsig                      Dr. Tessen von Heydebreck

Hermann-Josef Lamberti

The **Supervisory Board** (*Aufsichtsrat*) consists of the following 20 members:

Dr. Rolf-E. Breuer	Chairman Frankfurt am Main
Heidrun Förster*	Deputy Chairperson Deutsche Bank Privat- und Geschäftskunden AG Berlin
Dr. rer-oeo. Karl-Hermann Baumann	Chairman of the Supervisory Board of Siemens Aktiengesellschaft Munich
Dr. Ulrich Cartellieri	Frankfurt am Main
Klaus Funk*	Deutsche Bank Privat- und Geschäftskunden AG Frankfurt am Main
Ulrich Hartmann	Chairman of the Supervisory Board of E.ON AG Düsseldorf
Sabine Horn*	Deutsche Bank Frankfurt am Main
Rolf Hunck*	Deutsche Bank Hamburg
Sir Peter Job	London
Prof. Dr. Henning Kagermann	Chairman and CEO of the Board of Management of SAP AG Walldorf/Baden
Ulrich Kaufmann*	Deutsche Bank Düsseldorf
Henriette Mark*	Deutsche Bank Munich
Margret Mönig-Raane*	Vice President of the Unified Services Union Berlin
Dr. Michael Otto	Chairman of the Board of Management of Otto (GmbH & Co. KG) Hamburg
Gabriele Platscher*	Deutsche Bank Privat- und Geschäftskunden AG Braunschweig

Karin Ruck*	Deutsche Bank Bad Soden am Taunus
Tilman Todenhöfer	Managing Partner of Robert Bosch Industrietreuhand KG Stuttgart
Dipl.-Ing. Dr.-Ing. E.h. Jürgen Weber	Chairman of the Supervisory Board of Deutsche Lufthansa AG Hamburg
Dipl.-Ing. Albrecht Woeste	Chairman of the Supervisory Board and the Shareholders' Committee of Henkel KGaA Düsseldorf
Leo Wunderlich*	Deutsche Bank Mannheim

\* elected by the staff in Germany

The members of the Board of Managing Directors accept membership on the Supervisory Boards of other corporations within the limits prescribed by law.

The business address of each member of the Board of Managing Directors of Deutsche Bank is Taunusanlage 12, 60262 Frankfurt am Main, Germany.

## Financial Year

The financial year of Deutsche Bank Aktiengesellschaft is the calendar year.

## Auditors

The independent auditors of Deutsche Bank are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**KPMG**"), Marie-Curie-Strasse 30, 60439 Frankfurt am Main, Germany. KPMG audited Deutsche Bank's non-consolidated financial statements for the years ended 31 December 2001, 2002 and 2003, which were prepared in accordance with the German Commercial Code ("**HGB**"). In accordance with § 292a HGB, the consolidated financial statements for the years ended 31 December 2001, 31 December 2002 and 31 December 2003 were prepared in accordance with United States Generally Accepted Accounting Principles ("**U.S. GAAP**") and audited by KPMG. In each case an unqualified auditor's certificate has been provided.

Set out below are the following:

- (a) Consolidated statement of Income for the years ended 31 December 2003, 31 December 2002 and 31 December 2001;
- (b) Consolidated Statement of Income for the three months ended 31 March 2004 and 31 March 2003; and
- (c) Consolidated Balance Sheet as at 31 March 2004, 31 December 2003, and 31 December 2002.

**Consolidated Statement of Income – Years ended December 2003, 2002, 2001**

<b>Income Statement</b>			
In € m.	<b>2003</b>	2002	2001
Interest revenues	<b>27,583</b>	35,781	53,639
Interest expense	<b>21,736</b>	28,595	45,019
<b>Net interest revenues</b>	<b>5,847</b>	7,186	8,620
Provision for loan losses	<b>1,113</b>	2,091	1,024
<b>Net interest revenues after provision for loan losses</b>	<b>4,734</b>	5,095	7,596
Commissions and fees from fiduciary activities	<b>3,273</b>	3,926	3,537
Commissions, broker's fees, markups on securities underwriting and other securities activities	<b>3,564</b>	4,319	4,557
Fees for other customer services	<b>2,495</b>	2,589	2,633
Insurance premiums	<b>112</b>	744	2,717
Trading revenues, net	<b>5,611</b>	4,024	6,031
Net gains on securities available for sale	<b>20</b>	3,523	1,516
Net loss from equity method investments	<b>(422)</b>	(887)	(365)
Other revenues	<b>768</b>	1,123	295
<b>Total noninterest revenues</b>	<b>15,421</b>	<b>19,361</b>	<b>20,921</b>
Compensation and benefits	<b>10,495</b>	11,358	13,360
Net occupancy expense of premises	<b>1,251</b>	1,291	1,334
Furniture and equipment	<b>193</b>	230	357
IT costs	<b>1,913</b>	2,188	2,343
Agency and other professional services fees	<b>724</b>	761	1,080
Communication and data services	<b>626</b>	792	891
Policyholder benefits and claims	<b>110</b>	759	3,002
Other expenses	<b>2,002</b>	2,883	3,182
Goodwill impairment/amortization	<b>114</b>	62	871
Restructuring activities	<b>(29)</b>	583	294
<b>Total noninterest expenses</b>	<b>17,399</b>	<b>20,907</b>	<b>26,714</b>
<b>Income before income tax expenses and cumulative effect of accounting changes</b>	<b>2,756</b>	<b>3,549</b>	<b>1,803</b>
Income tax expense	<b>1,327</b>	372	434
Reversal of 1999/2000 credits for tax rate changes	<b>215</b>	2,817	995
Income before cumulative effect of accounting changes, net of tax	<b>1,214</b>	<b>360</b>	<b>374</b>
Cumulative effect of accounting changes, net of tax	<b>151</b>	37	(207)
<b>Net income</b>	<b>1,365</b>	<b>397</b>	<b>167</b>



## Consolidated Statement of Income – 3 months ended 31 March 2004 and 2003

### Income Statement

	Three months ended	
In € m.	Mar 31,2004	Mar 31,2003
Interest revenues	6,728	6,901
Interest expense	5,334	5,595
<b>Net interest revenues</b>	<b>1,394</b>	<b>1,306</b>
Provision for loan losses	123	380
<b>Net interest revenues after provision for loan losses</b>	<b>1,271</b>	926
Commissions and fees from fiduciary activities	798	830
Commissions, broker's fees, markups on securities underwriting and other securities activities	983	855
Fees for other customer services	622	627
Insurance premiums	31	29
Trading revenues, net	2,035	1,784
Net gains (losses) on securities available for sale	65	(396)
Net income (loss) from equity method investments	163	(646)
Other revenues	63	605
<b>Total noninterest revenues</b>	<b>4,760</b>	<b>3,688</b>
Compensation and benefits	2,816	2,582
Net occupancy expense of premises	305	366
Furniture and equipment	45	42
IT costs	450	473
Agency and other professional services fees	148	131
Communication and data services	156	169
Policyholder benefits and claims	50	28
Other expenses	500	477
Goodwill impairment	-	114
Restructuring activities	-	(2)
<b>Total noninterest expenses</b>	<b>4,470</b>	<b>4,380</b>
<b>Income before income tax expenses and cumulative effect of accounting changes</b>	<b>1,561</b>	<b>234</b>
Income tax expense	597	423
Reversal of 1999/2000 credits for tax rate changes	23	30
Income (loss) before cumulative effect of accounting changes, net of tax	941	(219)
Cumulative effect of accounting changes, net of tax	-	-
<b>Net income (loss)</b>	<b>941</b>	<b>(219)</b>

### Consolidated Balance Sheet

#### Assets

In € m.	Mar 31,2004	Dec 31,2003	Dec 31,2002
Cash and due from banks	6,762	6,636	8,979
Interest-earning deposits with banks	20,358	14,649	25,691
Central bank funds sold and securities purchased under resale agreements	122,090	112,419	117,689
Securities borrowed	104,307	72,796	37,569
Bonds and other fixed-income securities	210,775	204,324	

Equity shares and other variable-yield securities	<b>72,306</b>	66,306	
Positive market values from derivative financial instruments	<b>69,758</b>	65,460	
Other trading assets	<b>11,590</b>	9,281	
Total trading assets	<b>364,429</b>	345,371	294,679
Securities available for sale	<b>24,474</b>	24,631	21,619
Other investments	<b>7,992</b>	8,570	10,768
Loans net	<b>145,582</b>	144,946	167,303
Premises and equipment, net	<b>5,791</b>	5,786	8,883
Goodwill	<b>6,874</b>	6,735	8,372
Other intangible assets, net	<b>1,160</b>	1,122	1,411
Other assets related to insurance business	<b>8,574</b>	8,249	7,797
Due from customers on acceptance	<b>108</b>	60	99
Accrued interest receivable	<b>3,450</b>	3,612	4,208
Pending securities transactions past settlement date	<b>12,176</b>	11,082	5,524
Other assets	<b>44,020</b>	36,950	37,764
Total assets	<b>878,147</b>	803,614	<b>758,355</b>

### Liabilities and Shareholders' Equity

In € m.	Mar 31,2004	Dec 31,2003	Dec 31,2002
Noninterest-bearing deposits	<b>28,402</b>	28,168	327,625
Interest-bearing deposits	<b>322,603</b>	277,986	
Total deposits	<b>351,005</b>	306,154	
Bonds and other fixed-income securities	<b>72,865</b>	66,685	
Equity shares and other variable-yield securities	<b>29,400</b>	25,382	
Negative market values from derivative financial instruments	<b>68,270</b>	61,167	
Total trading liabilities	<b>170,535</b>	153,234	131,212
Central bank funds purchased and securities sold under repurchase agreements	<b>115,656</b>	102,433	90,709
Securities loaned	<b>21,773</b>	14,817	8,790
Other short-term borrowings	<b>22,137</b>	22,290	11,573
Acceptances outstanding	<b>108</b>	60	99
Insurance policy claims and reserves	<b>9,467</b>	9,071	8,557
Accrued interest payable	<b>3,955</b>	3,793	4,668
Pending securities transactions past settlement date	<b>9,802</b>	10,390	4,611
Other liabilities	<b>46,160</b>	53,380	33,084
Long-term debt	<b>95,424</b>	97,480	104,055
Trust preferred securities	-		3,103
Obligation to purchase common shares	<b>3,551</b>	2,310	278
<b>Total liabilities</b>	<b>849,573</b>	<b>775,412</b>	<b>728,364</b>
Common shares, no par value, nominal value of € 2,56	<b>1,490</b>	1,490	1,592
Additional paid-in capital	<b>11,147</b>	11,147	11,199
Retained earnings	<b>21,504</b>	20,486	22,087
Common shares in treasury, at cost	<b>(656)</b>	(971)	(1,960)
Equity classified as obligation to purchase common shares	<b>(3,551)</b>	(2,310)	(278)
Share awards	<b>1,309</b>	954	955
Deferred tax on unrealized net gains on securities available	<b>(2,805)</b>	(2,828)	(3,043)

for sale relating to 1999 and 2000 tax rate changes in Germany			
Unrealized net gains on securities available for sale, net of applicable tax and other	1,467	1,937	156
Unrealized net gains (losses) on derivatives hedging variability of cash flows, net of tax	13	(3)	1
Minimum pension liability, net of tax			(8)
Foreign currency translation, net of tax	(1,344)	(1,700)	(710)
Total accumulated other comprehensive loss	(2,669)	(2,594)	(3,604)
<b>Total shareholders' equity</b>	<b>28,574</b>	<b>28,202</b>	<b>29,991</b>
<b>Total liabilities and shareholders' equity</b>	<b>878,147</b>	<b>803,614</b>	<b>758,355</b>

## Litigation

Other than set out herein the Deutsche Bank is not, or during the last two financial years has not been involved (whether as defendant or otherwise) in, nor does it have knowledge of any threat of any legal, arbitration, administrative or other proceedings the result of which may have, in the event of an adverse determination, a significant effect on the financial condition of the Bank presented in this Programme Memorandum.

### *Research Analyst Independence Investigations*

On December 20, 2002, the U.S. Securities and Exchange Commission, the National Association of Securities Dealers ("NASD"), the New York Stock Exchange, the New York Attorney General, and the North American Securities Administrators Association (on behalf of state securities regulators) announced an agreement in principle with ten investment banks to resolve investigations relating to research analyst independence. Deutsche Bank Securities Inc. ("DBSI"), Deutsche Bank's U.S. SEC-registered broker dealer subsidiary, was one of the ten investment banks. Pursuant to the agreement in principle, and subject to finalization and approval of the settlement by DBSI, the Securities and Exchange Commission and state regulatory authorities, DBSI agreed, among other things: (i) to pay \$ 50 million, of which \$ 25 million is a civil penalty and \$ 25 million is for restitution for investors, (ii) to adopt internal structural and operational reforms that will further augment the steps it has already taken to ensure research analyst independence and promote investor confidence, (iii) to contribute \$ 25 million spread over five years to provide third-party research to clients, (iv) to contribute \$ 5 million towards investor education, and (v) to adopt restrictions on the allocation of shares in initial public offerings to corporate executives and directors. On April 28, 2003, U.S. securities regulators announced a final settlement of the research analyst investigations with most of these investment banks. Shortly before this date, DBSI located certain e-mail that was inadvertently not produced during the course of the investigation. As a result, DBSI was not part of the group of investment banks settling on that day. DBSI has cooperated fully with the regulators to ensure that all relevant e-mail is produced and is hopeful that this matter will be resolved shortly.

### *IPO Allocation Litigation*

DBSI and its predecessor firms, along with numerous other securities firms, have been named as defendants in over 80 putative class action lawsuits pending in the United States District Court for the Southern District of New York. These lawsuits allege violations of securities and antitrust laws in connection with the allocation of shares in a large number of initial public offerings ("IPOs") by issuers, officers and directors of issuers, and underwriters of those securities. DBSI is named in these suits as an underwriter. The purported securities class actions allege material misstatements and omissions in registration statements and prospectuses for the IPOs and market manipulation with respect to aftermarket trading in the IPO securities. Among the allegations are that the underwriters tied the receipt of allocations of IPO shares to required aftermarket purchases by customers and to the payment of undisclosed compensation to the underwriters in the form of commissions on securities trades, and that the underwriters caused misleading analyst reports to be issued. The antitrust claims allege an illegal conspiracy to affect the stock price based on similar allegations that the underwriters required aftermarket purchases

and undisclosed commissions in exchange for allocation of IPO stocks. In the purported securities class actions the motions to dismiss the complaints of DBSI and others were denied on February 13, 2003. Plaintiffs have filed a motion to certify classes in the securities cases, and DBSI and other defendants have filed briefs in opposition to that motion. Discovery in the securities cases is underway. In the purported antitrust class action, the defendants' motion to dismiss the complaint was granted on November 3, 2003, and the plaintiffs subsequently filed notices of appeal to the Court of Appeals for the Second Circuit.

#### *Enron Litigation*

Deutsche Bank AG and certain of its subsidiaries and affiliates are involved in a number of lawsuits arising out of their banking relationship with Enron Corp. and its subsidiaries ("Enron"). These lawsuits include a series of purported class actions brought on behalf of shareholders of Enron, including the lead action captioned *Newby v. 148 Enron Corp.* The consolidated complaint filed in *Newby* named as defendants, among others, Deutsche Bank AG, several other investment banking firms, a number of law firms, Enron's former accountants and affiliated entities and individuals and other individual defendants, including present and former officers and directors of Enron, and it purports to allege claims against Deutsche Bank AG under federal securities laws. On December 20, 2002, the Court dismissed all of the claims alleged in the *Newby* action against Deutsche Bank AG. Plaintiffs in *Newby* filed a first amended consolidated complaint on May 14, 2003 and reasserted claims against Deutsche Bank AG under federal securities laws and also added similar claims against its subsidiaries DBSI and DBTCA. The Deutsche Bank entities' motion to dismiss the first amended consolidated complaint is pending.

Also, an adversary proceeding has been brought by Enron in the bankruptcy court against, among others, Deutsche Bank AG and certain of its affiliates. In this adversary proceeding, Enron seeks damages from the Deutsche Bank entities, as well as the other defendants, for alleged aiding and abetting breaches of fiduciary duty by Enron insiders, aiding and abetting fraud and unlawful civil conspiracy, and also seeks return of alleged fraudulent conveyances and preferences and equitable subordination of their claims in the Enron bankruptcy. The Deutsche Bank entities' motion to partially dismiss the adversary complaint is pending.

In addition to *Newby* and the adversary proceeding described above, there are third-party actions brought by Arthur Andersen in Enron-related cases asserting contribution claims against Deutsche Bank AG, DBSI and many other defendants, and individual and putative class actions brought in various courts by Enron investors and creditors alleging federal and state law claims against the same entities named by Arthur Andersen, as well as DBTCA. On July 28, 2003, an examiner appointed in the Enron bankruptcy case filed with the bankruptcy court the third in a series of reports. In this report, the Enron examiner opined that the Enron bankruptcy estate has colorable claims against (among others) Deutsche Bank AG for aiding and abetting breaches of fiduciary duties by certain of Enron's officers with respect to certain transactions involving Enron, for equitable subordination, for avoidance of allegedly preferential payments and the denial of a set-off with respect to a particular transaction. The report acknowledges that any such claims may be subject to certain defenses which could be asserted by Deutsche Bank AG.

By joint order of the district court handling *Newby* and a number of other Enron-related cases and the bankruptcy court handling Enron's bankruptcy case, a mediation among various investors and creditor plaintiffs, the Enron bankruptcy estate and a number of financial institution defendants, including Deutsche Bank AG, has been initiated before The Honorable William C. Conner, Senior United States District Judge for the Southern District of New York.

#### *WorldCom Litigation*

Deutsche Bank AG and DBSI are defendants in more than 30 actions filed in federal and state courts arising out of alleged material misstatements and omissions in the financial statements of WorldCom Inc. DBSI was a member of the syndicate that underwrote WorldCom's May 2000 and May 2001 bond offerings, which are among the bond offerings at issue in the actions. Deutsche Bank AG London was a member of the syndicate that underwrote the sterling and Euro tranches of the May 2001 bond offering. Plaintiffs are alleged purchasers of these and other WorldCom

debt securities. The defendants in the various actions include certain WorldCom directors and officers, WorldCom's auditor and members of the underwriting syndicates on the debt offerings. Plaintiffs allege that the offering documents contained material misstatements and/or omissions regarding WorldCom's financial condition. The claims against DBSI and Deutsche Bank AG are made under federal and state statutes (including securities laws), and under various common law doctrines.

#### *In the Matter of KPMG LLP Certain Auditor Independence Issues*

On November 20, 2003, the Securities and Exchange Commission requested us to produce certain documents in connection with an ongoing investigation of certain auditor independence issues relating to KPMG LLP. Deutsche Bank is cooperating with the SEC in its inquiry. KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (KPMG DTG), a KPMG LLP affiliate, is Deutsche Bank's auditor. During all relevant periods, including the present, KPMG DTG has confirmed to us that KPMG DTG was and is "independent" from us under applicable accounting and SEC regulations.

#### *Kirch Litigation*

In May 2002, Dr. Leo Kirch personally and as an assignee initiated legal action against Dr. Breuer and Deutsche Bank AG alleging that a statement made by Dr. Breuer (then the Spokesman of Deutsche Bank's Board of Managing Directors) in an interview with Bloomberg television on February 4, 2002 regarding the Kirch Group was in breach of laws and financially damaging to Kirch. On February 18, 2003, the Munich District Court No. I issued a declaratory judgment to the effect that Deutsche Bank AG and Dr. Breuer were jointly and severally liable for damages to Dr. Kirch, TaurusHolding GmbH & Co. KG and PrintBeteiligungs GmbH as a result of the interview statement. Upon appeal, the Munich Superior Court on December 10, 2003 reaffirmed the decision of the District Court against Deutsche Bank AG, whereas the case against Dr. Breuer was dismissed. Both Dr. Kirch and Deutsche Bank AG have filed motions to set the judgment of the Superior Court aside. To be awarded a judgment for damages against Deutsche Bank AG, Dr. Kirch would have to file a new lawsuit; in such proceedings he would have to prove that the statement caused financial damages and the amount thereof. In mid 2003 Dr. Kirch instituted legal action in the Supreme Court of the State of New York in which he seeks the award of compensatory and punitive damages based upon Dr. Breuer's interview.

Due to the nature of Deutsche Bank's business, Deutsche Bank and its subsidiaries is involved in litigation, arbitration and regulatory proceedings in Germany and in a number of jurisdictions outside Germany, including the United States, arising in the ordinary course of its businesses. Such matters are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Although the final resolution of any such matters could have a material effect on Deutsche Bank's consolidated operating results for a particular reporting period, the Bank believes that it should not materially affect its consolidated financial position.

## JERSEY TAXATION

The Issuer has "exempt company" status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ended 31 December 2004. The Issuer will be required to pay an annual exempt company charge which is currently £600 in respect of each subsequent calendar year during which it wishes to continue to have "exempt company" status. The retention of "exempt company" status is conditional upon the Comptroller of Income Tax being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by concessions granted by the Comptroller of Income Tax.

As an "exempt company", the Issuer will not be liable to Jersey income tax other than on Jersey source income (except by concession bank deposit interest on Jersey bank accounts). For so long as the Issuer is an "exempt company", payments in respect of the Notes will not be subject to any taxation in Jersey (unless the Noteholder is resident in Jersey) and no withholding in respect of taxation will be required on such payments to any Noteholder.

Noteholders (other than residents of Jersey) are not subject to any tax in Jersey in respect of the holding, sale or other disposition of Notes.

Under the current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue, transfer, acquisition, ownership, redemption, sale or other disposal of Notes. In the event of the death of an individual sole Noteholder, duty at rates of up to 0.75 per cent. of the value of the Notes held may be payable on registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Notes held by the deceased individual sole Noteholder.

### **European Union Code of Conduct on Business Taxation**

On 3 June 2003 the Council of the European Union reached political agreement on the adoption of a Code of Conduct on Business Taxation (the "**Code**"). Jersey is not a member of the European Union, however, the Policy & Resources Committee of the States of Jersey has announced that, in keeping with Jersey's policy of constructive international engagement, it intends to propose legislation to replace the Jersey exempt company regime by the end of 2008 with a general zero rate of corporate tax. It is intended that the new corporate tax will preserve tax neutrality (and so retain the existing benefits of the exempt company regime through a revised fiscal structure). Unlike the exempt company regime, it is intended that the new regime will not require an annual application/election of, or payment of any sum in connection therewith, by the relevant company.

### **European Union Directive on the Taxation of Savings Income**

The Council of the European Union has adopted a new directive regarding the taxation of savings income (the "**EU Savings Tax Directive**"). Subject to a number of important conditions being met, Member States will be required, from 1 January 2005, to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to or for the benefit of an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments.

Jersey is not subject to the EU Savings Tax Directive. However, the Policy & Resources Committee of the States of Jersey has announced that, in keeping with Jersey's policy of constructive international engagement, Jersey proposes to introduce a withholding tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in a Member State by a paying agent situate in Jersey (the terms "beneficial owner" and "paying agent" are defined in the EU Savings Tax Directive). The withholding tax system would

apply for a transitional period prior to the implementation of a system of automatic communication to Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in a Member State will be entitled to request a paying agent not to withhold tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the Member State in which the beneficial owner is resident.

Under the current proposals in respect of the implementation of such a withholding tax system in Jersey the Company would not be obliged to levy withholding tax in respect of interest payments made by it to a paying agent.

The States of Jersey has not yet adopted measures to implement these proposals but is expected to adopt such measures on the same timetable as Member States and other relevant third countries.

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Issuer will enter into a Purchase Agreement with the Arranger in respect of each issue of Notes or Alternative Investments, pursuant to which the Arranger will agree, among other things, to procure purchasers for such Notes or Alternative Investments.

### United States

#### *General*

The Issuer has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "Investment Company Act") and the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Consequently, the Notes and Alternative Investments may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the Issuer to register under the Investment Company Act, as and to the extent specifically set forth in a Supplemental Programme Memorandum with respect to a particular Series of Notes or Alternative Investments.

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

The Supplemental Programme Memorandum with respect to any Series of Notes or Alternative Investments may provide that the Issuer may arrange for the offer and resale of Notes or Alternative Investments in the United States in transactions exempt from the registration requirements of the Securities Act either to (i) persons whom the seller reasonably believes to be qualified institutional buyers, as defined in Rule 144A under the Securities Act ("QIBs"), or (ii) to institutions that qualify as "accredited investors" as defined in Rule 501 (a)(1), (2), (3) or (7) of Regulation D of the Securities Act ("IAs") who are acquiring the Notes or Alternative Investments for investment purposes and not with a view to the resale or distribution thereof.

The Supplemental Programme Memorandum applicable to any Series of Notes or Alternative Investments to be offered in the United States or to or for the benefit of U.S. persons (each, a "U.S. Series") will specify either (i) the Issuer is relying on the exception from the Investment Company Act set forth in Section 3(c)(1) thereof or (ii) the Issuer is relying on the exception from the Investment Company Act set forth in Section 3(c)(7) thereof. In addition, the Supplemental Programme Memorandum for any U.S. Series where the Issuer is relying on the exception from the Investment Company Act set forth in Section 3(c)(7) thereof will specify whether the Notes will be issued in the form of Individual Certificates or DTC Global Certificates. Each U.S. Series where the Issuer is relying on the exception from the Investment Company Act set forth in Section 3(c)(1) thereof will be available only in the form of Individual Certificates.

#### *U.S. Series - Section 3(c)(1) Exception*

In the event the Supplemental Programme Memorandum applicable to any Series of Notes or Alternative Investments specifies that the Issuer is relying on Section 3(c)(1) of the Investment Company Act, then at no time may the Notes or Alternative Investments of such Series that are initially offered and sold in the United States or to or for the account or benefit of a U.S. person be owned beneficially by more than 100 U.S. persons. Such number of owners may be further limited by the doctrine of integration under the Investment Company Act, to the extent applicable.



In order to ensure compliance with this limitation, the registration of any such Note or Alternative Investment upon its issuance or the registration of the transfer of a Note or Alternative Investment may be refused if as a result of such issuance or transfer, the Notes or Alternative Investments of such Series would be owned beneficially by more than 100 persons. In connection with this condition, Notes or Alternative Investments will not be offered and may not be transferred to investors (i) that are partnerships, common trust funds, special trusts, pension funds, retirement plans or other entities that were formed, reformed or recapitalised for the specific purposes of investing in the Notes or Alternative Investments; or (ii) that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of the Notes or Alternative Investments described herein. Any transfer or other disposition of any Notes or Alternative Investments that would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, will be void and such transfer or other disposition will not be recognised by the Issuer. If, at any time, the number of beneficial owners of the Issuer's securities would require the Issuer to register as an "investment company" under the Investment Company Act, the Issuer may, in its discretion, redeem the Notes or Alternative Investments of any holder who holds any Note or Alternative Investment in violation of the applicable transfer restrictions or require any such holder to transfer such Notes or Alternative Investments. The determination of which Notes or Alternative Investments will be redeemed or sold in any particular case is in the discretion of the Issuer.

#### *U.S. Series - Section 3(c)(7) Exception*

If specified in the applicable Supplemental Programme Memorandum for a U.S. Series, the Issuer will be relying on the exception from the Investment Company Act set forth in Section 3(c)(7) thereof. In general, Section 3(c)(7) excludes from the definition of an investment company any issuer whose outstanding securities are owned exclusively by persons who are "Qualified Purchasers" (as defined in Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder) and that has not made and does not propose to make a public offering of its securities. Consequently, the Notes of any such U.S. Series may only be offered, sold, resold, delivered or transferred (A) within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act), in a transaction made in compliance with Rule 144A under the Securities Act to persons that are Eligible Investors (as defined below) or (B) outside the United States to persons that are not U.S. persons in offshore transactions in reliance on Rule 903 or 904 of Regulation S. "Eligible Investors" are defined for the purposes hereof as persons who are QIBs acting for their own account or for the account of other QIBs and excludes therefrom: (i) QIBs that are broker dealers that own and invest on a discretionary basis less than \$25 million in "securities" as such term is defined under Rule 144A, (ii) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Notes, (iv) any investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and formed prior to April 30, 1996, that has not received the consent of its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and rules thereunder and (v) any entity that will have invested more than 40 per cent. of its assets in the securities of the Issuer subsequent to any purchase of the Notes.

Registered Notes of a U.S. Series in which the Issuer is relying on the exception provided by Section 3(c)(7) of the Investment Company Act may be issued in the form of either Individual Certificates or in the form of one or more DTC Global Certificates in accordance with the procedures set forth in "Special Provisions Relating to DTC Global Certificates – Alternative Procedures" herein.

#### *Section 3(c)(7) DTC Global Certificates*

If the applicable Supplemental Programme Memorandum specifies that (i) the Issuer will be relying on Section 3(c)(7) of the Investment Company Act and (ii) the Notes are to be issued in the form of DTC Global Certificates (as defined below), then Notes to be offered and sold in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S) will be represented by one or more registered global notes (a "DTC Restricted Global Certificate") which will be deposited with or on behalf of The Depository Trust Company ("DTC") and registered in the name of its nominee. Any Note of such a U.S. Series to be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented by a registered global note (a "DTC Regulation S Global Certificate") (together with the DTC Restricted Global Certificate, the "DTC Global Certificates") deposited with or on behalf of DTC for the accounts of Euroclear and Clearstream, Luxembourg.

Until the first day following the expiry of 40 days after the later to occur of (i) the commencement of the offering of the Notes of such U.S. Series or (ii) the closing date with respect to the original issuance of such Notes (such period, the "Distribution Compliance Period"), beneficial interests in the DTC Regulation S Global Certificate may not be offered or sold in the United States or to U.S. persons unless the transferor delivers to the Registrar a duly completed Rule 144A Transfer Certificate and the transferee delivers a duly completed Investment Letter (each in the form attached to the Trust Instrument). In addition, in the event a person holding a beneficial interest in the DTC Restricted Global Certificate makes a transfer to a non-U.S. person in accordance with either Rule 903 or Rule 904 of Regulation S, the transferor will be required to deliver a Regulation S Transfer Certificate in the form attached to the Trust Instrument and the transferee will be required to deliver an Investment Letter certifying, among other things, its status as a non-U.S. person. The Issuer and the Registrar and/or Agent reserve the right prior to any sale or other transfer to require the delivery of such other certifications, legal opinions and other information as the Issuer or the Registrar and/or Agent may reasonably require to confirm that the proposed sale or other transfer complies with the restrictions described herein.

Beneficial interests in the DTC Global Certificates will be shown in, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants (including Euroclear and Clearstream, Luxembourg) as described under "Terms and Conditions" of the Notes herein. Notes in definitive certificated form will not be issued except in the limited circumstances described therein.

Beneficial interests in the DTC Global Certificate representing any Notes of a Registered Series to which the Alternative Procedures apply may only be offered, sold, resold, delivered or transferred (A) within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act), in a transaction made in compliance with Rule 144A under the Securities Act to persons that are Eligible Investors (B) outside the United States to persons that are not U.S. persons in offshore transactions in reliance on Rule 903 or 904 of Regulation S.

If the applicable Supplemental Programme Memorandum specifies that the Issuer is relying on the exception provided by Section 3(c)(7) of the Investment Company Act, each initial purchaser will be required to deliver an investment letter in the form to be set forth in the applicable Supplemental Programme Memorandum (an "Investment Letter") containing substantially the following representations and agreements and each subsequent transferee (each initial purchaser, together with each subsequent transferee are referred to herein as, the "Purchaser") will be deemed, unless otherwise set forth in the applicable Supplemental Programme Memorandum, to have represented and agreed to the following (undefined terms used in this section that are defined in Rule 144A or in Regulation S are used herein as defined therein):

19. Purchaser Requirements. The Purchaser (i)(A) is an Eligible Investor, (B) will hold at least the minimum denomination of US\$250,000, (C) will provide notice of applicable transfer restrictions to any subsequent transferee, and (D) is purchasing for its own account or for

the accounts of one or more other persons each of whom meets all of the requirements of clauses (A) through (D) (a “**Qualifying QIB/QP**”), or (ii) is not a U.S. person and is acquiring the Notes pursuant to Rule 903 or 904 of Regulation S. The Purchaser acknowledges that the Issuer and the Registrar and/or Agent reserve the right prior to any sale or other transfer to require the delivery of such certifications, legal opinions and other information as the Issuer or the Registrar and/or Agent may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions.

20. Notice of Transfer Restrictions. Each Purchaser acknowledges and agrees that (A) the Notes have not been and will not be registered under the Securities Act and the Issuer has not been registered as an "investment company" under the Investment Company Act, (B) neither the Notes nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred except in accordance with the provisions set forth in paragraph 1 above and (C) the Purchaser will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Notes of such transfer restrictions.
21. Mandatory Transfer/Redemption. Each Purchaser acknowledges and agrees that in the event that at any time the Issuer determines or is notified by the Arranger acting on behalf of the Issuer, that such Purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set forth in paragraph 1 above or otherwise determines that any transfer or other disposition of any Notes would, in the sole determination of the Issuer or the Arranger acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, such purchase or other transfer will be void *ab initio* and will not be honoured by the Issuer. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer shall have the right, in accordance with Condition 8.11 of the Notes, to force the transfer of, or redeem, any such Notes.
22. Legends on DTC Global Certificates. Each Purchaser acknowledges that each of the DTC Restricted Global Certificate and the DTC Regulation S Global Certificate will bear legends substantially to the effect set forth in the applicable Supplemental Programme Memorandum and that the Issuer has covenanted in the Trust Instrument not to remove either such legend so long as it shall be necessary for the Issuer to rely on the exception to the Investment Company Act set forth in Section 3(c)(7) thereof.
23. Regulation S Transfers during the Distribution Compliance Period. If the Purchaser has acquired the Notes in a sale or other transfer being made in reliance upon Regulation S, the Purchaser agrees that during the Distribution Compliance Period, it will not offer, resell, pledge or otherwise transfer such Notes to or for the account or benefit of any U.S. person other than to a person meeting the requirements set forth above.
24. Rule 144A Information. Each Purchaser of Notes offered and sold in the United States under Rule 144A is hereby notified that the offer and sale of such Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. The Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A.
25. Such Purchaser is not, and for so long as it holder any Notes will not be, an employee benefit plan subject to the fiduciary responsibility provisions of ERISA, a plan subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), a person or entity whose assets include the assets of any such employee benefit plan or plan by reason of 29 C.F.R. Section 2510.3-101 or otherwise, or any other employee benefit plan without regard to the federal, state, local or foreign law pursuant to which the

plan is organised or administered, and such purchaser or holder is not using the assets of any such plan to acquire the Notes.

26. Such Purchaser acknowledges that the Issuer and the Arranger will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of Notes are no longer accurate, it shall promptly notify the Issuer and the Arranger. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, such Purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Additional representations relating to DTC Global Certificates may be set forth in the applicable Supplemental Programme Memorandum.

#### *Section 3(c)(7) Individual Certificates*

If the applicable Supplemental Programme Memorandum for a U.S. Series specifies that (i) the Issuer will be relying on the exception set forth in Section 3(c)(7) of the Investment Company Act and (ii) the Notes are to be issued in the form of Individual Certificates, then Notes to be offered and sold in the United States or to or for the account or benefit of U.S. persons will be represented by Individual Certificates. Each Individual Certificate will be registered in the name of the registered owner thereof and will bear a restrictive legend in the form set forth in the applicable Supplemental Programme Memorandum. At no time may an Individual Certificate be beneficially owned in violation of such restrictive legend.

Transfers of any Notes of a U.S. Series or Alternative Investments represented by Individual Certificates shall be subject to the prior written consent of the Issuer. Consent to any transfer may only be withheld to ensure compliance with, or an exemption under, applicable law. Any transfer requires the submission to the Registrar and Transfer Agent of a duly completed certificate of transfer attached to such Note or Alternative Investment and, in the event the Issuer is relying on Section 3(c)(7) under the Investment Company Act, a purchaser's letter, in the form to be set forth in the applicable Supplemental Programme Memorandum relating to any such Series. In addition, in connection with any resale or other transfer of Notes of a U.S. Series or Alternative Investments or any interest therein, the Issuer may require additional information including evidence that such sale or transfer does not cause the Issuer to become subject to registration or regulation under the Investment Company Act. Any transfer or other disposition of any such Notes or Alternative Investments that would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, will be void and such transfer or other disposition will not be honoured by the Issuer. The Supplemental Programme Memorandum applicable to any Series of Notes or Alternative Investments may modify, amend or supplement the restrictions set forth herein.

Certificates in respect of Notes or Alternative Investments of a U.S. Series will bear a restrictive legend in the form set forth in the applicable Supplemental Programme Memorandum.

#### **United States - ERISA Considerations**

Unless otherwise specified in the related Supplemental Programme Memorandum, each purchaser or holder of Notes will be deemed to represent that it is not, and for so long as it holds any Notes will not be, an employee benefit plan subject to the fiduciary responsibility provisions of ERISA, a plan subject to Section 4975 of the Code, a person or entity whose assets include the assets of any such employee benefit plan or plan by reason of 29 C.F.R. Section 2510.3-101 or otherwise, or any other employee benefit plan without regard to the federal, state, local or foreign

law pursuant to which the plan is organised or administered, and such purchaser or holder is not using the assets of any such plan to acquire the Notes.

## **United Kingdom**

Unless otherwise provided in the relevant Purchase Agreement, the Arranger will in each Purchase Agreement to which it is party represent, warrant and agree in relation to the Notes or Alternative Investments to be purchased thereunder that:

- (i) in relation to Notes and Alternative Investments which have a maturity of one year or more, it has not offered or sold, and, prior to the expiry of a period of six months from the Issue Date of such Notes and Alternative Investments, will not offer or sell, any such Notes and Alternative Investments to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (ii) it has only communicated or caused to be communicated, and it 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 Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;
- (iii) in relation to any Notes and Alternative Investments which have a maturity of less than one year from the date of issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes and Alternative Investments other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer; and
- (iv) it has complied and will comply with all applicable provisions of the FSMA (and all rules and regulations made pursuant to the FSMA), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## **Jersey**

Each Arranger will in each Purchase Agreement to which it is party agree in relation to the Notes or Alternative Investments to be purchased thereunder that (i) it has not offered or sold, and will not offer or sell, Notes or Alternative Investments to any person resident for income tax purposes in Jersey, other than financial institutions (ii) that no prospectus, explanatory memorandum or other invitation offering the Notes or Alternative Investments for subscription, sale or exchange at any time has been or will be issued by it on behalf of the Issuer to any person other than a financial institution, dealer or market maker, or sophisticated investor (as defined in any condition (a) waiver issued to the Issuer by the Jersey Financial Services Commission) and (iii) it will not make any offering of the Notes or Alternative Investments at any time in circumstances which could constitute the circulation of a prospectus within the meaning of the Companies (Jersey) Law 1991 by the Issuer.

## **Germany**

Unless otherwise provided in the relevant Purchase Agreement, the Arranger will in each Purchase Agreement to which it is a party represent and agree that it has not offered or sold and will not offer or sell any Notes or Alternative Investments in Germany other than in compliance with the provisions of the German Securities Prospectus Act of 13 December 1990, as amended, or of any other laws applicable in Germany governing the issue, offering and sale of Notes or Alternative Investments.

## **Japan**

The Notes and Alternative Investments have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, the Arranger will in each Purchase Agreement to which it is party represent and agree that in connection with Notes or Alternative Investments denominated in yen or in respect of which amounts may be payable in yen it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes or Alternative Investments in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Arranger following a change in a relevant law, regulation or directive. Any such modification will be set out in the Supplemental Programme Memorandum issued in respect of the issue of Notes to which it relates or in a supplement to this Programme Memorandum.

This Programme Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Notes and Alternative Investments outside the United States to non-U.S. persons and for the private placement of the Notes and Alternative Investments in the United States and for the listing of the Notes or Alternative Investments on the Luxembourg Stock Exchange. The Issuer and the Arranger reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes or Alternative Investments which may be offered pursuant to Rule 144A.

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes or Alternative Investments, or possession or distribution of the Programme Memorandum or any part thereof or any other offering material or any Supplemental Programme Memorandum, in any country or jurisdiction where action for that purpose is required.

Unless otherwise provided in the relevant Purchase Agreement, the Arranger will in each Purchase Agreement to which it is party agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or Alternative Investments or has in its possession or distributes the Programme Memorandum or any part thereof, any other offering material or any Supplemental Programme Memorandum in all cases at its own expense unless otherwise agreed and the Issuer shall have no responsibility therefor.

## GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations (if any) which are necessary in Jersey at the date of this Programme Memorandum in connection with the issue and performance of the Notes and the Alternative Investments. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 17 July 1998. The issue of this Programme Memorandum was authorised by a resolution of the Board of Directors of the Issuer passed on 7 July 2004.
- (2) Save as disclosed herein, there has been no significant change in the financial or trading position of the Issuer, and no material adverse change in the financial position or prospects of the Issuer in each case, since its incorporation on 10 July 1998.
- (3) The Issuer is not involved in any litigation or arbitration proceedings which may have, or have had since its incorporation on 10 July 1998, a significant effect on its financial position, nor is the Issuer aware that such proceedings are pending or threatened.
- (4) Each Bearer Note, Receipt, Coupon and Talon 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 of 1986, as amended".
- (5) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, International Securities Identification Number (ISIN), CUSIP and CINS numbers and PORTAL symbol (if any) for each Series of Notes will be set out in the relevant Supplemental Programme Memorandum. Clearance arrangements (if any) for any Alternative Investments will be as set out in the Supplemental Programme Memorandum relating thereto.
- (6) The Luxembourg Stock Exchange has allocated to the Programme the number 12147 for listing purposes.
- (7) From the date of this Programme Memorandum and for so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at the registered office of the Issuer and the specified offices of the Trustee, the Agent and the Paying Agent in Luxembourg (and copies of the documents specified in sub-paragraphs (iii) and (iv) below may be obtained free of charge from the specified office of the Paying Agent in Luxembourg):
  - (i) the Memorandum and Articles of Association of the Issuer;
  - (ii) the Declaration of Trust;
  - (iii) this Programme Memorandum;
  - (iv) any Supplemental Programme Memorandum thereto;
  - (v) the Trust Instrument relating to each issue of Notes or Alternative Investments and each document incorporated by reference into such Trust Instrument;
  - (vi) such other documents (if any) as may be required by the rules of any stock exchange on which any Note or Alternative Investment is at the relevant time listed.

- (8) The Issuer is a company incorporated under the laws of Jersey. No Director of the Issuer is a resident of the United States, and all or a substantial portion of the assets of the Issuer and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States.
- (9) So long as any of the Notes or Alternative Investments are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, unless it becomes subject to and complies with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of Notes or Alternative Investments that are restricted securities, or to any prospective purchaser of Notes or Alternative Investments that are restricted securities designated by a holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.
- (10) The Issuer will promptly publish a Supplemental Programme Memorandum to the existing Programme Memorandum or where appropriate a new Programme Memorandum in the event of changes in the terms and conditions hereof.
- (11) Prior to the listing of the Notes on the Luxembourg Stock Exchange a legal notice relating to the issue and a copy of the Memorandum and Articles of Association of the Issuer will have been filed with the Registre de Commerce et des sociétés à Luxembourg (where a copy of such notice and of such Memorandum and Articles of Association may be examined and copies obtained by the public).



**REGISTERED OFFICE OF THE ISSUER**

St Paul's Gate  
New Street  
St Helier  
Jersey JE4 8ZB

**TRUSTEE**

*as specified in the relevant Supplemental Programme Memorandum*

**ISSUING AND PAYING AGENT**

*as specified in the relevant Supplemental Programme Memorandum*

**REGISTRAR AND TRANSFER AGENT**

*as specified in the relevant Supplemental Programme Memorandum*

**CUSTODIAN**

*as specified in the relevant Supplemental Programme Memorandum*

**PAYING AGENT AND TRANSFER AGENT**

*as specified in the relevant Supplemental Programme Memorandum*

**LEGAL ADVISERS**

*To the Issuer as to Jersey law*

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*To the Arrangers and the Trustee as to English law and Listing Counsel*

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**LISTING AGENT**

*for Notes or Alternative Investments listed on the Luxembourg Stock Exchange*

**Deutsche Bank AG London**

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