

LISTING PARTICULARS

ARLO XIV Limited

(Incorporated with limited liability in the Cayman Islands)

Series 14

**JPY 2,139,480,000 Secured Limited Recourse Notes
due 17 May 2013**

These Listing Particulars incorporate by reference the contents of the Base Prospectus dated 27 June 2011 (the “**Base Prospectus**”) in relation to the U.S.\$ 5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the “**Programme**”) of ARLO XIV Limited (the “**Issuer**”) (except for the section entitled “Terms and Conditions of the Notes” at pages 27 to 132 (inclusive), which is either not relevant for the investor or covered elsewhere in these Listing Particulars).

These Listing Particulars have been prepared for the purpose of giving information about the issue of the Series 14 JPY 2,139,480,000 Secured Limited Recourse Notes due 17 May 2013 of the Issuer (the “**Notes**”).

The terms and conditions set out below should be read in conjunction with the Terms and Conditions set out in Schedule 3 hereto.

The date of these Listing Particulars is 31 August 2011

Arranger

BARCLAYS BANK PLC

CONTENTS

RESPONSIBILITY STATEMENT.....	2
DOCUMENTS INCORPORATED BY REFERENCE	4
NOTICE TO INVESTORS FROM BARCLAYS BANK PLC.....	5
RISK FACTORS.....	6
CONDITIONS OF THE NOTES.....	10
TAX CONSIDERATIONS	16
SUBSCRIPTION AND SALE	17
INFORMATION CONCERNING THE SWAP COUNTERPARTY.....	22
INFORMATION CONCERNING THE BANK OF NEW YORK MELLON	35
INFORMATION CONCERNING BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED.....	36
GENERAL INFORMATION	37
DESCRIPTION OF THE CHARGED ASSETS	38
SCHEDULE 1: FORM OF CHARGED AGREEMENT.....	39
SCHEDULE 2: FORM OF MASTER CHARGED AGREEMENT TERMS.....	45
SCHEDULE 3: TERMS AND CONDITIONS OF THE NOTES.....	64

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in these Listing Particulars (except (i) in relation to the information under the heading “Information concerning the Swap Counterparty” (the “**Barclays Information**”), for which Barclays Bank PLC takes sole responsibility, (ii) in relation to the information under the heading “Information concerning The Bank of New York Mellon” (the “**BNY Mellon Information**”), for which The Bank of New York Mellon takes sole responsibility, (iii) in relation to the information under the heading “Information concerning BNY Mellon Corporate Trustee Services Limited” (the “**BNY Mellon Trustee Information**”), for which BNY Mellon Corporate Trustee Services Limited takes sole responsibility, (iv) in relation to the information regarding the Charged Assets under the heading “Description of the Charged Assets” and elsewhere in these Listing Particulars, for which the Issuer only accepts responsibility for accurately reproducing such information from the Final Terms dated 13 May 2008 in respect of the RBS Notes, provided that as far as the Issuer is aware and is able to ascertain from information published by the issuer of the Charged Assets, no facts have been omitted which would render the reproduced information inaccurate or misleading, and the Issuer accepts no other responsibility in respect thereof.

To the best of the knowledge and belief of the Issuer (and in the case of (i) the Barclays Information, Barclays Bank PLC, (ii) the BNY Mellon Information, The Bank of New York Mellon and (iii) the BNY Mellon Trustee Information, BNY Mellon Corporate Trustee Services Limited) (each of which has taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. The delivery of these Listing Particulars at any time does not imply that 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 these Listing Particulars in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or the Trustee. Neither the delivery of these Listing Particulars nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

These Listing Particulars do not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any other person to subscribe for, or purchase, any Notes.

The distribution of these Listing Particulars and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer, the Trustee and the Arranger to inform themselves about and to observe any such restriction.

These Listing Particulars contain summaries of certain provisions of, or extracts from, the Constituting Instrument executed in relation to the Notes and the documents and agreements referred therein. Such summaries and extracts are subject to, and are qualified in their entirety by, the actual provisions of such documents and agreements, copies of which are annexed hereto or available for inspection at the registered office of the Issuer, the principal office of the Trustee and the specified office of the Principal Paying Agent. Holders of the Notes to which these Listing Particulars relate, and any other person into whose possession these Listing Particulars come, will be deemed to have notice of all provisions of the documents executed in relation to the Notes which may be relevant to a decision to acquire, hold or dispose of such Notes.

The Notes were issued pursuant to the programme memorandum of the Issuer dated 30 July 2010. The Terms and Conditions contained in the programme memorandum dated 30 July 2010 are set out in Schedule 3 to these Listing Particulars.

The Notes will not be rated.

Application has been made for these Listing Particulars to be approved by the Irish Stock Exchange. Application has been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market of the Irish Stock Exchange. These Listing Particulars are provided only for the purpose of obtaining approval of admission of the Notes to the Official List of the Irish Stock Exchange and admission for trading on the Global Exchange Market and shall not be used or distributed for any other purposes. These Listing Particulars do not constitute an offer to sell, or a solicitation of an offer to buy, any of the Notes. These Listing Particulars do not constitute a prospectus for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”).

Any reference in these Listing Particulars to the “Irish Financial Services Regulatory Authority” shall be deemed to be a reference to the “Central Bank of Ireland”.

These Listing Particulars contain references to credit ratings granted by Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Limited each of which is established in the European Union and has applied through its respective London office to be registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit ratings (the “**CRA Regulation**”), although the result of such applications has not yet been determined.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY STATE SECURITIES LAWS, AND THE ISSUER IS NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**1940 ACT**”). THE NOTES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

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 United States Internal Revenue Code of 1986, as amended, 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.

DOCUMENTS INCORPORATED BY REFERENCE

Save for the section entitled “Terms and Conditions of the Notes” at pages 27 to 132 thereof, (which is either not relevant for the investor or covered elsewhere in this Prospectus), the Base Prospectus is incorporated in, and shall be taken to form part of, these Listing Particulars.

This document must be read and construed in conjunction with the Base Prospectus and shall be deemed to modify and supersede the contents of the Base Prospectus to the extent that a statement contained herein is inconsistent with such contents.

NOTICE TO INVESTORS FROM BARCLAYS BANK PLC

Neither Barclays Bank PLC nor any of its affiliates is under any legal, regulatory or moral obligation to purchase the Notes or the Charged Assets (as defined herein) or support any losses suffered by the Issuer or the purchasers of any Notes. Neither Barclays Bank PLC nor its affiliates guarantees or stands behind the Issuer or the Issuer's obligations under the Notes and will not make good and is under no obligation to make good any losses under the Charged Assets or the Notes or under any agreements that the Issuer might enter into with any third parties. The Issuer and each person into whose possession this document comes will be deemed to have acknowledged and agreed to the foregoing.

RISK FACTORS

The following is a description of certain aspects of the issue of the Notes of which any prospective purchaser of the Notes should be aware, but it is not intended to be exhaustive and any prospective purchaser of the Notes should also read the detailed information set out elsewhere in this document and the other documents relating to the Notes and take their own tax, legal and other relevant advice as to the advisability, structure and viability of their investment. In particular, the attention of prospective purchasers of the Notes is drawn to “Investor Suitability” and “Risk Factors” in the Base Prospectus.

Credit Considerations

Prospective purchasers of Notes should take into account, when making a decision as to whether or not to invest in the Notes, that the timing of redemption of the Notes, the amount due to be paid upon redemption of the Notes and the timing and the amount of any interest and principal due on the Notes is dependent on the performance of the Charged Assets and the Charged Agreement.

Security

There can be no assurance that the amount payable to the Noteholders on any early redemption of the Notes or upon enforcement of the security for the Notes will be equal to the Issue Price or the Outstanding Principal Amount of the Notes. Any shortfall in payments due to the Noteholders will be borne in accordance with the Priority of Payments specified in Paragraph 4 of “Conditions of the Notes”, and any claims of the Noteholders remaining after a mandatory redemption of the Notes or a realisation of the security and application of the proceeds as aforesaid shall be extinguished. None of the Programme Parties or the obligors under the Collateral (other than the Issuer) has any obligation to Noteholders for payment of any amount owing by the Issuer in respect of the Notes.

Expenses

All payments of anticipated costs and expenses of the Issuer in connection with the issue of Notes have been, or will be, met by the Arranger pursuant to the Programme Expenses Letter and the Series Expenses Letter (each as defined below). To the extent that any unanticipated or extraordinary costs and expenses of the Issuer which are payable by the Issuer arise in connection with the Notes or otherwise and such costs and expenses are not paid by the Arranger (or are not otherwise payable by the Arranger pursuant to the Programme Expenses Letter and the Series Expenses Letter), the Issuer may have no available funds to pay such costs and expenses and there is a risk that it might become insolvent as a result thereof.

Secondary Market Trading

Under normal market conditions, Barclays Bank PLC or its affiliates may purchase the Notes in the secondary market and, upon request by a Noteholder, may, within a reasonable time, provide secondary market prices during the term of the Notes. Such prices may be subject to change by the time of any such purchase. The minimum transaction size for a secondary market purchase is JPY 9,905,000. The Notes cannot be partially sold.

Exposure to default or early redemption

Upon the occurrence of an Event of Default under the Conditions or any events specified as applicable in the Conditions that will lead to any early redemption of the Notes (including an early termination of the Charged Agreement), the Notes shall fall due for early redemption by payment or delivery of the Early Redemption Amount, in accordance with the Conditions, and the Charged Assets may have a market value substantially less than par or even zero and, therefore, in such

circumstances, the Noteholders may receive on redemption an amount which is less than the Outstanding Principal Amount of the Notes.

No Obligation to Make Good on Losses

Neither the Issuer nor any of the Programme Parties (as defined in the Base Prospectus) guarantees the performance of or otherwise stands behind the issuer(s) or obligor(s) of the Charged Assets or the Charged Assets and none of them is obligated to make good on any losses suffered by the Noteholders as a result of a Mandatory Redemption Event or an Early Redemption Following Restructuring with respect to the Charged Assets or the issuer(s) or obligor(s) of the Charged Assets.

Independent Review and Advice

Each prospective purchaser of the Notes is responsible for its own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of the issuer(s) or obligor(s) of the Charged Assets or the Charged Assets, as well as the risks in respect of the Notes and their terms, including, without limitation, any tax, accounting, credit, legal and regulatory risks.

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in such Notes including any credit risk associated with the issuer(s) or obligor(s) of the Charged Assets and the Issuer. None of the Issuer or any of the Programme Parties will have any responsibility or duty to make any such investigations, to keep any such matters under review or to provide the prospective purchasers of the Notes with any information in relation to such matters or to advise as to the attendant risks. See also the section entitled "Investor Suitability" in the Base Prospectus.

Although the Swap Counterparty and/or its affiliates may have entered into and may from time to time enter into business transactions with the issuer(s) or obligor(s) of the Charged Assets, the Swap Counterparty and/or its affiliates at any time may or may not hold obligations of or have any business relationship with the issuer(s) or obligor(s) of the Charged Assets.

No Representations

None of the Issuer, any of the Programme Parties or any of their respective affiliates will have made any investigation of, or makes any representation or warranty, express or implied, as to the issuer(s) or obligor(s) of the Charged Assets (including, without limitation, with regard to their respective financial condition or creditworthiness) or any Charged Assets or any information contained in any documents provided by the issuer(s) or obligor(s) of the Charged Assets of the Charged Assets, respectively, to any of them or to any other person or filed by the issuer(s) or obligor(s) of the Charged Assets with any exchange or with any governmental entity regulating the offer and sale of securities.

In particular, none of the Issuer, any of the Programme Parties or any of their respective affiliates will have made any investigation of, or makes any representation or warranty, express or implied, as to:

- (1) the existence or financial or other condition of the issuer(s) or obligor(s) of the Charged Assets; or
- (2) whether the Charged Assets, constitute legal, valid and binding obligations of the issuer(s) or obligor(s) of the Charged Assets.

Conflicts of Interest

The Issuer, the Programme Parties and any of their respective affiliates may deal in any obligation, including the Charged Assets, other obligations of the issuer(s) or obligor(s) of the Charged Assets, and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the issuer(s) or obligor(s) of the Charged Assets, its affiliates, any other person or entity having obligations relating to the existence or financial or other condition of the issuer(s) or obligor(s) of the Charged Assets and may act with respect to such business in the same manner as if any Notes issued hereunder did not exist, regardless of whether any such action might have an adverse effect (including, without limitation, any action which might give rise to an event of default) on the issuer(s) or obligor(s) of the Charged Assets. Various potential and actual conflicts of interest may arise between the interests of the Noteholders, on the one hand, and some or all of the Issuer, the Programme Parties and any of their respective affiliates, on the other hand. None of the Issuer, the Programme Parties nor any of their respective affiliates is required to resolve such conflicts of interest in favour of the Noteholders and may pursue actions and take such steps that it deems necessary or appropriate to protect its interests without regard to the consequences for the Noteholders. In particular, the interests of the Swap Counterparty may be adverse to those of the Noteholders. The terms of the Notes and the Charged Agreement provide the Swap Counterparty with certain discretions which it may exercise without any regard for the interests of the Noteholders.

Provision of Information

The Issuer, the Programme Parties and any of their respective affiliates, whether by virtue of the types of relationships described herein or otherwise, may possess information in relation to the issuer(s) or obligor(s) of the Charged Assets. The Notes will not create any obligation on the part of any of the Issuer, the Programme Parties and any of their respective affiliates to disclose any such relationship or information (whether or not confidential). None of the Issuer, the Programme Parties or any of their respective affiliates makes any representation as to the credit quality of the Charged Assets or the issuer(s) or obligor(s) of the Charged Assets.

Legal Opinions

Whilst legal opinions relating to the issue of the Notes will be obtained by the Arranger, the Dealer and the Trustee with respect to English law and Cayman Islands law, it is not intended that legal opinions be obtained with respect to the laws governing the Charged Assets or the laws of the country of incorporation of any issuer or obligor of the Charged Assets in the context of the validity, enforceability or binding nature of the Charged Assets or the capacity of the issuer or obligor of the Charged Assets.

No Fiduciary Role

None of the Issuer, any of the Programme Parties or any of their respective affiliates is acting as an investment adviser, and none of them (other than the Trustee in its capacity as such under the Constituting Instrument) assumes any fiduciary obligation, to any purchaser of Notes.

None of the Issuer or any of the Programme Parties assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of the issuer(s) or obligor(s) of any Charged Assets or of any Swap Counterparty or the terms of the Charged Agreement.

None of such parties makes any representation or warranty, express or implied, as to any of such matters nor as to the legal, valid and binding effect of the terms of the Charged Assets or of the Charged Agreement.

Withholding Tax

All payments of principal and interest by the Issuer in respect of the Notes and Coupons will be made subject to any withholding or deduction for, or on account of, any taxation levied in any jurisdiction by any governmental or regulatory authority including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment by it in respect of the Notes. The Issuer will have no obligation to pay any additional amounts on the Notes if any such withholding or deduction is imposed on the Notes or Coupons nor to reimburse any Noteholder for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes or Coupons by the Issuer or any Paying Agent.

In the event of the imposition of any such taxes resulting in the Issuer being unable to make payment of the full amount due in respect of the Notes, the Issuer will, subject to the agreement of the Trustee, use its reasonable endeavours to procure the substitution as principal debtor under the Trust Deed and the Notes of another company incorporated in another jurisdiction, failing that, the Notes will be early redeemed at the Early Redemption Amount in accordance with the Conditions.

CONDITIONS OF THE NOTES

Series 14 JPY 2,139,480,000 Secured Limited Recourse Notes due 17 May 2013

The Terms and Conditions of the Notes designated as above (the “**Notes**”) shall be the Master Conditions as completed, modified and amended by the terms set out herein. The Master Conditions are set out in the Programme Memorandum dated 30 July 2010 (the “**Programme Memorandum**”) relating to the ARLO XIV Limited U.S.\$5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the “**Programme**”).

Unless the context otherwise requires, terms defined in the Master Conditions or in the Charged Agreement (as defined below) shall have the same meanings when used in these Terms.

The Master Conditions are set out in Schedule 3 to these Listing Particulars.

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| 1. | (i) | Issuer: | ARLO XIV Limited. |
| | (ii) | Arranger and Dealer: | Barclays Bank PLC. |
| | (iii) | Swap Counterparty: | Barclays Bank PLC. |
| | (iv) | Trustee: | BNY Mellon Corporate Trustee Services Limited. |
| | (v) | Issue Agent and Principal Paying Agent: | The Bank of New York Mellon. |
| | (vi) | Paying Agent: | The Bank of New York Mellon. |
| | (vii) | Custodian: | The Bank of New York Mellon. |
| | (viii) | Sub-Custodian: | Not applicable. |
| | (ix) | Interest Calculation Agent: | Barclays Bank PLC. |
| | (x) | Common Depositary: | The Bank of New York Mellon. |
| | (xi) | Determination Agent: | Barclays Bank PLC. |
| | (xii) | Realisation Agent: | Barclays Bank PLC. |
| | (xiii) | Registrar and Transfer Agent: | Not applicable. |
| 2. | (i) | Series Number: | Series 14. |
| | (ii) | Specified Currency: | Japanese Yen (“ JPY ” or “ ¥ ”). |
| 3. | | Principal Amount: | JPY 2,139,480,000. |
| 4. | | Status: | Condition 3(a) (<i>Status</i>) is applicable. |
| 5. | | Issue Price: | 100 per cent. |

For the avoidance of doubt, the Notes may be

resold after the Issue Date at a price which is above or below the Issue Price.

6. Authorised Denomination: JPY 9,905,000.
7. Issue Date: 20 April 2011.
8. Maturity Date: The Termination Date of the Charged Agreement.
9. Charged Assets: EUR 18,836,000 aggregate principal amount of an issue by ROYAL BANK OF SCOTLAND GROUP PUBLIC LIMITED COMPANY 5.25 per cent. Note due 15 May 2013 (ISIN: XS0363669408) (the “**RBS Notes**”).
10. Alternative Clearing System: Not applicable.
11. Charged Assets Replacement (Condition 4(f) (*Replacement Charged Assets*)): Not applicable.
12. Replacement Charged Assets: Not applicable.
13. Cash Collateral (Condition 4(g) (*Cash Collateral*)): Applicable.
14. Charged Agreement: The International Swaps and Derivatives Association, Inc. (“**ISDA**”) 1992 form of Master Agreement (Multicurrency – Cross Border) and a schedule thereto dated the date of the Constituting Instrument between the Swap Counterparty and the Issuer as supplemented by a confirmation of a swap transaction entered into between the Swap Counterparty and the Issuer, with an effective date of the Issue Date.
15. Security: Condition 4(a) (*Security*) is applicable.
16. Additional Charging Instrument: Not applicable.
17. Fixed Rate Notes Provisions: Applicable.
 - (i) Interest Commencement Date: One Business Day immediately following the Issue Date.
 - (ii) Interest Payment Dates: 5 March and 5 September in each year from (and including) 5 September 2011 to (and including) the Maturity Date, in each case subject to adjustment in accordance with the Business Day Convention.

Accrual of interest will not be adjusted and interest will accrue from and including one Interest Payment Date (or in respect of the first Interest Period, the Interest Commencement Date) to but excluding the next following

	Interest Payment Date, in each case not subject to any adjustment.
(iii) Interest Rate:	<p>The Interest Amount applicable to each Interest Period shall be calculated based on the following formula:</p> $A \times B$ <p>Where:</p> <p>“A” means:</p> <ol style="list-style-type: none"> 1) 1.39 per cent. in respect of the Interest Period ending on (but excluding) the Interest Payment Date falling on 5 September 2011; 2) 0.53 per cent. in respect of the Interest Periods ending on (but excluding) the Interest Payment Dates falling on 5 March 2012, 5 September 2012 and 5 March 2013; and 3) 0.09% in respect of the Interest Period ending on (but excluding) the final Interest Payment Date falling on 17 May 2013; and <p>“B” means the Authorised Denomination (being an amount equal to JPY 9,905,000).</p> <p>For the avoidance of doubt, the Interest Amount for each Authorised Denomination with respect to each Interest Period are as follows:</p> <ol style="list-style-type: none"> 1) JPY 137,680 in respect of the Interest Period ending on (but excluding) the Interest Payment Date falling on 5 September 2011; 2) JPY 52,497 in respect of the Interest Periods ending on (but excluding) the Interest Payment Dates falling on 5 March 2012, 5 September 2012 and 5 March 2013; and 3) JPY 8,915 in respect of the Interest Period ending on (but excluding) the final Interest Payment Date falling on 17 May 2013.
(iv) Day Count Fraction:	Not applicable.
(v) Business Day Convention:	Modified Following Business Day Convention.

(vi)	Minimum Interest Rate:	Not applicable.
(vii)	Maximum Interest Rate:	Not applicable.
(viii)	Other provisions (if different from the Master Conditions):	" ISDA Definitions " means the 2006 ISDA Definitions (as published by ISDA).
18.	Floating Rate Notes Provisions:	Not applicable.
19.	Zero Coupon Notes Provisions:	Not applicable.
20.	Index-Linked Interest Notes Provisions:	Not applicable.
21.	Notes issued in bearer or registered form:	Bearer Notes.
22.	Whether Notes will be C Notes or D Notes:	D Notes
23.	Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity for each Talon:	No.
24.	U.S. Series or non-U.S. Series:	Non U.S. Series.
25.	Listing:	Application has been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market of the Irish Stock Exchange. No assurance is given that such listing and admission will be obtained.
26.	Ratings:	None.
27.	Business Days:	London and Tokyo.
28.	Noteholder Option (Condition 7(h)(1) (<i>Noteholder option</i>)):	Not applicable.
29.	Issuer Option (Condition 7(h)(2) (<i>Issuer option</i>)):	Not applicable.
30.	Scheduled Redemption Amount:	Outstanding principal amount. Condition 7(g)(1) applies (<i>Redemption amount of Notes</i>).
31.	Early Redemption Provisions (Condition 7(b) (<i>Early redemption</i>)):	
(i)	Condition 7(b) (<i>Early redemption</i>):	Applicable, as follows:
(ii)	Condition 7(b)(1) (<i>Mandatory Redemption Event</i>):	Applicable.

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| (iii) | Conditions 7(b)(2)(i),(ii),(iii), 7(b)(3) and 7 (b)(4) (<i>Other Early Redemption Events</i>): | Not applicable. |
| (iv) | Condition 7(b)(2)(iv) (<i>Early Redemption Following Restructuring</i>): | Applicable. |
| (v) | Condition 7(c) (<i>Charged Assets Coupon Deferral Event</i>): | Not applicable. |
| (vi) | Condition 7(d) (<i>Tax Event</i>): | Applicable. |
| (vii) | Condition 7(e) (<i>Redemption on termination of Charged Agreement</i>): | Applicable. |
| (viii) | Condition 7(g)(1) (<i>Redemption amount of Notes</i>): | |

Non-Call Redemption: Not applicable.

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| (ix) | Condition 7(g)(2) (<i>Early Redemption Amount</i>): | |
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Settlement Method: Noteholder Redemption Instruction. References to “the third Business Day” in Condition 7(g)(8)(C)(i) shall be replaced with “the tenth Business Day”.

Early Redemption Amount: Where part or all of the Charged Assets comprise Cash Collateral pursuant to Condition 4(g):

If “Physical Settlement” is specified in Redemption Instruction Notice: Adjusted Deliverable Amount; and

If “Cash Settlement” is specified in Redemption Instruction Notice: Adjusted Early Cash Redemption Amount.

Where Charged Assets do not comprise Cash Collateral:

If “Physical Settlement” is specified in Redemption Instruction Notice: Deliverable Amount; and

If “Cash Settlement” is specified in Redemption Instruction Notice: Early Cash Redemption Amount B.

Reference Assets: The RBS Notes

Termination Costs: Termination Costs B is applicable and accordingly "Loss" shall apply.

The last sentence in the definition of Termination Costs B shall be deleted in its entirety.

(x) Early Redemption Date: As specified in Condition 7(g)(2).

(xi) Charged Agreement Termination Method (*Condition 7(g)(7)*): Standard 6(e) Termination.

None of the Issuer, the Programme Parties and their respective affiliates has made any investigation of, or makes any representation or warranty, express or implied, as to whether any Mandatory Redemption Event, Other Early Redemption Event (if applicable), or Early Redemption Following Restructuring (Condition 7(b)(2)(iv)) (if applicable) has occurred or is likely to occur or as to the creditworthiness of the issuer(s) or obligor(s) of the Charged Assets or Reference Assets, and each prospective Noteholder is advised to make its own investigations and assessment of the same.

32. Settlement Procedures: The Notes have been accepted for settlement in Euroclear and Clearstream, Luxembourg.
33. Common Code: 061377484
34. ISIN: XS0613774842
35. Additional Provisions: None.
36. Agent for service of process (*Condition 18 (Governing Law and Submission to Jurisdiction)*): Maples and Calder of 7 Princes Street, London EC2R 8AQ.
37. Depositary Account: An account maintained by the Custodian for and on behalf of the Issuer, the account number of which shall be notified in writing by the Custodian to the Issuer, the Trustee and the Swap Counterparty on or before the Issue Date (unless otherwise agreed amongst the Issuer, the Trustee and the Swap Counterparty) .

CONFIRMED

ARLO XIV LIMITED

By:

Dated: 20 April 2011

TAX CONSIDERATIONS

Prospective investors should consult their own tax advisors on the possible tax consequences of the purchase, ownership and disposition of the Notes under the laws of their country of citizenship, residence or domicile.

Investors should consult their own tax advisors regarding whether the purchase of the Notes, either alone or in conjunction with an investor's other activities, may subject a holder to any state or local taxes based, for example, on an assertion that the investor is either "doing business" in, or deriving income from a source located in, any state or local jurisdiction. Additionally, potential investors should consider the state, local and other tax consequences of purchasing, owning or disposing of the Notes. State and local tax laws may differ substantially from the corresponding federal tax law, and the foregoing discussion does not purport to describe any aspect of the tax laws of any state or other jurisdiction.

The Noteholders will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse it for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Principal Paying Agent.

SUBSCRIPTION AND SALE

General

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any part thereof or any other offering material or these Listing Particulars, in any country or jurisdiction where action for that purpose is required.

The Arranger 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 the Notes or has in its possession or distributes the Base Prospectus or any part thereof, any other offering material or these Listing Particulars in all cases at its own expense unless otherwise agreed and neither the Issuer nor any other Arranger shall have responsibility therefor.

United States

The Arranger and each Dealer understands and acknowledges that the Notes of the relevant Series have not been, and will not be, registered under the Securities Act or any state securities law and may include Notes in bearer form that are subject to U.S. tax law requirements. In addition, the Arranger and each Dealer acknowledges that the Issuer has not registered and will not register under the 1940 Act. Consequently, the Notes of the relevant Series 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 defined in Regulation S under the Securities Act) except in compliance with the Securities Act or an applicable exemption therefrom and under circumstances which will not require the Issuer to register under the 1940 Act, and in relation to Bearer Notes except in certain transactions permitted by U.S. tax law requirements, and then only to the extent specifically agreed between the Issuer and relevant Dealer with respect to such Notes.

The Arranger and each Dealer represents, warrants and agrees that any Notes of the relevant Series offered or sold in the United States or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S) by such Dealer will only be offered or sold in reliance on the exception provided by Section 3(c)(7) of the 1940 Act and, accordingly, will be offered or sold only to or for the account of persons that are (i) either (A) qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the Securities Act in reliance on the exemption from the registration requirements provided by Rule 144A or (B) "accredited investors" ("**AIs**") within the meaning of Rule 501(a)(1), (2), (3) or (7) ("**Rule 501**") under Regulation D under the Securities Act who are acquiring the Notes for investment purposes and not with a view to the distribution thereof and (ii) "qualified purchasers" as defined in Section 2(a)(51) of the 1940 Act and the rules and regulations thereunder ("**QPs**") (the entities that satisfy the applicable criteria specified in each of the clauses (i) and (ii) being referred to herein as "**Eligible Investors**").

The Arranger and each Dealer further warrants and agrees that:

- (A) it has not offered or sold and will not offer or sell any Notes of the relevant Series within the United States or to, or for the account or benefit of, U.S. Persons except if they are Registered Notes and pursuant to the exemptions from the registration requirements of the Securities Act provided by Section 4(2) thereof or Regulation D or Rule 144A thereunder and that, in connection with each such sale, it has taken or will take reasonable steps to ensure that the purchaser of such Notes is aware that such sale is being made pursuant to the relevant exemptions from the registration requirements of the Securities Act;
- (B) neither it nor any of its affiliates, nor any person acting on its or their behalf will engage in any form of general solicitation or general advertising (within the meaning of Regulation D

under the Securities Act) in connection with any offer or sale of the Notes of the relevant Series in the United States;

- (C) certain issuances of Notes of the relevant Series in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Notes of the relevant Series, shall be subject to such additional United States selling restrictions as the Issuer and the Arranger and each Dealer may agree as a term of the issuance and purchase of such Notes, as indicated in the applicable Prospectus and/or Constituting Instrument, and the Arranger and each Dealer shall offer, sell and deliver such Notes only in compliance with such additional United States selling restrictions; and
- (D) in connection with each offer or sale of Notes of the relevant Series pursuant to Rule 144A under the Securities Act, (a) the relevant Dealer shall cause its agent or affiliate to deliver a Prospectus relating to such Notes to each Eligible Investor purchasing such a Note or Notes from it through such agent or affiliate (or to whom such agent or such affiliate offers such Notes for sale), and (b) the relevant Dealer shall cause its agent or affiliate to obtain an executed Transfer Letter in the form required by the Prospectus relating to such Notes.

With respect to any Notes which are offered in reliance on Regulation S, the Arranger and each Dealer represents, warrants and agrees that neither it nor any of its affiliates, nor any person acting on its or their behalf, has engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Notes of the relevant Series.

The Arranger and each Dealer represents and agrees that it has offered and sold the Notes of the relevant Series, and will offer and sell the Notes of the relevant Series, (a) as part of their distribution at any time and (b) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of which such Notes are a part as determined and certified to the Issuer and each relevant Dealer (the “**Distribution Compliance Period**”), only to non-U.S. persons in accordance with Rule 903 of Regulation S or to Eligible Investors. Accordingly, each Dealer represents and agrees that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes of the relevant Series offered in reliance on Regulation S, and in respect of any such Notes which are offered in reliance on Regulation S, it and they have complied and will comply with the offering restrictions requirements of Regulation S. Notwithstanding the provisions contained in the previous two sentences of this paragraph, if at the commencement of an offering of a Tranche of Notes to non-U.S. persons in accordance with Rule 903 of Regulation S the Issuer reasonably believes that there is no substantial U.S. market interest (as defined in Regulation S) in the securities to be offered or sold, then information in respect of such Notes may be made available on third-party vendor screens (including those maintained by Bloomberg L.P.) during the Distribution Compliance Period. Each Dealer (where there is more than one Dealer) agrees to notify the Arranger when it has completed the distribution of its portion of the Notes of the relevant Series of any identifiable Tranche so that the Arranger may determine the completion of the distribution of all such Notes of that identifiable Tranche and notify the other relevant Dealers of the end of the Distribution Compliance Period. Each Dealer agrees that, at or prior to confirmation of sale of such Notes (except in the case of a sale to an Eligible Investor as provided above), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the Distribution Compliance Period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the Issuer has not and will not register under the Investment Company Act of 1940, as amended (the “**1940 Act**”). The Securities may not be offered and sold within the United States or to, or for the account or benefit of, U.S. Persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable Tranche of which such Notes are a part as determined and certified to the Issuer and each relevant Placement Agent by the Arranger,

except in either case in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.”

The Arranger and each Dealer further represents, warrants and covenants in relation to D Notes that:

- (A) except to the extent permitted under U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D) (the “D Rules”):
 - (1) it has not offered or sold, and during the restricted period will not offer or sell, Notes of the relevant Series in bearer form to a person who is within the United States or its possessions or to a United States person; and
 - (2) it has not delivered and will not deliver within the United States or its possessions definitive Notes of the relevant Series in bearer form that are sold during the restricted period;
- (B) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes of the relevant Series in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (C) if it is a United States person, it is acquiring the Notes of the relevant Series in bearer form for purposes of resale in connection with their original issuance and if it retains any such Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)(6); and
- (D) with respect to each Affiliate that acquires from it Notes of the relevant Series in bearer form for the purpose of offering or selling such Notes during the restricted period, the Arranger and each Dealer either (i) repeats and confirms the representations and agreements contained in Sub-clauses 6.5(A), (B) and (C) on behalf of such Affiliate or (ii) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in Sub-clauses 6.5(A), (B) and (C).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder, including the D Rules.

The Arranger and each Dealer acknowledges in relation to Bearer Notes of the relevant Series issued under U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(C) (the “**C Rules**”), that such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. The Arranger and each Dealer represents, warrants and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes of the relevant Series in bearer form within the United States or its possessions in connection with their original issuance; further, in connection with the original issuance of such Notes, it has not communicated and will not communicate, directly or indirectly, with a prospective purchaser if either such Arranger or Dealer or such prospective purchaser is within the United States or its possessions or otherwise involves its or their U.S. office in the offer or sale of such Notes in bearer form.

Terms used in the above paragraphs have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the C Rules.

United Kingdom

The Arranger has agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 Financial Services and Markets Act 2000 ("FSMA") by the Issuer;
- (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 FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) 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.

Cayman Islands

No invitation may be made to the public in the Cayman Islands to subscribe for the Notes unless at the time of such invitation the Issuer is listed on the Cayman Islands Stock Exchange. The Issuer currently has no intention of applying for such a listing.

European Economic Area

In relation to each member state of the European Economic Area (each, a "**Member State**") which has implemented the Prospectus Directive (each such Member State, a "**Relevant Member State**"), the Arranger has represented and agreed, and each further Arranger appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (i) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than

€43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

- (iv) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Japan

The Arranger and Dealer are aware the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “Financial Instruments and Exchange Law”, or “FIEL”), and the Dealer has agreed that it will not offer, sell or deliver any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, 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 FIEL and any other applicable laws, regulations and guidelines of Japan promulgated by the relevant Japanese governmental and regulatory authorities and which are in effect at the relevant time.

Hong Kong

The Arranger has agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to persons whose ordinary business it is to buy or sell shares or debentures (whether as principal or agent) or (b) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong (the “CO”) or (c) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) (the “SFO”) and any rules made under the SFO or (d) in other circumstances which do not result in the document being a “prospectus” within the meaning of the CO; and
- (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere) any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.

INFORMATION CONCERNING THE SWAP COUNTERPARTY

Barclays Bank PLC accepts sole responsibility for the following information. None of the Issuer, the Trustee or any of the other Programme Parties (other than Barclays Bank PLC) has verified, or accepts any liability whatsoever for the accuracy of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect of Barclays Bank PLC and the Group (as defined below).

THE BANK AND THE GROUP

Barclays Bank PLC (the “**Bank**”) is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

The Bank and its subsidiary undertakings (taken together, the “**Group**”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, United States, Africa and Asia. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of the Bank are rated A-1+ by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1+ by Fitch Ratings Limited and the long-term obligations of the Bank are rated AA- by Standard & Poor's Credit Market Services Europe Limited, Aa3 by Moody's Investors Service Ltd. and AA- by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31 December 2010, the Group had total assets of £1,490,038 million (2009: £1,379,148 million), total net loans and advances¹ of £465,741 million (2009: £461,359 million), total deposits² of £423,777 million (2009: £398,901 million), and total shareholders' equity of £62,641 million (2009: £58,699 million) (including non-controlling interests of £3,467 million (2009: £2,774 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2010 was £6,079 million (2009: £4,559 million) after impairment charges and other credit provisions of £5,672 million (2009: £8,071 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2010.

Based on the Group's unaudited financial information for the six months ended 30 June 2011, the Group had total assets of £1,493,464 million, total net loans and advances¹ of £500,734 million, total deposits² of £457,572 million, and total shareholders' equity of £62,521 million (including non-controlling interests of £3,354 million). The profit before tax from continuing operations of the Group for the six months ended 30 June 2011 was £2,653 million after impairment charges and other credit provisions of £1,828 million. The financial information in this paragraph is extracted from the Bank's unaudited Interim Results Announcement for the six months ended 30 June 2011.

Acquisitions, Disposals and Recent Developments

¹ Total net loans and advances include balances relating to both bank and customer accounts.

² Total deposits include deposits from bank and customer accounts.

Disposal of private equity fund interests to AXA Private Equity

On 30 June 2011, the Bank announced that it had signed a definitive agreement to dispose of a €520 million portfolio of U.S. and European private equity interests held and managed by Barclays Capital to AXA Private Equity. The portfolio includes investments in private equity funds as well as several direct private equity interests held by Barclays Capital but does not include any investments managed by Barclays Private Equity. Completion is subject to obtaining certain consents and waivers and is expected to occur in phases, with the initial completion expected to take place later in 2011.

Acquisition of Egg's UK credit card assets

On 1 March 2011, the Bank announced that it agreed to acquire Egg's UK credit card assets. Under the terms of the transaction, the Bank will purchase Egg's UK credit card accounts, consisting of approximately 1.15 million credit card accounts with approximately £2.3 billion of gross receivables (each estimated as at 31 January 2011 with gross receivables estimated under IFRS). The acquisition was completed on 28 April 2011.

Acquisition of Tricorona AB (publ)

On 2 June 2010, Barclays PLC announced that its wholly owned subsidiary TAV AB had made a recommended cash offer to acquire all the shares in Tricorona AB (publ), a Stockholm-listed carbon developer, for a total consideration of approximately £98 million (SEK 1,130 million) (the "**Offer**"). The Offer was declared unconditional in all respects on 20 July 2010.

Sale of HomEq Servicing

On 28 May 2010, the Bank announced that it agreed to sell HomEq Servicing, its U.S. mortgage servicing business, to Ocwen Loan Servicing, LLC ("**Ocwen**"), a subsidiary of Ocwen Financial Corporation, for a consideration of approximately U.S.\$1.3 billion, payable in cash on completion. The consideration was subject to an adjustment mechanism based on the unpaid principal balance of the servicing portfolio and the value of certain other assets at completion of the transaction. The sale was completed on 1 September 2010.

Acquisition of Citi's Italian credit card business

On 11 February 2010, Barclays PLC announced that the Bank agreed to acquire the Italian credit card business of Citibank International Bank plc. The Bank acquired the business as a going concern which involved the acquisition of approximately 197,000 credit card accounts and gross assets of approximately €234 million (as at 31 December 2009). The acquisition was completed on 31 March 2010.

Competition and Regulatory Matters

Regulatory change

The scale of regulatory change remains challenging with a significant tightening of regulation and changes to regulatory structures globally, especially for banks that are deemed to be of systemic importance. Concurrently, there is continuing political and regulatory scrutiny of the operation of the banking and consumer credit industries which, in some cases, is leading to increased or changing regulation which is likely to have a significant effect on the industry. Examples include Basel III and the emerging proposals on systemically important financial institutions.

In the UK, the FSA's current responsibilities are to be reallocated between the Prudential Regulatory Authority (a subsidiary of the Bank of England) and a new Financial Conduct Authority. In addition, the Independent Commission on Banking (the "**ICB**") has been charged by the UK Government with reviewing the UK banking system. The ICB has been asked to consider

structural and related non-structural reforms to the UK banking sector to promote financial stability and competition. An interim report was published on 11 April 2011 and the ICB has confirmed that its final report will be released on 12 September 2011.

In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act contains far reaching regulatory reform although the full impact will not be known until implementing rules are made by governmental authorities, a process which is currently ongoing.

Payment Protection Insurance ("PPI")

On 20 April 2011, the judicial review proceedings brought by the British Bankers' Association in October 2010 against the FSA and the Financial Ombudsman Service regarding the assessment and redress of PPI complaints were dismissed. On 9 May 2011, the Bank announced that it would not be participating in any application for permission to appeal against the High Court judgment and that the Bank had agreed with the FSA that it will process all on-hold and any new complaints from customers about PPI policies that they hold. The Bank also announced that, as a goodwill gesture, it would pay out compensation to customers who had PPI complaints put on hold during the judicial review. While important aspects of the handling of PPI complaints, and therefore the cost of doing so, were not as at the date of these Listing Particulars certain, the Bank has taken a provision to cover the cost of future redress and administration of £1 billion in the second quarter of 2011.

Interchange

The Office of Fair Trading, as well as other competition authorities elsewhere in Europe, continues to carry out investigations into Visa and MasterCard credit and debit interchange rates. These investigations may have an impact on the consumer credit industry as well as having the potential for the imposition of fines. The timing of these cases is uncertain but outcomes may be known within the next 2-4 years.

London Interbank Offered Rate ("LIBOR")

The FSA, the U.S. Commodity Futures Trading Commission, the SEC, the U.S. Department of Justice Fraud Section of the Criminal Division and Antitrust Division and the European Commission are among various authorities conducting investigations into submissions made by the Bank and other panel members to the bodies that set various interbank offered rates. The Bank is co-operating in the relevant investigations and is keeping regulators informed. In addition, the Bank has been named as a defendant in a number of class action lawsuits filed in U.S. federal courts involving claims by purported classes of purchasers and sellers of LIBOR-based derivative products or Eurodollar futures or options contracts between 2006 and 2009. The complaints are substantially similar and allege, among other things, that the Bank and other banks individually and collectively violated U.S. antitrust and commodities laws and state common law by suppressing LIBOR rates during the relevant period. As at the date of these Listing Particulars, it was not possible to predict the ultimate resolution of the issues covered by the various investigations and lawsuits, including the timing and the scale of the potential impact on the Group of any resolution.

Directors

The Directors of the Bank, each of whose business address is 1 Churchill Place, London E14 5HP, United Kingdom, their functions in relation to the Group and their principal outside activities (if any) of significance to the Group are as follows:³

³ On 11 May 2011, Barclays PLC and the Bank announced that Sir Richard Broadbent, Deputy Chairman, Senior Independent Director and Non-Executive Director, will retire from the Boards of Barclays PLC and the Bank on becoming Chairman of Tesco PLC on 30 November 2011.

Name	Function(s) within the Group	Principal outside activities
Marcus Agius	Group Chairman	Non-Executive Director, British Broadcasting Corporation; Chairman, British Bankers' Association
Robert E Diamond Jr	Chief Executive	Chairman, Old Vic Productions PLC; Non-Executive Director, BlackRock, Inc.
Chris Lucas	Group Finance Director	—
Sir Richard Broadbent	Deputy Chairman, Senior Independent Director and Non-Executive Director	Non-Executive Director, Tesco PLC
David Booth	Non-Executive Director	—
Alison Carnwath	Non-Executive Director	Non-Executive Chairman, Land Securities Group plc; Non-Executive Director, Man Group plc; Non-Executive Director, Paccar Inc; Non-Executive Chairman, ISIS EP LLP
Fulvio Conti	Non-Executive Director	Chief Executive Officer, Enel SpA; Director, AON Corporation
Simon Fraser	Non-Executive Director	Non-Executive Director, Fidelity Japanese Values Plc and Fidelity European Values Plc; Chairman, Foreign & Colonial Investment Trust PLC; Chairman, Merchants Trust PLC
Reuben Jeffery III	Non-Executive Director	Senior Adviser, Center for Strategic & International Studies; Chief Executive Officer, Rockefeller & Co., Inc.
Sir Andrew Likierman	Non-Executive Director	Dean of London Business School; Chairman, National Audit Office
Dambisa Moyo	Non-Executive Director	Non-Executive Director, SABMiller plc; Non-Executive Director, Lundin Petroleum AB; Non-Executive Director, Barrick Gold Corporation
Sir Michael Rake	Non-Executive Director	Chairman, BT Group PLC; Director, McGraw-Hill Companies; Director, Financial Reporting Council; Chairman, EasyJet PLC
Sir John Sunderland	Non-Executive Director	Director, Financial Reporting Council; Chairman, Merlin Entertainments Group

No potential conflicts of interest exist between any duties to the Bank of the Directors listed above and their private interests or other duties.

Employees

The average total number of persons employed by the Group during 2010 including both continuing and discontinued operations was 151,300 (2009: 153,800).

Litigation

Lehman Brothers Holdings Inc.

On 15 September 2009, motions were filed in the United States Bankruptcy Court for the Southern District of New York (the "Court") by Lehman Brothers Holdings Inc. ("LBHI"), the SIPA Trustee for Lehman Brothers Inc. (the "Trustee") and the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc. (the "Committee"). All three motions challenged certain aspects of the transaction pursuant to which Barclays Capital Inc. ("BCI") and other companies in the Group acquired most of the assets of Lehman Brothers Inc. ("LBI") in September 2008 and the court order approving such sale. The claimants were seeking an order voiding the transfer of certain assets to BCI; requiring BCI to return to the LBI estate alleged excess value BCI received; and declaring that BCI is not entitled to certain assets that it claims pursuant to the sale documents and order approving the sale (the "Rule 60 Claims"). On 16 November 2009, LBHI, the Trustee and the Committee filed separate complaints in the Court asserting claims against BCI based on the same underlying allegations as the pending motions and seeking relief similar to that which is requested in the motions. On 29 January 2010, BCI filed its response to the motions and also filed a motion seeking delivery of certain assets that LBHI and LBI have failed to deliver as required by the sale documents and the court order approving the sale (together with the Trustee's competing claims to those assets, the "Contract Claims"). Approximately £2.6 billion of the assets acquired as part of the acquisition had not been received by 30 June 2011, approximately £1.9 billion of which were recognised as part of the accounting for the acquisition and are included in the balance sheet as at 30 June 2011. This results in an effective provision of £0.7 billion against the uncertainty inherent in the litigation.

On 22 February 2011, the Court issued its Opinion in relation to these matters, rejecting the Rule 60 Claims and deciding some of the Contract Claims in the Trustee's favour and some in favour of BCI. On 15 July 2011, the Court entered final Orders implementing its Opinion. Both sides have filed notices of appeal from the Court's adverse rulings in the final Orders.

If the final Orders were to be unaffected by future proceedings, the Bank estimates that, after taking into account the effective provision of £0.7 billion, its loss would be approximately £2.7 billion. Any such loss, however, was not (as at the date of these Listing Particulars) considered probable and the Bank is satisfied with the current level of provision.

In addition, LBHI is pursuing a claim for approximately U.S.\$500 million relating to bonuses that BCI was allegedly obligated to pay to former Lehman employees. As at the date of these Listing Particulars, this claim was yet to be adjudicated. The Bank considers that this claim is without merit and BCI is vigorously defending its position.

American Depositary Shares

The Bank, Barclays PLC and various current and former members of Barclays PLC's Board of Directors have been named as defendants in five proposed securities class actions (which have been consolidated) pending in the United States District Court for the Southern District of New York (the "Court"). The consolidated amended complaint, dated 12 February 2010, alleges that the registration statements relating to American Depositary Shares representing Preferred Stock, Series 2, 3, 4 and 5 (the "ADS") offered by the Bank at various times between 2006 and 2008 contained misstatements and omissions concerning (amongst other things) the Bank's portfolio of mortgage-related (including U.S. subprime-related) securities, the Bank's exposure to mortgage and credit market risk and the Bank's financial condition. The consolidated amended complaint asserts claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933. On 5 January

2011, the Court issued an order and, on 7 January 2011, judgment was entered, granting the defendants' motion to dismiss the complaint in its entirety and closing the case. On 4 February 2011, the plaintiffs filed a motion asking the Court to reconsider in part its dismissal order. On 31 May 2011, the Court denied in full the plaintiffs' motion for reconsideration. On 29 June 2011, the plaintiffs filed a notice of appeal from both decisions (the grant of the defendants' motion to dismiss and the denial of the plaintiffs' motion for reconsideration) to the United States Court of Appeals for the Second Circuit.

The Bank considers that these ADS-related claims against it are without merit and is defending them vigorously. As at the date of this Listing Particulars, it was not possible to estimate any possible loss in relation to these claims or any effect that they might have upon operating results in any particular financial period.

Other

Barclays PLC and the Group are engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against them which arise in the ordinary course of business. The Bank does not expect the ultimate resolution of any of the proceedings to which the Group is party to have a significant adverse effect on the financial statements of the Group and the Bank has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the conduct of the claims.

Save as disclosed under “— Lehman Brothers Holdings Inc.” and “— American Depositary Shares” above, no member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have or have had during the 12 months preceding the date of these Listing Particulars, a significant effect on the financial position or profitability of the Bank and/or the Group.

Significant Change Statement

There has been no significant change in the financial or trading position of the Bank or the Group since 30 June 2011.

Material Adverse Change Statement

There has been no material adverse change in the prospects of the Bank or the Group since 31 December 2010.

Principal Risk Factors

Business conditions and the general economy

The Bank operates a universal banking business model and its services range from current accounts for personal customers to inflation-risk hedging for governments and institutions. The Group also has significant activities in a large number of countries. Consequently, there are many ways in which changes in business conditions and the general economy can adversely impact profitability, whether at the level of the Group, the individual business units or specific countries of operation. The Group's stress testing framework helps it to understand the impact of changes in business conditions and the general economy, as well as the sensitivity of its business goals to such changes and the scope of management actions to mitigate their impact. The general recovery in the global economy resulted in an improvement in credit conditions in the Group's main markets during 2010. In the UK, the economy recovered slightly during 2010 reflecting the lower than expected growth in unemployment rates, the sustained low interest rate environment and moderate GDP growth. However, a slowdown in growth was evident in the fourth quarter of 2010 which is likely to lead to uncertainty in the near term. In addition, persistent unemployment

and inflation, fiscal tightening, the possibility of weakening house prices, and possible rising oil prices may have an adverse impact on the strength of the recovery which could increase the risk that a higher proportion of the Group's customers and counterparties may be unable to meet their obligations. Economic credit conditions have also continued to show signs of improvement in many other key geographies, although in Spain the housing sector remains depressed which led to significantly increased impairment in the Group's Spanish wholesale portfolios in 2010. Unemployment rates remain high in the U.S.

The business conditions facing the Group in 2011 are subject to significant uncertainties, most notably:

- the extent and sustainability of economic recovery particularly in the UK, U.S., Spain and South Africa;
- the dynamics of unemployment particularly in the UK, U.S., Spain and South Africa and the impact on delinquency and charge-off rates;
- the speed and extent of possible rises in interest rates in the UK, U.S., South Africa and the Eurozone;
- the possibility of any further falls in residential property prices in the UK, South Africa and Western Europe;
- the impact of potentially deteriorating sovereign credit quality;
- the potential for single name losses in different sectors and geographies where credit positions are sensitive to economic downturn;
- the potential impact of increasing inflation on economic growth and corporate profitability;
- possible deterioration in the Group's remaining credit market exposures, including commercial real estate, leveraged finance and collateral previously underlying the loan to Protium Finance LP ("**Protium**");
- changes in the value of Sterling relative to other currencies, which could increase risk weighted assets and therefore raise the capital requirements of the Group;
- continued turmoil in the Middle East and North Africa region could result in loss of business in the affected countries, increased oil prices, increased volatility and risk aversion to this region; and
- the liquidity and volatility of capital markets and investors' appetite for risk, which could lead to a decline in the income that the Group receives from fees and commissions.

Regulatory changes

As noted in "The Bank and the Group — Competition and Regulatory Matters", 2010 has seen significant regulatory change. Issues dealt with in 2010 included:

- The Independent Commission on Banking (the "**ICB**"): The ICB has been charged by the UK Government with reviewing the UK banking system. Its findings are expected in September 2011. Although the ICB has yet to make recommendations, and it is not possible to predict what the UK Government's response to any recommendations that are made will be, there is a possibility that the ICB could recommend change to the structure of UK banks which may require the Bank to make major changes to its structure and business.

- Recovery and Resolution Plans: There has been a strong regulatory focus on resolvability in 2010, both from UK and international regulators. The Group has been engaged, and continues to be engaged, with the authorities on taking forward recovery planning and identifying information that would be required in the event of a resolution.
- The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “DFA”): The DFA will have an impact on the Group and its business. The full scale of this impact remains unclear as many of the provisions of the DFA require rules to be made to give them effect and this process is still under way.

Retail and wholesale credit risk

Credit risk is the risk of the Group suffering financial loss if any of its customers, clients or market counterparties fails to fulfil their contractual obligations to the Group. The granting of credit is one of the Group’s major sources of income and, as the most significant risk, the Group dedicates considerable resources to its control. The credit risk that the Group faces arises mainly from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with its clients. Other sources of credit risk arise from trading activities, including debt securities, settlement balances with market counterparties, available for sale assets and reverse repurchase loans. However, credit risk may also arise where the downgrading of an entity’s credit rating causes a fall in the value of the Group’s investment in that entity’s financial instruments. Specific areas and scenarios where credit risk could lead to higher impairment charges in future years include:

- credit market exposures;
- sovereign risk; and
- economic uncertainty.

Barclays Capital holds certain exposures to credit markets that became illiquid during 2007. These exposures primarily relate to commercial real estate, leveraged finance and collateral previously underlying the loan to Protium.

Credit risk may also be manifested as sovereign risk where difficulties may arise in the country in which the exposure is domiciled, thus impeding or reducing the value of the assets, or where the counterparty may be the country itself. The EU deficits approached very high levels during 2010, leading to a loss of market confidence in certain countries to which the Group is exposed.

In a recessionary environment, such as that seen in past years in the UK, the U.S. and other economies, credit risk increases. However, more recently, conditions have continued to show signs of improvement in many key markets, although the UK has experienced a slowdown in growth in the fourth quarter of 2010, U.S. unemployment rates remain high and the Spanish housing sector continues to be depressed, impacting the Group’s wholesale and retail credit risk exposures. In particular, in Spain, the Group has experienced elevated impairment across its operations, following a marked reduction in construction activity and shrinking consumer spending.

Market risk

Market risk is the risk that the Group’s earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. The main sources of risk are traded market risk, non-traded interest rate risk, translational foreign exchange risk and pension risk. Traded risk resides primarily in Barclays Capital while non-traded market risk resides mainly in Global Retail Banking, Barclays Corporate, Barclays Wealth and Group Treasury.

While the Group is exposed to continued market volatility, Barclays Capital's trading activities are principally a consequence of supporting customer activity.

The Group is exposed to three main types of non-traded interest rate risk:

- fixed rate loans and deposits that are not hedged or matched;
- structural risk due to variability of earnings on structural product and equity balances which have no contractual maturity and an interest rate which does not move in line with the base rate; and
- margin compression.

Capital risk

Capital risk is the risk that the Group has insufficient capital resources to:

- ensure the financial holding company is well capitalised relative to the minimum regulatory capital requirements set out by the FSA and U.S. Federal Reserve where regulated activities are undertaken. The Group's authority to operate as a bank is dependent upon the maintenance of adequate capital resources;
- ensure locally regulated subsidiaries can meet their minimum regulatory requirements;
- support the Group's risk appetite and economic capital requirements; and
- support the Group's credit rating. A weaker credit rating would increase the Group's cost of funds.

Regulators assess the Group's capital position and target levels of capital resources on an ongoing basis. There have been a number of recent developments in regulatory capital requirements which are likely to have a significant impact on the Group. Most significantly, during 2010, the Second and Third Capital Requirement Directives and the guidelines from the Basel Committee on Banking Supervision for strengthening capital requirements (so-called Basel III) were finalised. Aligned to this, markets and credit rating agencies now expect equity capital levels significantly in excess of the current regulatory minimum.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations as they fall due as a result of a sudden, and potentially protracted, increase in net cash outflows. Such outflows would deplete available cash resources for client lending, trading activities, and investments. In certain adverse circumstances, lack of liquidity could result in reductions in balance sheet and sales of assets, or potentially an inability to fulfil lending commitments. These outflows could be principally through customer withdrawals, wholesale counterparties removing financing, ratings downgrades or loan drawdowns. These outflows could be the result of general market dislocations or specific concerns about the Group.

This could result in:

- limited ability to support client lending, trading activities and investments;
- forced reduction in balance sheet and sales of assets;
- inability to fulfil lending obligations; and

- regulatory breaches under the liquidity standards introduced by the FSA on 1 December 2009.

People risk

People risk arises from failures of the Group to manage its key risks as an employer, including lack of appropriate people resource, failure to manage performance and reward, unauthorised or inappropriate employee activity and failure to comply with employment-related requirements. Failure to manage performance and reward in an appropriate manner can ultimately lead to lack of suitable people resource which may ultimately have a negative impact on profits generated by the Group.

During 2010, external regulatory developments in relation to remuneration continued to impact the People Risk. On 17 December 2010, the FSA published its final Remuneration Code following its July 2010 Consultation Paper. The Remuneration Code was updated in order to implement the remuneration rules required by the Third Capital Requirements Directive and the Financial Services Act 2010. The Remuneration Code applies to remuneration paid from 1 January 2011, including remuneration in respect of 2010 performance.

Legal risk

The Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, the Group is exposed to many forms of legal risk, which may arise in a number of ways:

- business may not be conducted in accordance with applicable laws around the world;
- contractual obligations may either not be enforceable as intended or may be enforced in an adverse way;
- intellectual property (such as trade names of the Group) may not be adequately protected; and
- liability for damages may be incurred to third parties harmed by the conduct of the Group's business.

The Group faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if the Group is successful. Although the Group has processes and controls to manage legal risks, failure to manage these risks could impact the Group adversely, both financially and by reputation.

Regulatory risk

Regulatory risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimands, damage to reputation, increased prudential requirements, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate. The Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the UK, EU, U.S. and elsewhere, which are all subject to change. The regulatory response to the financial crisis has led to very substantial regulatory changes in the UK, EU and U.S. and in the other countries in which the Group operates. It has also led to a change in the style of supervision in a number of territories, with a more assertive approach being demonstrated by the authorities.

Two specific matters that directly impact the Group are the Banking Act 2009 and the Financial Services Compensation Scheme:

Banking Act 2009

The Banking Act 2009 (the “**Banking Act**”) provides a permanent regime to allow the FSA, the UK Treasury and the Bank of England to resolve failing banks in the UK. Under the Banking Act, these authorities are given powers, including (a) the power to issue share transfer orders pursuant to which all or some of the securities issued by a bank may be transferred to a commercial purchaser or Bank of England entity and (b) the power to transfer all or some of the property, rights and liabilities of the UK bank to a purchaser or Bank of England entity. A share transfer order can extend to a wide range of securities including shares and bonds issued by a UK bank (including the Bank) or its holding company (Barclays PLC) and warrants for such shares and bonds. The Banking Act powers apply regardless of any contractual restrictions and compensation may be payable in the context of both share transfer orders and property appropriation.

The Banking Act also gives the Bank of England the power to override, vary or impose contractual obligations between a UK bank or its holding company and its former group undertakings for reasonable consideration, in order to enable any transferee or successor bank of the UK bank to operate effectively. There is also power for the Treasury to amend the law (excluding provisions made by or under the Banking Act) for the purpose of enabling it to use the regime powers effectively, potentially with retrospective effect. In addition, the Banking Act gives the Bank of England statutory responsibility for financial stability in the UK and for the oversight of payment systems.

Financial Services Compensation Scheme

Banks, insurance companies and other financial institutions in the UK are subject to the Financial Services Compensation Scheme (the “**FSCS**”) where an authorised firm is unable or is likely to be unable to meet claims made against it because of its financial circumstances. Most deposits made with branches of the Bank within the European Economic Area (the “**EEA**”) which are denominated in Sterling or other EEA currencies (including the Euro) are covered by the FSCS. Most claims made in respect of investment business will also be protected claims if the business was carried on from the UK or from a branch of the bank or investment firm in another EEA member state. The FSCS is funded by levies on authorised UK firms such as the Bank. As at 30 June 2011, the Group had accrued £63 million (31 December 2010: £63 million) for its share of the levies. The provision is based on estimates of the Group’s market participation in the relevant charging periods and the interest the FSCS will pay on the facilities provided by HM Treasury in support of its obligations to depositors of banks declared in default (such facilities were, as at 30 June 2011, estimated by the Group to amount to approximately £20 billion). While it is anticipated that the substantial majority of these facilities will be repaid wholly from recoveries from the institutions concerned, there is the risk of a shortfall, such that the FSCS may place additional levies on FSCS participants. As at the date of these Listing Particulars, it was not possible to estimate the amount of any potential additional levies or the Group’s share. Consequently, in the event that the FSCS raises funds, raises those funds more frequently or significantly increases the levies to be paid by firms, the associated costs to the Group may have a material impact on the Group’s results and financial condition.

In addition, among other things, the Bribery Act 2010, which applies to UK companies worldwide, has created an offence of failure by a commercial organisation to prevent a bribe being paid on its behalf. However, it will be a defence if the organisation has adequate procedures in place to prevent bribery. In addition, Payment Protection Insurance (“**PPI**”) has been under scrutiny by the UK competition authorities and financial services regulators. The UK Competition Commission (“**CC**”) has undertaken an in-depth enquiry into the PPI market which has resulted in the CC introducing a number of remedies including a prohibition on sale of PPI at the point of sale. Furthermore, a judicial review was launched regarding the treatment of PPI complaints by the

FSA and Financial Ombudsman Service. The judgment on the judicial review proceedings was announced on 20 April 2011 in favour of the FSA and the Financial Ombudsman Service. On 9 May 2011, the Bank announced that it will not participate in any application for permission to appeal against the judgment and it will begin to process all on-hold and any new complaints from customers about PPI policies that they hold. While important aspects of the handling of PPI complaints, and therefore the cost of doing so, were not as at the date of these Listing Particulars certain, the Bank is taking a provision to cover the cost of future redress and administration of £1 billion in the second quarter of 2011.

As announced on 18 August 2010, the Bank reached settlements with certain U.S. authorities in relation to the investigation by those agencies into compliance with U.S. sanctions and U.S. dollar payment practices. In addition, an Order to Cease and Desist has been issued upon consent by the Federal Reserve Bank of New York and the New York State Banking Department.

Other future regulatory changes may potentially restrict the Group's operations, mandate certain lending activity and impose other compliance costs.

Operations risk

Operations risk is the risk of losses from inadequate or failed internal processes and systems, caused by human error or external events. These risks are transaction operations, new product development, premises and security, external suppliers, payments process, information, data quality and records management.

Fraud risk

Fraud risk is the risk that the Group suffers losses as a result of internal and external fraud.

Technology risk

Technology is a key business enabler and requires an appropriate level of control to ensure that the most significant technology risks are effectively managed. Technology risk includes the non-availability of IT systems, inadequate design and testing of new and changed IT solutions and inadequate IT system security. Similar to many large organisations, the Group is exposed to the risk that systems may not be continually available.

Financial reporting risk

Financial reporting risk arises from a failure or inability to comply fully with the laws, regulations or codes in relation to the disclosure of financial information. Non-compliance could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

The International Accounting Standards Board is undertaking a significant programme of revision to IFRS. The final form of IFRS requirements, the time period over which new requirements will need to be applied and the impact on the results and financial position is not yet known.

Following the financial crisis, the financial reporting of banks has been subject to greater scrutiny. This has included consideration of accounting policies, accounting for particular transactions and financial statement disclosures.

Taxation risk

The Group is subject to the tax laws in all countries in which it operates, including tax laws adopted at an EU level. A number of double taxation agreements entered between two countries also impact on the taxation of the Group. Tax risk is the risk that the Group suffers losses associated with changes in tax law or in the interpretation of tax law. It also includes the risk of

failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to reputational damage or a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions.

INFORMATION CONCERNING THE BANK OF NEW YORK MELLON

The Bank of New York Mellon (formerly known as The Bank of New York) accepts sole responsibility for the following information. None of the Issuer, the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties (other than The Bank of New York Mellon) has verified, or accepts any liability whatsoever for the accuracy of, such information and prospective investors in the Notes should make their own independent investigations and enquiries into The Bank of New York Mellon.

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$23 trillion in assets under custody and administration and more than \$1.1 trillion in assets under management. Additional information is available at bnymellon.com.

INFORMATION CONCERNING BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED

BNY Mellon Corporate Trustee Services Limited (the “Trustee”) accepts sole responsibility for the following information. None of the Issuer, the Arranger, the Swap Counterparty or any of the other Programme Parties has verified, or accepts any liability whatsoever for the accuracy of, such information and prospective investors in the Notes should make their own independent investigations and enquiries into BNY Mellon Corporate Trustee Services Limited.

BNY Mellon Corporate Trustee Services Limited is appointed pursuant to the Trust Deed as Trustee for the noteholders.

The Trustee was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2 October 2006 the Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on 1 March 2011 the Trustee changed its name to BNY Mellon Corporate Trustee Services Limited.

The Trustee is a wholly owned subsidiary of BNY International Financing Corporation and administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Trustee's registered office and principal place of business is at One Canada Square, London E14 5AL.

The Trustee will not be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties, or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Trustee will not be liable to any Noteholder or other Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Property and has no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

GENERAL INFORMATION

1. Interests of Natural and Legal Persons Involved in the Issue

Save as discussed in “Risk Factors – Conflicts of Interest” in the Base Prospectus and in this document, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

2. Reasons for the Issue and Estimated Total Expenses relating to the Admission to Trading

Reasons for the Issue: The net proceeds of the issue of the Notes were used by the Issuer on the Issue Date to satisfy its initial payment obligation under the Charged Agreement.

Estimated Total Expenses: USD 10,000.00.

3. Yield

Details of the interest payable under the Notes are set out in paragraph 18 of “Conditions of the Notes” above.

4. Resolutions, Authorisations and Approvals by virtue of which the Notes have been Issued

The Issuer has obtained all necessary consents, approvals and authorisations (if any) in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 18 April 2011.

5. Cash Flow and Flow of Funds

Pursuant to the Charged Agreement, each Fixed Amount and the Party A Final Exchange Amount (if any) (each as defined in the Charged Agreement) will be paid to the Issuer for payment to the Noteholders by the Principal Paying Agent in respect of amounts due in respect of the Notes.

6. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) from the date of incorporation of the Issuer which may have or have had a significant effect on the Issuer’s financial position or profitability in the context of the offering of the Notes.

7. Post-Issuance Reporting

The Issuer does not intend to provide post-issuance information.

8. Documents on Display

From the date of these Listing Particulars and for so long as any of the Notes remain outstanding, the Issuer will make available for inspection physical copies of the memorandum and articles of association of the Issuer during usual business hours on any weekday (except Saturdays and Sundays and public holidays) at the specified office of the Principal Paying Agent and the Irish Listing Agent.

DESCRIPTION OF THE CHARGED ASSETS

The following information and any other information contained in these Listing Particulars relating to the Charged Assets is a summary only of certain terms and conditions of such Charged Assets, and has been reproduced from the Final Terms dated 13 May 2008 in respect of the RBS Notes. None of the Issuer, the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties has verified, or accepts any liability whatsoever for the accuracy of, such information and prospective investors in the Notes should make their own independent investigations and enquiries into the Charged Assets and the issuer thereof.

Issuer:	The Royal Bank of Scotland plc
Registered Address:	36 St Andrew Square, Edinburgh, EH2 2YB
Country of Incorporation:	Scotland
Description:	EUR 18,836,000 aggregate principal amount of 5.25 per cent. Notes due 15 May 2013
Offering Document:	Final Terms dated 13 May 2008
Issue Size:	EUR 3,000,000,000
Specified Currency or Currencies:	EUR
Interest:	5.25 per cent. per annum
Interest Basis:	Fixed
Maturity Date:	15 May 2013
ISIN:	XS0363669408
Listing:	London Stock Exchange
Governing Law:	English

SCHEDULE 1: FORM OF CHARGED AGREEMENT

Date: 20 April 2011

To: ARLO XIV Limited ("**Party B**")

From: Barclays Bank PLC ("**Party A**")

Re: Interest Swap Transaction

The purpose of this communication, and any exhibits hereto (together, this "**Confirmation**"), is to confirm the terms and conditions of the Interest Swap Transaction entered into between the parties on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation, as amended herein. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated as of 20 April 2011, as amended and supplemented from time to time (the "**Agreement**"), entered into by the parties by their execution of the Constituting Instrument dated 20 April 2011 (the "**Constituting Instrument**"), by and among the persons thereto for purposes of constituting the Series 14 JPY 2,139,480,000 Secured Limited Recourse Notes due 2013 (the "**Notes**") of Party B under its US\$ 5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the "**Programme**"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below. All terms defined in the Agreement and not otherwise defined herein shall have the meanings assigned in the Agreement. References to "**Notes**", a "**Condition**" in respect of the Notes and any other capitalised term that is used but not defined herein or the Agreement shall have the respective meanings ascribed thereto in the Constituting Instrument.

The terms of this Transaction to which this Confirmation relates are as follows:

1. **General Terms:**

Trade Date:	30 March 2011.
Effective Date:	20 April 2011.
Termination Date:	17 May 2013.
Business Days:	London and Tokyo.
Business Day Convention:	Modified Following.
Calculation Agent:	Party A.

2. **Fixed Amounts:**

Fixed Rate Payer:	Party A.
Fixed Rate Calculation Amount:	JPY 2,139,480,000

Fixed Rate Payer Period End Dates:	5 March and 5 September in each year from (and including) 5 September 2011 to (and including) the Termination Date, with No Adjustment.
Fixed Rate Payer Payment Dates:	One Business Day prior to each Fixed Rate Payer Period End Date.
Initial Fixed Rate Payer Calculation Period:	The period from (and including) one Business Day immediately following the Effective Date to (and excluding) the first Fixed Rate Payer Calculation Period End Date.
Fixed Amount:	The Fixed Amount applicable to each Fixed Rate Payer Calculation Period shall be calculated based on the following formula:

$$A \times B$$

Where:

“**A**” means:

- 1) 1.39 per cent. in respect of the Fixed Rate Payer Calculation Period ending on (but excluding) the Fixed Rate Payer Payment Date falling on 5 September 2011;
- 2) 0.53 per cent. in respect of the Fixed Rate Payer Calculation Periods ending on (but excluding) the Fixed Rate Payer Payment Dates falling on 5 March 2012, 5 September 2012 and 5 March 2013; and
- 3) 0.09% in respect of the Fixed Rate Payer Calculation Period ending on (but excluding) the Termination Date; and

“**B**” means the Authorised Denomination (being an amount equal to JPY 9,905,000).

For the avoidance of doubt, the Fixed Amounts for each Authorised Denomination with respect to each Fixed Rate Payer Calculation Period are as follows:

- 1) JPY 137,680 in respect of the Fixed Rate Payer Calculation Period ending on (but excluding) the Fixed Rate Payer Payment Date falling on 5 September 2011;
- 2) JPY 52,497 in respect of the Fixed Rate Payer Calculation Periods ending on (but excluding) the Fixed Rate Payer Payment Dates falling on 5 March 2012, 5 September 2012 and 5 March 2013; and
- 3) JPY 8,915 in respect of the Fixed Rate Payer Calculation Period ending on (but excluding)

the Termination Date.

Fixed Rate Day Count Fraction: Not applicable.

3. **Variable Amounts:**

On each Variable Amount Payment Date, the Variable Amount Payer shall pay to the Fixed Rate Payer an amount equal to the Variable Amount in respect of such Variable Amount Payment Date.

Variable Amount Payer: Party B.

Variable Amount Payment Dates: The Business Day immediately following the Charged Assets Payment Date.

Charged Assets Payment Date: From and including the Effective Date, each date upon which a payment of interest is stated to be due under any Charged Assets in accordance with the terms and conditions of such Charged Assets in effect as at the Trade Date.

Variable Amounts: In respect of each Variable Amount Payment Date, an amount equal to each payment of interest stated to be due on the immediately preceding Charged Assets Payment Date in respect of the relevant Charged Assets in accordance with the terms and conditions of such Charged Assets in effect as at the Trade Date, without regard to any subsequent amendments thereto.

4. **Initial Exchange:**

Initial Exchange Date: The Effective Date.

Party A Initial Exchange Amount: Delivery, to or to the order of Party B, of the Charged Assets (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery).

Party B Initial Exchange Amount: JPY 2,139,480,000.

It is a condition precedent to Party A's obligation to deliver the Charged Assets and to pay any Fixed Amounts that Party B has paid the Party B Initial Exchange Amount to Party A on the Initial Exchange Date.

Paragraph 5.24 of the Master Charged Agreement Terms shall apply.

5. **Final Exchange:**

Party A Final Exchange Date: One Business Day prior to the Termination Date.

Party B Final Exchange Date: The Termination Date.

Party A Final Exchange Amount: An amount equal to the outstanding Principal Amount of the Notes.

Party B Final Exchange Amount: Delivery, to or to the order of Party A, of the Charged Assets (if any) (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery) and any redemption proceeds in respect thereof.

6. **Early Termination:**

A. Optional Early Termination: Not applicable.

B. Charged Agreement Termination Method: For the purposes of Section 6(e) of the Agreement,

- (i) pursuant to Paragraph 5.18 of the Agreement, the parties have elected "Standard 6(e) Termination" to apply;
- (ii) pursuant to Paragraph 1.6 (1) of the Agreement, "Loss" shall apply; and
- (iii) pursuant to Condition 7(g)(8) of the Notes, "Termination Costs B" shall apply except that the last sentence in the definition of "Termination Costs B" shall be deleted in its entirety.

C. Payments on Early Termination: Any termination payment by Party A in accordance with the provisions of Section 6(e) of the Agreement shall not exceed a sum which, when taken together with the net proceeds (applicable to satisfy the claims of holders of the Notes and the other creditors of Party B in relation to the Notes (if any)) of realising the security interests over the Charged Assets, is sufficient to discharge the full amount of principal and interest due under the Notes and all claims which rank higher than the claims of the holders of the Notes and other creditors pursuant to the Conditions.

Any termination payment by Party B in accordance with the provisions of Section 6(e) of the Agreement shall not exceed the aggregate net proceeds of realisation of the Charged Assets less amounts payable to any party who ranks higher than Party A.

7. **Additional Provisions:**

A. Unless the context otherwise requires, words in the singular include the plural, and words in the plural include the singular.

B. Section 9(a) of the Agreement (Headings) applies to this Confirmation and the Exhibits hereto.

- C. The Calculation Agent shall notify Party B in writing, as soon as reasonably practicable, of any calculations and/or determinations made pursuant to this Confirmation, provided that the failure to deliver such notices will not affect the effectiveness of any calculations or determinations made pursuant to this Confirmation. Calculations or determinations by the Calculation Agent shall be made in good faith and in a commercially reasonable manner in its sole and absolute discretion, effective as of such determination and shall be conclusive absent manifest error.
- D. Party A agrees to perform all obligations of the Swap Counterparty as specified in the Conditions of Notes.
8. **Notice and Account Details:** See Notice and Account Details in Exhibit 1.

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us.

Yours sincerely,

BARCLAYS BANK PLC

By:
Name:
Title:

Confirmed on the date
first above written:

ARLO XIV LIMITED

By:
Name:
Title:

EXHIBIT I

Notice and Account Details

Notices to Party A:

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB

Fax: +852 2903 3200
Tel: +852 2903 4920
Attention: Head of Asia Pacific Credit Derivatives

Copy to:

Barclays Bank PLC
31F 6-10-1 Roppongi Minato-ku
Tokyo 106-6131
Japan

Tel: +813 4530 1636
Fax: +813 4530 1555
Attention: Japan Credit Trading Desk

Account Details of Party A:

EUR

Bank: Barclays Bank Plc London
Swift: BARCGB22
A/C: Barclays Bank PLC, London
A/C No: 78659111
IBAN no: GB 49 BARC 200000 78659111

Notices to Party B:

ARLO XIV Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

Tel: +345 945 7099
Fax: +345 945 7100

Account Details of Party B:

Payment to: Mizuho Corporate Bank Ltd., Tokyo
SWIFT Code: IRVTBEBB
Account: The Bank of New York Mellon
Account Number: 0321150
Attn: Corporate Trust
Ref: XS0613774842

SCHEDULE 2: FORM OF MASTER CHARGED AGREEMENT TERMS

Structured Investment Terms Master Charged Agreement Terms July 2010 (ARLO XIV – Cayman Issuer) Edition

FORM OF CHARGED AGREEMENT

1. Background

- 1.1 These Master Charged Agreement Terms (July 2010 (ARLO XIV – Cayman Issuer) Edition) contain provisions which may be used with respect to any Notes issued by the Issuer, the issue of which is arranged by Barclays Bank PLC or any of its subsidiaries or associated companies.
- 1.2 Notes may be constituted and/or secured by entry into by the Trustee, the Issuer, the Swap Counterparty and any others that may be parties thereto of a Constituting Instrument, each such Constituting Instrument comprising a separate instrument which may incorporate by reference, as amended and/or supplemented as provided therein, the provisions of these Master Charged Agreement Terms (July 2010 (ARLO XIV – Cayman Issuer) Edition).
- 1.3 These Master Charged Agreement Terms (July 2010 (ARLO XIV – Cayman Issuer) Edition) set out the terms and conditions pursuant to which the Swap Counterparty may, at its discretion, enter into a Charged Agreement with the Issuer of a Series of Notes issued by the Issuer under the Programme and comprise a Schedule (the “**Schedule**”) to the International Swaps and Derivatives Association Inc. 1992 Form of Master Agreement (Multicurrency –Cross Border).
- 1.4 Upon the execution of the Constituting Instrument relating to the Notes of a particular Series by or on behalf of the persons party thereto in the capacities of Issuer and Swap Counterparty, such persons shall be deemed to have entered into an agreement in respect of the Notes constituted and/or secured by such Constituting Instrument on the terms of these Master Charged Agreement Terms (July 2010 (ARLO XIV – Cayman Issuer) Edition) (as the same may be modified or supplemented by the provisions of such Constituting Instrument).

2. Definitions

Unless otherwise defined herein or the context otherwise requires, the Master Definitions as specified in and amended by the Constituting Instrument relating to the Notes of the relevant Series shall apply to these Master Charged Agreement Terms (July 2010 (ARLO XIV – Cayman Issuer) Edition) and any deed or document incorporating them.

SCHEDULE

to the ISDA Master Agreement
Multicurrency-Cross Border) published by the
International Swaps and Derivatives Association, Inc. ("ISDA")

Dated: the date specified in the
Constituting Instrument
relating to the Notes or Alternative Investments referred to
in such Constituting Instrument

between

the Swap Counterparty

("Party A")

and

the Issuer

("Party B")

In respect of each Constituting Instrument entered into by the parties thereto (the "**Constituting Instrument**") and the Series of Notes constituted thereby (the "**Notes**") or the Alternative Investments constituted thereby (the "**Alternative Investments**"), Party A and Party B are deemed to have entered into an agreement (the "**Agreement**") in the form of the ISDA Master Agreement (Multicurrency - Cross Border) relating to the Charged Agreement entered into by Party A and Party B in respect of such Series of Notes or Alternative Investments, and such Agreement is deemed to be incorporated into this Agreement *in extenso* as amended by the following schedule which shall take effect as if it was the Schedule to such Agreement.

**SCHEDULE TO THE AGREEMENT
IN RESPECT OF THE SERIES OF NOTES
CONSTITUTED BY THE CONSTITUTING INSTRUMENT**

This Schedule is the Schedule to the Agreement referenced on the preceding page. For the avoidance of doubt, the Agreement and this Schedule relate solely to the Charged Agreement entered into between Party A and Party B in respect the Notes constituted by the Constituting Instrument referenced on the preceding page.

In this Schedule “**Notes**” means the Notes of the relevant Series constituted by the relevant Constituting Instrument and “Alternative Investments” means the Alternative Investments constituted by the relevant Constituting Instrument and “**Charged Assets**” and “**Noteholders**” bear the meaning ascribed thereto in the Conditions of the Notes of the relevant Series.

This Agreement shall not be construed in any circumstances to form a single agreement with two or more Confirmations together unless specific provision to that effect is made in the relevant Confirmation(s) and/or Constituting Instrument. It is understood that the parties would not otherwise enter into any Transaction or Transactions. References to this “**Agreement**” in respect of a Transaction or Transactions mean this document together with the Confirmation(s) relating to that Transaction or Transactions. The terms and provisions of the Agreement in all instances shall be read and construed so as to give effect to the foregoing.

Each Charged Agreement shall be constituted by the Agreement and a Confirmation or Confirmations evidencing the Transaction or Transactions to be outstanding thereunder (the “**Transaction**” or “**Transactions**”), each such Confirmation constituting a Confirmation for the purposes of the relevant Agreement.

Notwithstanding anything to the contrary in this Agreement, in respect of a Series of Notes, each Agreement, each relevant Confirmation and each Transaction shall form a single agreement with respect to that Series of Notes or Alternative Investments. “**Transaction**”, “**Transactions**” and “**Agreement**” shall be interpreted accordingly and no other Agreements and no other Confirmations and Transactions in respect of any other Series of Notes shall be subject to, governed by or made part of such Agreement.

If, in respect of a Series of Notes or Alternative Investments, the Constituting Instrument therefor provides that Party A and Party B are parties to a Credit Support Annex (Bilateral Form – Transfer) governed by English law (“**Credit Support Annex**”) in respect of such Series of Notes or Alternative Investments, then the Transaction evidenced by such Credit Support Annex shall be a Transaction subject to, governed by and made part of the Agreement in respect of such Series of Notes or Alternative Investments.

1. Termination Provisions

In this Agreement:

1.1 "Specified Entity": means in relation to Party A for the purpose of:

Section 5(a)(v), Not Applicable
Section 5(a)(vi), Not Applicable
Section 5(a)(vii), Not Applicable
Section 5(b)(iv), Not Applicable

in relation to Party B for the purpose of:

Section 5(a)(v), Not Applicable
Section 5(a)(vi), Not Applicable
Section 5(a)(vii), Not Applicable
Section 5(b)(iv), Not Applicable

1.2 "Specified Transaction": will have the meaning specified in Section 14.

1.3 "Cross Default": the provisions of Section 5(a)(vi) will not apply to either Party A or Party B.

1.4 "Credit Event Upon Merger": the provisions of Section 5(b)(iv) will not apply to either Party A or Party B.

1.5 "Automatic Early Termination": the provisions of Section 6(a) will not apply to either Party A or Party B.

1.6 Payments on Early Termination. For the purpose of Section 6(e) of this Agreement:

(1) Market Quotation will apply if "Market Quotation" is specified as applicable in the Constituting Instrument, and Loss will apply if "Loss" is specified as applicable in the Constituting Instrument, provided that if the Constituting Instrument does not specify whether "Market Quotation" or "Loss" shall apply, then Market Quotation will apply; and

(2) The Second Method will apply.

Section 6(e) of this Agreement shall be read in conjunction with Paragraph 5.18 below.

1.7 "Termination Currency": means the currency in which the Notes are denominated.

1.8 "Affected Transactions": If there is more than one Transaction outstanding under the Agreement in relation to a Series of Notes or Alternative Investments and an Early Termination Date is designated or deemed to occur in respect of any one Transaction under the Agreement in relation to a Series of Notes or Alternative Investments, all Transactions shall be Affected Transactions in respect of such Agreement and Series of Notes.

1.9 "Additional Termination Event" will apply as follows:

(1) If at any time the Notes or Alternative Investments become repayable in full prior to the maturity date thereof in accordance with the Conditions thereof (or, if earlier, on the occurrence of any date on which a Mandatory Redemption Event, an Early Redemption Following Restructuring, an Other Early Redemption Event, a Charged Assets Coupon Deferral Event or a Tax Event in respect of the Notes (as

such term is defined under Condition 7(d)) or an Event of Default is determined or following the occurrence of a Non-Call Redemption) an Additional Termination Event will be deemed to have occurred; or

- (2) If at any time the Transaction is required to be terminated in part pursuant to any of Paragraphs 1.10 or 1.11 below, an Additional Termination Event will be deemed to have occurred, but only with respect to that part of the Transaction which terminates pursuant to such paragraph; or
- (3) If the event specified in Paragraph 1.12 occurs in relation to the Notes or Alternative Investments, an Additional Termination Event will be deemed to have occurred.

For the purposes of the foregoing Additional Termination Events the Affected Party shall be Party B.

Notwithstanding the provisions of Section 6(b)(iv), an Early Termination Date shall (subject to sub-paragraph 1.9(2) above) be deemed to have occurred on the occurrence of an Additional Termination Event specified in this Paragraph 1.9, except that in the case of a Non-Call Redemption, the Early Termination Date is deemed to have occurred on the Termination Date of the Transaction.

1.10 If some (but not all) of the Notes are to be redeemed by Party B pursuant to the paragraph headed "Alternative Procedures" of Condition 1(b)(3) or Condition 7(h) of the Notes (and subject, where applicable, to the prior payment in respect of and/or delivery of such relevant proportion of the Charged Assets to the Swap Counterparty as is required to fund the relevant Early Redemption Amount, the Noteholder Optional Redemption Amount or the Issuer Optional Redemption Amount, as the case may be) then:

- (A) the obligations of Party B to make payment or delivery to Party A in respect of each Transaction outstanding under the Agreement after the date of such redemption shall be terminated:
 - (1) in the event that there are Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been received by Party B on the Charged Assets to be released from the security granted in favour of the Trustee by or pursuant to the Constituting Instrument and, if applicable, any Additional Charging Instrument consequent upon such redemption; or
 - (2) in the event that there are no Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so redeemed; and
- (B) Party A's obligations to make payment or delivery to Party B in respect of each Transaction outstanding under the Agreement after such date shall be terminated to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so redeemed.

Party B shall at any time and from time to time if it receives notice in writing to such effect from Party A but not otherwise exercise its Sale/Redemption Right pursuant to Condition 1(b)(3) (*U.S. Series/U.S. Tranche – Alternative Procedures*) in accordance with the instructions contained in such notice.

1.11 If Party A receives a notice that some or all of the Notes are to be purchased by Party B pursuant to Condition 7(i) (*Purchase*) of the Notes having given its consent to such purchase in accordance with such Condition (and subject, where applicable, to the prior

payment in respect of and/or delivery of such relevant proportion of the Charged Assets to the Swap Counterparty as is required to fund the relevant amount required for such purchase) then:

- (A) the obligations of Party B to make payment or delivery to Party A in respect of each Transaction outstanding under the Agreement after the date of such purchase shall be terminated:
 - (1) in the event that there are Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been received by Party B on the Charged Assets to be released from the security granted in favour of the Trustee by or pursuant to the Constituting Instrument and, if applicable, any Additional Charging Instrument consequent upon such purchase; or
 - (2) in the event that there are no Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so purchased; and
- (B) Party A's obligations to make payment or delivery to Party B in respect of each Transaction outstanding under the Agreement after such date shall be terminated to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so purchased.

1.12 If Party A receives a notice that the Notes are to be exchanged for Notes of a New Series pursuant to Condition 7(j) (*Exchange of Series*) of the Notes having given its consent to such purchase in accordance with such Condition, then the obligation of each of Party A and Party B to make payment or delivery to the other party in respect of each Transaction outstanding under the Agreement after the date of such exchange shall be terminated in full.

1.13 On receiving a notice referred to in Paragraphs 1.10 or 1.11, 1.12 above Party A will calculate the amount owing hereunder to it as a result of such termination or by it as a result of such termination, unless the Confirmation in relation to any Transaction so terminated in whole or in part expressly provides otherwise. Amounts due from Party A to Party B or from Party B to Party A, as the case may be, will be made to the account of the relevant party specified in the Confirmation. All such payments will be made on the date specified in such notice or, in the case of Paragraph 1.10 above, on the due date of redemption of the Notes in question or, in the case of Paragraph 1.12 above, on the date of cancellation of the Notes and issue of the Notes of the New Series.

1.14 Separate Agreements: Section 1(c) shall be deleted and replaced with the following:

"Notwithstanding anything to the contrary in this Agreement, in respect of a Series of Notes, each Agreement, each relevant Confirmation and each Transaction shall form a single agreement with respect to that Series of Notes. "**Transaction**", "**Transactions**" and "**Agreement**" shall be interpreted accordingly and no other Agreements and no other Confirmations and Transactions in respect of any other Series of Notes shall be subject to, governed by or made part of such Agreement.

This Agreement shall not be construed in any circumstances to form a single agreement with two or more Confirmations together unless specific provision to that effect is made in the relevant Confirmation and/or Constituting Instrument. It is understood that the parties would not otherwise enter into any Transaction or Transactions. References to this "**Agreement**" in respect of a Transaction or Transactions mean this document together with the Confirmation relating to that Transaction or Transactions. The terms and

provisions of the Agreement in all instances shall be read and construed so as to give effect to the foregoing.”

2. Tax Representations

2.1 Payer Representation: For the purpose of Section 3(e) of this Agreement, each of Party A and Party B will make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representation made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement of the other party contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be in a breach of this representation where reliance is placed on item (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

2.2 Payee Representations: None.

3. Agreement to Deliver Documents

For the purpose of Sections 3(d) and 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

(A) Tax forms, documents or certificates to be delivered are:

<u>Party required to deliver document</u>	<u>Form/Document/Certificate</u>	<u>Date by which to be delivered</u>
Not applicable	Not applicable	Not applicable

(B) Other documents to be delivered are:

<u>Party Required to deliver document</u>	<u>Form/Document/Certificate</u>	<u>Date by which to be delivered</u>	<u>Covered by Section 3(d) Representation</u>
Party B	Legal opinion of counsel in the jurisdiction of incorporation of Party B	At signing of the Constituting Instrument relating to the Notes	No
	Letter from agent for service of process confirming acceptance of appointment	At signing of the Constituting Instrument relating to the Notes	No
	Copy of resolution of board of directors authorising execution of the Charged Agreement constituted by the Constituting Instrument relating to the Notes of	At signing of the Constituting Instrument relating to the Notes	Yes

the relevant Series and
the Confirmation
thereunder

A duly authorised and
executed Power of
Attorney appointing
persons to execute, *inter
alia*, the Charged
Agreement constituted by
the Constituting
Instrument relating to the
Notes of the relevant
Series and the
Confirmation thereunder,
or other evidence of due
authorisation of a
signatory hereto

At signing of the
Constituting Instrument
relating to the Notes

Yes

4. Miscellaneous

4.1 Addresses for Notices: For the purpose of Section 12(a):

- (A) Address for notices of communications to Party A: As specified in the Constituting Instrument relating to the Notes of the relevant Series.
- (B) Address for notices or communications to Party B: As specified in the Constituting Instrument relating to the Notes of the relevant Series.

4.2 Process Agent: For the purpose of Section 13(c):

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent the person specified as agent for service of process in the Constituting Instrument relating to the Notes of the relevant Series.

4.3 Offices: The provisions of Section 10(a) will apply to this Agreement.

4.4 Multibranch Party: For the purpose of Section 10(c):

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

4.5 Calculation Agent: The Calculation Agent is Party A unless another entity is specified as Calculation Agent in respect of a Transaction in the Confirmation therefor. Party A (in its own capacity and as Calculation Agent or otherwise) is not acting as a fiduciary for or as an advisor to any person or entity in respect of its duties as Calculation Agent or otherwise in connection with this Agreement or any Transaction hereunder and shall have no obligation to take any person or entity's (other than its own) interest or position into consideration in making any calculation or taking or refraining from taking any action in connection herewith or therewith.

4.6 Credit Support Document: Details of any Credit Support Document:

Party A: None, unless in respect of a Series of Notes, the Constituting Instrument therefor specifies that Party A is required to deliver a Credit Support Annex

in which event such Credit Support Annex shall constitute a Credit Support Document in respect of Party A and such Series of Notes.

Party B: None.

- 4.7 Credit Support Provider: Credit Support Provider means in relation to Party A: Not applicable.

Credit Support Provider means in relation to Party B: Not applicable.

- 4.8 Governing Law: This Agreement and all non-contractual obligations and any other matters arising from it will be governed by and construed in accordance with English law.

- 4.9 "Affiliate": will have the meaning specified in Section 14 unless another meaning is specified here: No change from Section 14 except that with respect to Party B it shall mean any person or entity controlled, directly or indirectly, by Party B.

5. Other Provisions

5.1 No Set-off

- (A) All payments under this Agreement shall be made without set-off or counterclaim.
- (B) Section 6(e) shall be amended by the deletion of the following sentence "The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off."

5.2 Security interest and transfer

Section 7 shall be replaced by the following:

"Except as otherwise contemplated by Clauses 9.2 and 16.2 of the Master Trust Terms incorporated into the Trust Deed by the Constituting Instrument relating to the Notes of the relevant Series (as defined in the Conditions of the Notes), neither this Agreement nor any interest or obligation in or under it may be transferred (whether by way of security or otherwise) by either party except in accordance with the following:

- (A) subject to the consent of the Trustee, a party may make such a transfer of all or part of its interest in any amount payable to it from a Defaulting Party under Section 6(e);
- (B) subject to the consent of the Trustee and provided that, if such transfer is proposed by Party A and the Notes are then rated at the request of the Issuer by a Rating Agency, such Rating Agency is notified of such substitution and confirms to the Trustee that its then current rating of such Notes by it will not be withdrawn or adversely affected by such transfer, a party may make such transfer of this Agreement to another entity as it shall deem appropriate, whether or not such transfer is pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all of its assets to, such other entity (but without prejudice to any other right or remedy under this Agreement); and
- (C) the Issuer may charge, assign or otherwise create security over its rights under this Agreement in favour of the Trustee pursuant to the Constituting Instrument or any Additional Charging Instrument.

Any purported transfer that is not in compliance with this Section will be void.”.

5.3 Disapplication of certain Events of Default

Sections 5(a)(ii) (Breach of Agreement), 5(a)(iv) (Misrepresentation), 5(a)(v) (Default under Specified Transaction), 5(a)(vi) (Cross Defaults), 5(a)(vii)(9) and 5(a)(viii) (Merger without Assumption) shall not apply in respect of either party.

5.4 Disapplication of certain Termination Events

Sections 5(b)(ii) (Tax Event), 5(b)(iii) (Tax Event Upon Merger) and 5(b)(iv) (Credit Event Upon Merger) shall not apply in respect of either party.

5.5 Transfer to avoid Termination Event

Sections 6(b)(ii) and 6(b)(iii) shall not apply.

5.6 Amendments

Section 9(b) is amended by the addition at the end thereof of the following additional sentences:

“Subject as provided below, if the Notes are rated, any such amendment, modification or waiver shall be subject to prior written notification to each Rating Agency and to confirmation from each Rating Agency as to there being no adverse change caused to the rating granted to the Notes by each Rating Agency that originally assigned a rating to such Notes at or about the time of issuance thereof. The immediately preceding sentence shall not apply to Party A and Party B entering into the Transactions under the Confirmation of even date herewith. This Section 9(b) shall not apply to any amendment, modification or waiver to the Confirmation dated of even date herewith pursuant to the terms of such Confirmation, which amendment, modification or waiver expressly does not require the consent of Party B or is permitted to be made by Party A pursuant to the terms of such Confirmation or which amendment, modification or waiver is deemed to occur pursuant to the terms of such Confirmation.”.

5.7 Additional representation

Section 3 is amended by the addition at the end thereof of the following additional representations:

“(g) **No Agency.** It is entering into this Agreement and the Transaction(s) as principal and not as agent of any person.

(h) **Expertise.** It has sufficient knowledge and expertise to enter into the Transaction(s) and is relying on its own judgment and not on advice of the other Party.”

5.8 Recording of conversations

Each party to this Agreement acknowledges and agrees to the tape recording of conversations between the parties to this Agreement whether by one or other or both of the parties.

5.9 Relationship between the parties

The Agreement is amended by the insertion after Section 14 of an additional Section 15, reading in its entirety as follows:

“15. Relationship between the parties

Each party will be deemed to represent to the other party on the date on which it enters into the Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for the Transaction):

(a) Non Reliance

It is acting for its own account and it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into the Transaction; it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into the Transaction. It has not received from the other party any assurance or guarantee as to the expected results of the Transaction.

(b) Assessment and Understanding

It is capable of accepting the terms, conditions and risks of the Transaction. It is also capable of assuming, and assumes, the financial and other risks of the Transaction.

(c) Status of Parties

The other party is not acting as a fiduciary or an adviser for it in respect of the Transaction.

(d) Transactions in the Collateral

It understands that the other party and its Affiliates may engage in proprietary trading for its own account in the Collateral or similar instruments and that such trading may affect the value of the Collateral.”.

5.10 Tax

Notwithstanding the definition of “Indemnifiable Tax” in Section 14 of this Agreement, in relation to payments by Party A, no Tax shall be an Indemnifiable Tax and, in relation to payments by Party B, no Tax shall be an Indemnifiable Tax and accordingly Section 2(d)(i)(4) and Section 2(d)(ii) of this Agreement shall not apply. Section 4(e) shall not apply to Party B.

5.11 Non-petition/limited recourse

Notwithstanding any other provision hereof, of any Charged Agreement or of the Confirmation relating thereto or otherwise, Party A hereby acknowledges that it shall have recourse in respect of any claim (including without limitation after as well as before any court judgment or arbitral award) under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or under the Confirmation relating thereto and forming part thereof or otherwise against Party B (whether arising under such Charged Agreement, such Confirmation, the general law, or otherwise) only to the Collateral (or part thereof if so provided in the Constituting Instrument relating to the Notes) relating to the Notes of the relevant Series and that, the security constituted in its favour by or pursuant to the Constituting Instrument relating to the Notes of the relevant Series and/or, if applicable, any Additional Charging Instrument having been enforced, any claim under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the

Confirmation relating thereto and forming part thereof or otherwise which it has against Party B and which is not met out of the proceeds of enforcement of such security (as applied in accordance with the provisions of the relevant Constituting Instrument) shall be extinguished and (save for lodging a claim in the liquidation of Party B initiated by another person or taking proceedings to obtain a declaration or judgment as to the obligations of Party B) Party A will not take any further action against Party B in respect thereof and will not have any claim (including without limitation after as well as before any court judgment or arbitral award) under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof or otherwise against the Collateral or Charged Assets relating to any other Discrete Series or Alternative Investments issued by Party B or against any other assets of Party B. It is a fundamental term of any debt comprising amounts owing and/or which may become owing to Party A by Party B and/or otherwise howsoever arising under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof or otherwise that Party A shall not be entitled to exercise any right of set-off, lien, consolidation of accounts, withholding or other similar right arising by operation of law or otherwise against Party B other than in its capacity as Party A, and then solely in respect of rights arising, under the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof and not in respect of any other agreement and shall not (save as aforesaid) petition or take any other step for the winding-up of Party B in relation to such debt or on any other grounds in respect of any other claim of whatever nature howsoever arising. This provision shall survive termination for any reason whatsoever of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto.

References in this Paragraph 5.11 to the Issuer shall (for the avoidance of doubt) mean the Cayman Issuer and/or (if applicable) the Japan Branch.

5.12 Payments

Section 2(c) shall not apply. There shall be inserted the following additional paragraph as Section 2(f):

- “(f) **Same day payments.** If on any date (a “**Relevant Date**”) amounts are payable in respect of the same Transaction, by each party to the other, then the amount payable by Party A (the “**Party A Payment**”) shall not be so payable until the amount payable by Party B (the “**Party B Payment**”) shall have been duly paid and received in full in accordance with the provisions of this Agreement. If on a Relevant Date, Party A shall not have received evidence satisfactory to it of the payment and receipt of the Party B Payment (“**Party B Payment Evidence**”), it shall be entitled but not obliged to pay the Party A Payment to an interest bearing escrow account in its name with the Principal Paying Agent on terms that the Party A Payment shall be paid to Party B in accordance with this Agreement if Party A shall have notified the Principal Paying Agent that it has received the Party B Payment Evidence but otherwise the Party A Payment shall be immediately repaid in full together with any accrued interest by the Principal Paying Agent to Party A for Party A's sole use and benefit:
- (i) if Party A shall notify the Principal Paying Agent that there has occurred an Event of Default with respect to Party B or a Termination Event; or
 - (ii) in any event (if the Party A Payment shall not at such time have been paid to Party B in accordance with this Section 2(f)), immediately before close of business on the third Local Business Day after the Relevant Date.

The making or withholding of any Party A Payment or the taking or omission to take any other action by Party A in the circumstances and in the manner set out in this Section 2(f) shall not constitute an Event of Default or a Termination Event, in either such case, with respect to Party A. Party A shall as against Party B be absolutely beneficially entitled to any interest accrued on the escrow account referred to above.”.

5.13 Section 5(a)(vii)

Section 5(a)(vii) shall apply with respect to Party B with the following amendments:

- (i) Section 5(a)(vii)(2) shall not apply.
- (ii) Section 5(a)(vii)(3) shall take effect with the words “the Noteholders” substituted for “its creditors”.
- (iii) Section 5(a)(vii)(4) is hereby deleted and replaced with the words “institutes or has instituted against it (other than by Party A or its Affiliates) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, or for the appointment of an examiner to it and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or the appointment of an examiner to it or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof”.
- (iv) Section 5(a)(vii)(5) is hereby amended by the insertion of the following words after the occurrence of the word “liquidation”:

“or sends a notice convening a meeting to propose a voluntary arrangement of the Noteholders”.
- (v) Sections 5(a)(vii)(6) and (7) shall take effect with the words “assets comprised in the Collateral (as defined in the Constituting Instrument)” substituted for “all or substantially all its assets”.
- (vi) Section 5(a)(vii)(7) is hereby amended by the insertion of the following words after the occurrence of the word “thereafter”:

“other than, for the avoidance of doubt, in the case of Party B, by the creation of any security interest in respect of Party B’s assets pursuant to the trust deed in respect of any Series of Notes or the Deed of Floating Charge (if any)”.
- (vii) Section 5(a)(vii)(9) shall not apply.

5.14 Contracts (Rights of Third Parties) Act 1999

A person which is not a party to the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument relating to the Notes has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of such Charged Agreement or any agreement or deed or constituted hereby, but this does not affect any right or remedy of a third party which exists or is available apart from that Act (and is without prejudice to the right of the Trustee to enforce its security over such Charged Agreement as contemplated by the Trust Deed relating to the Notes of the relevant Series).

5.15 Calculation of Settlement Amount

Notwithstanding the provisions of Section 6(e), the determination of any Settlement Amount shall be made by Party A in all circumstances except where Party A is the Defaulting Party, in which case it shall be made by Party B.

5.16 Notices

Section 12 of the Agreement is amended by the deletion of the following in the second to third lines thereof:

“(except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system).”.

5.17 Charged Assets Replacement

Where “**Charged Assets Replacement**” is specified as "applicable" in the Constituting Instrument in respect of the relevant Series of Notes, Party A and Party B will be deemed to have agreed that where:

- (i) the Charged Assets are comprised wholly or partially of bonds issued by the Government of Japan (“**JGBs**”), the Swap Counterparty may from time to time from and including the Issue Date of the Notes to but excluding the day falling 5 Business Days prior to the Maturity Date of the Notes replace such JGBs with an equivalent principal amount of Replacement Charged Assets which are convertible bonds (“**CBs**”) (which may be Defaulting Assets) and, in addition, to the extent the Replacement Charged Assets which comprise CBs are Defaulting Assets, Party A may, at its sole discretion, instead replace such JGBs with cash in an amount in the currency of denomination of such Defaulting Assets equal to the cash market value of such Defaulting Assets (as determined by the Determination Agent in its sole and absolute discretion) (“**Market Value**”); and
- (ii) the Charged Assets are comprised wholly or partially of CBs, Party A may, in its sole discretion, from time to time from and including the Issue Date of the Notes to but excluding the day falling 5 Business Days prior to the Maturity Date of the Notes, upon such CBs having become Defaulting Assets, replace such CBs with (i) the Market Value (as defined in paragraph 5.17(i)) of such Defaulting Assets; or (ii) such Replacement Charged Assets as may be specified in the Constituting Instrument which may comprise the CBs or JGBs with an aggregate principal amount equal to the principal amount of the Replaced Charged Assets (as defined below).

To effect a Charged Assets Replacement, Party A shall deliver a notice in writing a Charged Assets replacement notice, substantially in the form set out in Schedule 4 to the Master Agency Terms, which for the avoidance of doubt shall include delivery by e-mail transmission (a “**Charged Assets Replacement Notice**”) to Party B (with a copy to the Trustee and the Custodian) instructing Party B (or the Custodian on its behalf) to deliver to Party A such JGBs or CBs (as the case may be)(the “**Replaced Charged Assets**”) in a principal amount set out in the Charged Assets Replacement Notice then held by the Custodian on behalf of Party B in exchange for the delivery by Party A to Party B of such CBs or Market Value (as the case may be) in a principal amount equal to the principal amount of those Replaced Charged Assets. A Charged Assets Replacement Notice must specify (i) the principal amount and ISIN of the JGBs or CBs (as the case may be) to be replaced; and (ii) the principal amount and ISIN (if applicable) of the CBs or Market Value (as the case may be).

On the date falling 1 Business Day after the delivery by Party A to Party B of a valid Charged Assets Replacement Notice, Party B will cause the delivery of the relevant JGBs or CBs (as the case may be) to Party A and Party A will deliver the relevant CBs or Market Value (as the case may be) to or to the order of Party B.

Any delivery or transfer of the Replaced Charged Assets by Party B (or the Custodian on behalf of Party B) or the Replacement Charged Assets or cash by Party A shall be made with full title guarantee, free and clear of all charges, liens and encumbrances (other than any Permitted Limitation on Title) and with the benefit of all rights and entitlements thereto and therein subsisting as at the date of the Charged Assets Replacement.

Any Charged Assets Replacement shall be subject to (a) compliance with all relevant laws, regulations and directives; (b) the terms and conditions of the Replaced Charged Assets and the Replacement Charged Assets; (c) Party A paying any costs and expenses (including, without limited, any securities transaction tax or other tax or any stamp duty) payable by or on behalf of Party B in connection with such Replacement; and (d) delivery or transfer of the Replacement Charged Assets to Party B or of the Replacement Charged Assets by Party B to a third party not requiring or causing Party B to assume, and not subjecting Party B to, any obligation or liability (other than immaterial non-payment obligations or any assignment or transfer fee in respect of a loan).

5.18 Charged Agreement Termination Method

Notwithstanding Section 6(e) of the Agreement, the Parties may specify in the relevant Constituting Instrument that payments upon Early Termination are to be made on the basis of one of “Standard 6(e) Termination”, “or “Variable Standard 6(e) Termination” (each being a “**Charged Agreement Termination Method**”), as set out below.

Where “**Standard 6(e) Termination**” is specified in the Constituting Instrument as being applicable, payments in respect of Early Termination shall be due in accordance with the provisions of Section 6(e).

Where “**Variable Standard 6(e) Termination**” is specified in the Constituting Instrument as being applicable, then payments in respect of Early Termination shall be due in accordance with Section 6(e), provided that upon termination of the Charged Agreement as a result of the redemption of the Notes upon the occurrence of a Mandatory Redemption Event, Party A and Party B agree that the obligations of the parties in respect of Early Termination as a result of the redemption of the Notes pursuant to a Mandatory Redemption Event shall be satisfied by the payment of all Unpaid Amounts owed by either party on the Early Termination Date. If Unpaid Amounts are owed by each party to the other, then, on such date, each party’s obligation to make payment of any such amount will be automatically satisfied and discharged to such extent such amounts may be set-off and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount (the amount so payable on Early Termination being the “**Net Unpaid Amounts**”). No further payment shall be due to or from either party.

The definition of “Unpaid Amounts” under Section 14 shall be amended by:

- (a) adding the words “due and” before the word “payable” in the second line thereof; and
- (b) adding the words “(and for the avoidance of doubt, shall exclude any amount accrued but not yet payable as of such Early Termination Date) after the words “as at such Early Termination Date” in the fourth line thereof.

5.19 Additional Definitions

“Eligible Replacement Charged Assets” means securities that possess all of the Replacement Charged Assets Eligibility Characteristics, as may be specified in the Constituting Instrument for the relevant Series of Notes (if any).

“Replacement Charged Assets” means:

- (a) those specified as such in the Constituting Instrument; and/or
- (b) Eligible Replacement Charged Assets; and/or
- (c) where the Charged Assets to be replaced comprise transferable debt securities, any securities of any maturity:
 - (i) having a principal amount equal to the principal amount of the Charged Assets to be replaced or where, such securities are Defaulting Assets, having a Market Value (as defined in Paragraph 5.17(i)), equal to the principal amount of the Charged Assets to be replaced as at the date on which such securities are transferred by Party A to Party B; and
 - (ii) in respect of which, as at the date on which such securities are transferred by Party A to Party B, Party B and the Custodian (on behalf of Party B) are each entitled to receive payments of principal and interest under the terms and conditions of such securities on a gross basis, without any deduction or withholding for or on account of any tax pursuant to any applicable law or regulation or subject to a full gross up.

5.20 Charged Agreement Option

Party A may on any Business Day (and from time to time) from, and including, the Effective Date to, but excluding, the day falling six Business Days prior to the Maturity Date of the Notes deliver to Party B (with a copy to the Trustee and the Determination Agent) a notice in writing (a **“Charged Agreement Option Notice”**) terminating the Transaction in respect of the relevant Series in whole or in part (the **“Charged Agreement Option”**). Upon receipt of a valid Charged Agreement Option Notice, and, in any event, not later than the next following Business Day, Party B shall exercise the Issuer's option pursuant to Condition 7(h)(2) of the Notes to redeem an outstanding principal amount of the Notes equal to the amount by which the Notional Amount of the Transaction in respect of the relevant Series is to terminate (the **“Termination Amount”**).

The Charged Agreement Option Notice shall state:

- (i) the Notional Amount in respect of which the relevant Transaction is to be terminated. Such amount must be a multiple of JPY 100,000,000 or as otherwise specified in the relevant Constituting Instrument; and
- (ii) the Business Day on which the relevant portion of the Transaction is to terminate (the **“Charged Agreement Option Effective Date”**), being a day (a) no later than (x) the Business Day immediately preceding the Maturity Date of the Notes, and (y) the 31st Business Day following delivery of the Charged Agreement Option Notice, and (b) no earlier than the sixth Business Day following delivery of the Charged Agreement Option Notice.

Notwithstanding any provision to the contrary, if at any time from and including the date of the Charged Agreement Option Notice to but excluding the Charged Agreement Option Effective Date related to such Charged Agreement Option Notice, an event or

circumstance occurs which would constitute any Termination Event (including, for the avoidance of doubt, any termination pursuant to any Additional Termination Events or Event of Default, then the Charged Agreement Option Notice given pursuant to this Paragraph 5.20 shall be deemed to be void.

Following the delivery of a valid Charged Agreement Option Notice, on the Charged Agreement Option Effective Date (i) Party A shall, subject to the delivery under (ii) below, pay to Party B the related Termination Amount, (ii) Party B shall deliver or procure the delivery to Party A of a portion of the Charged Assets equal to the proportion represented by the principal amount of the Notes being redeemed against the aggregate principal amount of the outstanding Notes and (iii) the Notional Amount shall be reduced by the Termination Amount.

5.21 Payment and Delivery of Excess Cash Collateral and Charged Assets

On or prior to the occurrence or designation of an Early Termination Date under Paragraph 1.9 hereof following the occurrence of a Mandatory Redemption Event, an Early Redemption Following Restructuring (if applicable), an Other Early Redemption Event (if applicable), a Charged Assets Coupon Deferral Event (if applicable), a Tax Event in respect of the Notes as provided in Condition 7(d) of the Notes or a Non-Call Redemption (if applicable) or a redemption of the Notes following a termination of the Charged Agreement pursuant to Condition 7(e) or following an Event of Default under Condition 9 in respect of the Notes or on the Termination Date (as the case may be), Party B will deliver or cause to be delivered to Party A any Charged Assets and moneys held by Party B in connection with the Notes, that are in excess of the aggregate Early Redemption Amount payable to Noteholders pursuant to the Conditions and any termination payment otherwise payable to Party A hereunder (including, without limitation, any Excess Cash Collateral). Notwithstanding any term to the contrary, the obligations of the parties under this Paragraph 5.21 shall not be taken into account for the purposes of determining the Settlement Amount under Section 6(e).

"Excess Cash Collateral" means the difference between (1) the amount of Cash Collateral held by Party B as of the Cut-Off Date or such other date as the Determination Agent may determine in its sole and absolute discretion on or prior to the Early Redemption Date or (in the case of a Non-call Redemption) the date of redemption of the Notes or the Termination Date, as the case may be, and (2) the market value (as determined by the Determination Agent in its sole and absolute discretion) of a principal amount of the Reference Asset equal to the amount of such Cash Collateral as of the Cut-Off Date or such other date as the Determination Agent may determine in its sole and absolute discretion on or prior to the Early Redemption Date or (in the case of a Non-call Redemption) the date of redemption of the Notes or the Termination Date, as the case may be, provided that if such difference is a negative number, the Excess Cash Collateral shall be deemed to be zero.

- 5.22 Any delivery of Charged Assets to Party A pursuant to this Agreement shall be subject to (a) compliance with all relevant laws, regulations and directives; (b) the terms and conditions of such Charged Assets; and (c) Party A paying any costs and expenses (including, without limitation, any securities transaction tax or other tax or any stamp duty) payable by or on behalf of Party B in connection with such delivery ("**Charged Assets Delivery Expenses**").

5.23 Sale and Purchase of Charged Assets

Party A and Party B will be deemed to have agreed that (1) Party A will sell, with full title guarantee in a manner consistent with true sale (or where the Charged Assets comprise a loan, the transfer by way of assignment, sub-participation or by way of a total return swap with Party B), the Charged Assets in respect of such Series of Notes to Party B on the

Issue Date of such Series of Notes, and (2) Party B will, in consideration thereof, pay to Party A an amount equal to the net proceeds of issue of the relevant Series of Notes or such other amount as may be agreed between Party A and Party B (the "**Payment Price**").

Completion of such sale and purchase of the Charged Assets shall take place, subject to the Notes being issued and Party B being in receipt of sufficient funds on the Issue Date, by the transfer of the Charged Assets to the custody account of Party B or the transfer of Cash Collateral to the cash account of Party B (if applicable) against the payment of the Payment Price by or on behalf of Party B to or to the order of Party A.

5.24 Cash Collateral

- (A) Where "**Cash Collateral**" is specified as "Applicable" in the Constituting Instrument of the relevant Series of Notes, Party A may, in its sole discretion, in lieu of delivery of all or part of the Charged Assets under the Charged Agreement or the Charged Assets Sale Agreement (as the case may be), transfer cash in the currency in which the Charged Assets are denominated to the Cash Account of Party B with the Custodian on the Issue Date in an amount equal to the principal amount of such Charged Assets not being delivered ("**Cash Collateral**"). Following the Issue Date, Party A may, in its sole discretion from time to time, deliver a notice in writing (which for the avoidance of doubt shall include e-mail) (a "**Collateral Switch Notice**") to Party B (with a copy to the Custodian and the Trustee) informing Party B that it has delivered the amount of Charged Assets specified in the Collateral Switch Notice (the "**Switch-in Charged Assets**") to the Issuer (or the Custodian on the Issuer's behalf), whereupon Party B (or the Custodian on its behalf) shall pay (and Party B hereby agrees it shall pay) to Party A an amount in cash (the "**Switch-out Cash Collateral**") in the currency in which the Charged Assets are denominated equal to the principal amount of such Charged Assets (a "**Collateral Switch**") and the amount of Cash Collateral shall thereby decrease by an amount equal to such payment, provided that the total principal amount of Charged Assets held by Party B shall not exceed the aggregate principal amount of the Notes.

Any delivery or transfer of such cash by Party B (or the Custodian on behalf of Party B) or Switch-in Charged Assets by Party A shall be made with full title guarantee, free and clear of all charges, liens and encumbrances (other than any Permitted Limitation on Title) and with the benefit of all rights and entitlements thereto and therein subsisting as at the date of such delivery or transfer.

Any Collateral Switch shall be subject to (a) compliance with all relevant laws, regulations and directives; (b) the terms and conditions of the Switch-in Charged Assets (in the case of delivery or transfer of Switch-in Charged Assets); (c) Party A paying any costs and expenses (including, without limitation, any securities transaction tax or other tax or any stamp duty) payable by or on behalf of Party B in connection with such Collateral Switch; and (d) delivery or transfer of the Switch-out Cash Collateral or the Switch-in Charged Assets to Party B or by Party B to a third party not requiring or causing Party B to assume, and not subjecting Party B to, any obligation or liability (other than immaterial non-payment obligations or any assignment or transfer fee in respect of a loan)."

5.25 Delivery of Reference Asset or Replaced Charged Assets

If the relevant Series of Notes are to be redeemed early following the occurrence of a Mandatory Redemption Event, an Early Redemption Following Restructuring (if applicable), an Other Early Redemption Event (if applicable), a Charged Assets Coupon Deferral Event (if applicable), a Tax Event in respect of the Notes as provided in Condition 7(d) of the Notes or a Non-Call Redemption (if applicable) or a termination of the Charged Agreement pursuant to Condition 7(e) or following an Event of Default under Condition 9

in respect of the Notes, and Party B has an obligation to deliver any Reference Assets or Replaced Charged Assets under the relevant Series of Notes, then on or before the Early Redemption Date or the date of redemption of the Notes following a Non-Call Redemption or the Termination Date (as applicable):

- (a) Party A shall sell or procure the sale of such principal amount of Reference Assets or Replaced Charged Assets (not exceeding the aggregate principal amount of the Charged Assets or Cash Collateral held by the Issuer at such time) necessary to (i) fund payment in full of any termination payments due from Party B to Party A under this Agreement; (ii) permit Party B to meet its obligations of any other claims ranking prior to the Noteholders of the relevant Series of Notes pursuant to Condition 4(d) of the Notes; and (iii) permit Party B to meet its obligations to make a payment of any Adjusted Early Cash Redemption Amount (if any) under the Notes;
- (b) upon such sale of Reference Asset or Replaced Charged Assets (as the case may be) referred to in Paragraph 5.25(a) above, Party A shall transfer such amount of sale proceeds (less any taxes, costs, losses and expenses incurred in such sale) of such Reference Assets or Replaced Charged Assets (as the case may be) (the **"Sale Proceeds"**) to Party B to enable Party B to meet its payment obligations as referred to in sub-paragraph (ii) and (iii) in Paragraph 5.25(a) above in respect of the relevant Series of Notes; and
- (c) deliver to Party B such principal amount of Reference Assets or Replaced Charged Assets as may be required to permit Party B to meet its delivery obligations under the relevant Series of Notes.

Party A shall be entitled to retain such amount of Sale Proceeds to satisfy any obligation on Party B to pay termination payments to Party A under this Agreement, and Party A and Party B agrees and acknowledges that the Issuer's obligations to make any termination payment under this Agreement shall be deemed to be satisfied in full.

SCHEDULE 3: TERMS AND CONDITIONS OF THE NOTES

The Issuer (as defined below) has established a Programme for the issue of Notes (as defined below) and the making of Alternative Investments (as defined in Condition 5). Notes issued under the Issuer's Programme are issued in Series (each, a **"Series"**) and each Series may comprise one or more tranches (each, a **"Tranche"**) of Notes. Each particular Series of Notes is constituted, governed and secured (where applicable) by or pursuant to a constituting instrument relating to the Notes (the **"Constituting Instrument"**) dated the Issue Date (as defined in Condition 6(j)) between the **"Issuer"** (as defined in the Constituting Instrument), each person (if any) named therein as a swap counterparty (each a **"Swap Counterparty"**), which expression as used herein shall mean all or any of such persons, as the case may be), the **"Trustee"** (as defined in the Constituting Instrument and which expression shall include all persons for the time being the trustee or trustees under the Trust Deed, as defined below) and the other parties (if any) named therein. The Constituting Instrument constitutes and (where applicable) secures the Notes by the creation of a trust deed (the **"Trust Deed"**) on the terms (as amended, modified and/or supplemented by the Constituting Instrument) set out in the master trust terms (the **"Master Trust Terms"**) as specified in the Constituting Instrument. The terms and conditions applicable to the Notes the subject of the Constituting Instrument (in these terms and conditions, the **"Notes"**) are these terms and conditions (the **"Master Conditions"**), as amended, modified and/or supplemented by the Constituting Instrument. In the event of any inconsistency between these terms and conditions and the Constituting Instrument, the Constituting Instrument shall prevail. References to the **"Conditions"** shall be construed in relation to a Series or a Tranche as a reference to these Master Conditions as amended, supplemented or restated in relation to such Series or Tranche by the relevant Constituting Instrument. References in the Conditions to the **"Notes"**, a **"Series"** or a **"Tranche"** shall be deemed to be references to the Notes, the Series or the Tranche that are or is the subject of the relevant Constituting Instrument and not to all Notes, Series or Tranches that may be issued under the Issuer's Programme.

By executing the Constituting Instrument, the Issuer has entered into an agency agreement (the **"Agency Agreement"**) with one or more of the parties defined in the Constituting Instrument as the **"Issue Agent"**, the **"Principal Paying Agent"**, the **"Interest Calculation Agent"**, the **"Determination Agent"**, the **"Realisation Agent"**, the **"Registrar"**, the **"Transfer Agent"** (which term may include more than one Transfer Agent) and any other **"Paying Agents"** (such other Paying Agents being defined as such together with the Principal Paying Agent), the Trustee and each Swap Counterparty (if any) on the terms (as amended, modified and/or supplemented by the Constituting Instrument) set out in the master agency terms (the **"Master Agency Terms"**) as specified in the Constituting Instrument.

The Constituting Instrument will state whether the Issuer has entered into (i) a charged agreement as referred to in Condition 4(b) (the **"Charged Agreement"**) with the Swap Counterparty with respect to a Series by executing the Constituting Instrument on the terms (as amended, modified and/or supplemented by the Constituting Instrument) set out in the master charged agreement terms (the **"Master Charged Agreement Terms"**) as specified in the Constituting Instrument or (ii) a custody agreement in respect of the Notes (the **"Custody Agreement"**) with the **"Custodian"** (as defined in the Constituting Instrument), the Trustee and each Swap Counterparty (if any) on the terms (as amended, modified and/or supplemented by the Constituting Instrument) set out in the master custody terms (the **"Master Custody Terms"**) as specified in the Constituting Instrument. In the event the Constituting Instrument does not state that there is a Charged Agreement or a Custody Agreement, the Conditions shall be construed as if references to any Swap Counterparty, any Charged Agreement, any Custodian and/or any Custody Agreement were not applicable.

The master definitions (the **"Master Definitions"**) as specified in the Constituting Instrument (as amended, modified and/or supplemented by the Constituting Instrument) will apply for the purposes of interpretation of the Conditions, except as expressly provided therein or as the context otherwise requires. References in the Conditions to the **"Placing Agreement"** in relation to the Notes are to the relevant placing agreement between the Issuer and the Arranger and/or Dealers as constituted by the Constituting Instrument on the terms (as amended, modified and/or supplemented by the Constituting Instrument) set out in the master placing terms (the **"Master Placing Terms"**) as specified in the Constituting Instrument and references to the **"Charged Assets Sale Agreement"** are to the relevant charged assets sale agreement between the Issuer and the seller of the Charged Assets (as defined in Condition 4(a)) as constituted by the Constituting Instrument on the terms (as amended, modified and/or supplemented by the Constituting Instrument) set out in the master charged assets sale terms (the **"Master Charged Assets Sale Terms"**) as specified in the Constituting Instrument. In the event the Constituting Instrument does not state that there is a Charged Assets Sale Agreement, the Conditions shall be construed as if references to any Charged Assets Sale

Agreement were not applicable. In the event the Constituting Instrument states that there are no Charged Assets, the Conditions shall be construed as if references to any Charged Assets were not applicable.

Statements in the Conditions are summaries of, and subject to, the detailed provisions appearing in the Trust Deed relating to the Notes and, if it is stated in the Constituting Instrument that the Notes are issued with the benefit of one or more additional instruments (each an **"Additional Charging Instrument"**) creating security interests over the Charged Assets, each Additional Charging Instrument. Copies of the Master Trust Terms, the Master Conditions, the Master Agency Terms, the Master Charged Agreement Terms, the Master Custody Terms, the Master Placing Terms, the Master Charged Assets Sale Terms, the Master Definitions, the Constituting Instrument in relation to the Notes and, if applicable, each Additional Charging Instrument are available for inspection at the registered office of each of the Issuer and the Trustee and at the specified offices of the Paying Agents, the Registrar and the Transfer Agents (in each case, if any) in respect of the Notes.

In respect of the Notes, references in the Conditions to the **"Issue Agent"**, the **"Principal Paying Agent"** or the **"Registrar"** shall include, respectively, any successor Issue Agent, Principal Paying Agent or Registrar and references in the Conditions to the **"Paying Agents"**, the **"Transfer Agents"**, the **"Determination Agent"**, the **"Realisation Agent"** or the **"Custodian"** shall include, respectively, any successor or additional Paying Agents, Transfer Agents, Determination Agent, Realisation Agent or Custodian, in each case appointed in accordance with the Agency Agreement or, as the case may be, the Custody Agreement. In respect of the Notes, references in the Conditions to **"Agents"** are to the Issue Agent, the Principal Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents, the Interest Calculation Agent, the Custodian, the Determination Agent, the Realisation Agent and each other agent appointed in accordance with the Agency Agreement or, as the case may be, the Custody Agreement, as applicable.

References herein to the **"Issuer"** shall mean ARLO XIV Limited acting directly or through its branch in Japan (the **"Japan Branch"**), as the context may require.

The holders of the Notes and the holders of the interest coupons (the **"Coupons"**) (if any) appertaining to interest bearing Notes in bearer form (the **"Couponholders"**, which expression includes the Talonholders and the Receiptholders referred to below), the holders of talons (the **"Talons"**) (if any) for further coupons attached to such Notes (the **"Talonholders"**) and the holders of instalment receipts (the **"Receipts"**) appertaining to the payment of principal by instalments (the **"Receiptholders"**) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed relating to the Notes and, if applicable, any Additional Charging Instrument and to have notice of those provisions of the Custody Agreement, the Agency Agreement and the Charged Agreement applicable to them. References herein to the **"Arranger"** and the **"Dealers"** are to the person or person(s) specified as such in the relevant Constituting Instrument acting in its or their capacity as such and references to the **"Base Prospectus"** are references to the Base Prospectus in respect of the Issuer's Programme, as amended, supplemented, restated and replaced from time to time.

References in the 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 and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it and (ii) **"interest"** shall be deemed to include all Interest Amounts (as defined in Condition 6(j)) and all other amounts in the nature of interest payable pursuant to Condition 6 or any amendment or supplement to it.

1. Form, Denomination and Title

(a) Bearer Notes

- (1) If it is specified in the Constituting Instrument that Notes are in bearer form (**"Bearer Notes"**), the Bearer Notes if issued in definitive form shall be serially numbered in an Authorised Denomination (as defined in Condition 1(c)), and shall be D Notes (as defined below) unless specified in the Constituting Instrument that the Notes are C Notes (as defined below). The principal amount of each Note will be specified on its face.

No Bearer Note may be offered, sold or delivered within the United States or to or for the account of a U.S. Person (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder (the **"Code"**)), except in certain transactions permitted by U.S. tax regulations.

Each Series of Bearer Notes or a Tranche thereof issued pursuant to Section 1.163-5(c)(2)(i)(D) of the Treasury Regulations under the Code ("**D Notes**") will initially be represented by one or more notes in temporary global form (a "**Temporary Global Note**") without Receipts, Coupons or Talons, and each Series of Bearer Notes or a Tranche thereof issued pursuant to Section 1.163-5(c)(2)(i)(C) of the Treasury Regulations under the Code ("**C Notes**") will be represented by one or more notes in permanent global form (a "**Permanent Global Note**") without Receipts, Coupons or Talons or by definitive Bearer Notes. A Temporary Global Note and/or a Permanent Global Note, as the case may be, will be delivered to a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Any reference herein to Euroclear or Clearstream, Luxembourg shall, wherever the context permits, be deemed to include a reference to any additional or alternative clearing system as specified in the applicable Constituting Instrument in which beneficial interests in the Notes are for the time being recorded (an "**Alternative Clearing System**") and shall include any successor in business to Euroclear or Clearstream, Luxembourg or any such Alternative Clearing System. Notwithstanding the foregoing, Bearer Notes shall not be eligible for deposit with The Depository Trust Company ("**DTC**"). Euroclear, Clearstream, Luxembourg, DTC and any Alternative Clearing System are each sometimes referred to herein as a "**Clearing System**" and collectively as "**Clearing Systems**". Any reference in this Condition 1(a) to a Permanent Global Note shall be deemed to be a reference to a Permanent Global Note representing either D Notes or C Notes, as the context requires, and any reference herein to a Note shall be deemed to be a reference to a D Note or a C Note, as the context requires.

If a date for the payment of interest on any Bearer Note occurs while such Bearer Note is represented by a Temporary Global Note, the related interest payment will be made against presentation of the Temporary Global Note only to the extent that certification of non-U.S. beneficial ownership (in the form set out in the Temporary Global Note) has been received by Euroclear or Clearstream, Luxembourg. Interests in a Temporary Global Note will be exchangeable for interests in a Permanent Global Note or for definitive Bearer Notes, with, where applicable, Receipts, Coupons and Talons attached in the circumstances and subject to the conditions specified in the Constituting Instrument, not earlier than the first day (the "**Exchange Date**") following the 40 day period commencing on the original issue date of the Notes (the "**40-Day Restricted Period**"), provided that certification of non-U.S. beneficial ownership has been received. Save for payments of interest as described above, no payments will be made on a Temporary Global Note unless, upon due presentation of a Temporary Global Note for exchange (together with certification of non-U.S. beneficial ownership), delivery of a Permanent Global Note (or, as the case may be, an interest therein) or definitive Bearer Notes is improperly withheld or refused and such withholding or refusal is continuing at the relevant due date for payment.

Payments of principal or interest (if any) in respect of a Permanent Global Note will be made through Euroclear or Clearstream, Luxembourg or the relevant Alternative Clearing System against presentation or surrender, as the case may be, of the Permanent Global Note. A Permanent Global Note will, if so provided in the relevant Constituting Instrument be exchangeable, in whole but not in part, for definitive Bearer Notes with, where applicable, Receipts, Coupons and Talons attached (i) on request from the holder thereof (or all of the holders acting together, if more than one) upon not less than 60 days' prior written notice to the Issuer and the Issue Agent given (in the case of D Notes) not earlier than the relevant Exchange Date, (ii) if the Issuer would suffer a material disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System which would not be suffered were the Bearer Notes in definitive form and a certificate to such effect is given to the Trustee, or (iii) at the option of the holder (or of all the holders acting together, if more than one) if the Notes become due and payable as the result of an Event of Default in accordance with Condition 9 and payment is not made on due presentation of the Permanent Global Note for payment or if either Euroclear or Clearstream, Luxembourg or any Alternative Clearing System in which the Permanent Global Note is for the time being deposited is closed for business for a continuous period of 14 days (otherwise than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or to cease to make its book-entry system available for settlement of beneficial interests in such Permanent Global Note or does in fact do either of such things

and no Alternative Clearing System satisfactory to the Trustee and the Principal Paying Agent is available, all as set out in the Constituting Instrument.

No definitive Bearer Note delivered in exchange for a portion of a Permanent Global Note shall be sent by post or otherwise delivered to any location in the United States or its possessions in connection with such exchange.

- (2) Title to the Bearer Notes, the Receipts (if any) the Coupons (if any) and the Talons (if any) passes by delivery. In these Conditions, subject as provided below, “**Noteholder**” and (in relation to a Note, Receipt, Coupon or Talon) “**holder**” means the bearer of any Bearer Note, Receipt, Coupon or Talon (as the case may be). The holder of any Note, Receipt, Coupon or Talon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

For so long as the Notes are represented by a Temporary Global Note or a Permanent Global Note (together “**Global Notes**”) and the Global Notes are held on behalf of Euroclear and Clearstream, Luxembourg or on behalf of an Alternative Clearing System, beneficial interests in Notes will only be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg or such Alternative Clearing System, as appropriate, and each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than each such clearing system to the extent that it is an account holder with the other clearing system for the purpose of operating the “bridge” between the clearing systems) or an Alternative Clearing System as the holder of a particular principal amount of the Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or such Alternative Clearing System as to the principal amount of the Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Trustee and the Agents as the holder of such principal amount of the Notes (and the expression “**Noteholders**” and references to “**holding of Notes**” and to “**holder of the Notes**” shall be construed accordingly) for all purposes other than the entitlement to receive payments of principal, interest or any amounts due on redemption in respect of the Global Notes and provided that such principal amount is an integral multiple of an Authorised Denomination.

The following legend will appear on all D Notes, Permanent Global Notes representing D Notes and any Receipts, Coupons or Talons in respect thereof:

“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 U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED.”

The sections of the Code referred to in the foregoing legend provide that, with certain exceptions, a United States taxpayer will not be entitled to deduct any loss, and will not be entitled to capital gains treatment in respect of any gain realised, on any sale, disposition or payment of a Note, Receipt, Coupon or Talon for U.S. federal income tax purposes.

Unless otherwise specified in the Constituting Instrument, each purchaser or holder of Bearer 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 the U.S. Employee Retirement Income Security Act of 1974, as amended (“**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.

(b) *Registered Notes*

(1) General

If it is specified in the Constituting Instrument that Notes are in registered form or if as a result of an exchange of Bearer Notes pursuant to Condition 2(a) Notes are in registered form (in both cases, “**Registered Notes**”), such Registered Notes shall be in an Authorised Denomination or an integral multiple thereof as specified in the Constituting Instrument. The principal amount of each Note will be specified on the face of the definitive registered certificate (“**Registered Certificate**”) or the global registered certificate (“**Global Registered Certificate**”) as applicable representing the Registered Notes. Subject to the procedures discussed below, title to the Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar (the “**Register**”). In these conditions, subject as provided below, “**Noteholder**” and “**holder**” means the registered holder of any Registered Notes.

(2) Non-U.S. Series/Non-U.S. Tranche

If the Registered Notes comprise a Series (a “**non-U.S. Series**”) or a Tranche (a “**non-U.S. Tranche**”) for which the Constituting Instrument specifies that the Notes may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”)), such Registered Notes will be initially represented by a Registered Certificate or a Global Registered Certificate.

Payments of principal or interest (if any) in respect of a Global Registered Certificate will be made through Euroclear or Clearstream, Luxembourg or the relevant Alternative Clearing System or, if so specified in the Constituting Instrument, through the person named in such Constituting Instrument, against, in the case of payments of principal only, presentation or surrender, as the case may be, of the Global Registered Certificate. A Global Registered Certificate will, if so provided in the relevant Constituting Instrument, be exchangeable, in whole but not in part, for Registered Certificates (i) on request from the holder thereof (or of all the holders acting together, if more than one) upon not less than 60 days' prior written notice to the Issuer and the Trustee or, (ii) if the Issuer would suffer a material disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System which would not be suffered were the Registered Notes in definitive form and a certificate to such effect is given to the Trustee, (iii) at the option of the holder (or all of the holders acting together, if more than one) if the Notes become due and payable as the result of an Event of Default in accordance with Condition 9 and payment is not made on due presentation of the Global Registered Certificate for payment or if either Euroclear or Clearstream, Luxembourg or any Alternative Clearing System in which the Global Registered Certificate is for the time being deposited is closed for business for a continuous period of 14 days (otherwise than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or to cease to make its book-entry system available for settlement of beneficial interests in such Global Registered Certificate or does in fact do either of such things and no Alternative Clearing System satisfactory to the Trustee and the Registrar is available, all as set out in the Constituting Instrument.

For so long as the Notes are represented by a Global Registered Certificate and the Global Registered Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or an Alternative Clearing System, beneficial interests in Notes will only be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg or such Alternative Clearing System, as appropriate, and each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than each such clearing system to the extent that it is an account holder with the other clearing system for the purpose of operating the “bridge” between the clearing systems) or an Alternative Clearing System as the holder of a particular principal amount of the Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or such Alternative Clearing System as to the principal amount of the Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Trustee and the Agents as the holder of such principal amount of the Notes (and the expression “**Noteholders**” and references to “**holding of Notes**” and to “**holder of the Notes**” shall be construed accordingly) for all purposes other than the entitlement to receive payments of principal, interest or any amounts due on redemption in respect of the Global Registered Certificate.

Each initial purchaser and subsequent transferee of Registered Notes of a Non-U.S. Series or a Non-U.S. Tranche, unless otherwise specified in the related Prospectus, will be deemed to have represented, warranted, undertaken, acknowledged and agreed with the Issuer, the Arranger and the Dealers:

- (i) that the Notes have not been and will not be registered under the Securities Act or any state securities laws and the Issuer is not and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”). Accordingly, the Notes may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the Securities Act) except in a transaction that is exempt from the registration requirements of the Securities Act and state securities laws and that does not require the Issuer to register under the 1940 Act; and
- (ii) 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.

Subject to the restrictions (if any) referred to in the Constituting Instrument, Registered Notes of a non-U.S. Series or a non-U.S. Tranche which are represented by a Registered Certificate may be transferred in whole or in part in an Authorised Denomination or an integral multiple thereof upon the surrender of the Registered Certificate representing such Registered Notes, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a Registered Certificate, new Registered Certificates in the relevant amounts will be issued to the transferor and the transferee.

Each new Registered Certificate to be issued upon transfer of Registered Notes of a non-U.S. Series or a non-U.S. Tranche will (subject as referred to in the Constituting Instrument), within three business days (in the place of the specified office of the Registrar or Transfer Agent to whom the form of transfer shall have been delivered) of receipt of such form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) stipulated in the form of transfer, or be mailed at the risk of the holder entitled to the Registered Certificate to such address as may be specified in such form of transfer.

Exchange of Registered Certificates on transfer will (subject as provided in the Constituting Instrument) be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment (or the giving 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.

No Noteholder may require the transfer of a Registered Note to be registered during the period of 15 days ending on the due date for any payment of principal, interest or any amounts due upon redemption of such Note.

If Registered Notes are represented by a Global Registered Certificate, such Global Registered Certificate will be registered in the name of a nominee for Euroclear and Clearstream, Luxembourg or an Alternative Clearing System or in the name of such other person as the Constituting Instrument shall provide.

(3) U.S. Series/U.S. Tranche

If the Registered Notes comprise a Series (a “**U.S. Series**”) or a Tranche (a “**U.S. Tranche**”) for which the Constituting Instrument specifies that the Notes may be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation

S under the Securities Act), such Registered Notes may only be represented by Registered Certificates provided that if the Constituting Instrument specifies that the alternative procedures described below (the “**Alternative Procedures**”) apply, then such Registered Notes will be initially represented by a Global Registered Certificate deposited with a nominee of DTC. If the Alternative Procedures do not apply then, unless otherwise specified in the applicable Constituting Instrument, Registered Notes of a U.S. Series or a U.S. Tranche will not be eligible for deposit or clearance with Euroclear, Clearstream, Luxembourg, DTC or any Alternative Clearing System. Notes of a U.S. Series or U.S. Tranche, whether in the form of Registered Certificates or a Global Registered Certificate, shall be issued in the minimum denominations specified in the Constituting Instrument.

Any Registered Notes of a U.S. Series or U.S. Tranche will be offered and sold only (i) outside the United States, to non-U.S. Persons pursuant to Regulation S or (ii) to or for the account or benefit of U.S. Persons that are (A) (i) qualified institutional buyers (“**QIBs**”) as defined in Rule 144A (“**Rule 144A**”) under the Securities Act or (ii) “accredited investors” (“**Als**”) within the meaning of Rule 501(a)(1), (2), (3), (7) (“**Rule 501**”) under Regulation D under the Securities Act who are acquiring the Notes for investment purposes and not with a view to the distribution thereof, and (B) Qualified Purchasers as defined in Section 2(a)(51) of the 1940 Act and the rules and regulations thereunder that are beneficial owners of such Notes for purposes of Section 3(c)(7) of the 1940 Act and the rules and regulations thereunder (“**QPs**”).

Any Registered Notes of a U.S. Series or U.S. Tranche will bear a legend (the “**Legend**”) substantially to the same effect as the contents of the Investment Agreement referred to below, and transfers of such Registered Notes may only take place in accordance with the provisions of the Legend.

Investment Agreement applicable to Registered Notes of a U.S. Series/U.S Tranche

As a condition to purchasing the Registered Notes of a U.S. Series or U.S. Tranche, each initial purchaser or holder of the Notes represented by such Registered Notes will sign and deliver to the Arranger an investment agreement or similar document (an “**Investment Agreement**”), and the Arranger will undertake to provide a copy of such signed Investment Agreement to the Issuer. Unless the Constituting Instrument specifies otherwise, by virtue of having signed an Investment Agreement, each initial purchaser or holder of the Registered Notes of a U.S. Series or U.S. Tranche shall have made certain representations, warranties, acknowledgements and agreements to and/or with the Arranger, the Dealers and the Issuer, including, but not limited to, the following:

- (i) that it is acquiring the Notes for its own account or for accounts as to which it exercises sole investment discretion (“**Clients**”) and it and any Client either (A) are not “U.S. Persons” as defined in Regulation S under the Securities Act, or (B) make the following statements, representations and acknowledgements in connection with its purchase and holding of the Notes:
 - (aa) it understands that the Notes have not been and will not be registered under the Securities Act or any state securities laws and the Issuer has not been and will not be registered as an investment company under the 1940 Act. Accordingly, the Notes may not be offered, sold or otherwise transferred except in a transaction that is exempt from the registration requirements of the Securities Act and state securities laws and does not require the Issuer to register under the 1940 Act;
 - (bb) it understands that the Notes will bear the Legend, and that its investment is subject to the restrictions contained in the Legend;
 - (cc) it represents that it and any Client are “qualified institutional buyers” as defined in Rule 144A under the Securities Act or “accredited investors” within the meaning of Rule 501(a)(1), (2), (3) or (7) under Regulation D under the Securities Act who are acquiring the Notes for investment purposes and not with a view to the distribution thereof;

- (dd) it represents that it and any Client are “Qualified Purchasers” as defined in Section 2(a)(51) of the 1940 Act and the rules and regulations thereunder and will be beneficial owners of the Notes for purposes of Section 3(c)(7) of the 1940 Act and the rules and regulations thereunder; and
- (ee) it represents that it is a sophisticated investor with the knowledge, sophistication and experience in business and financial matters to allow it to evaluate the merits and risks of an investment in the Notes and that it is capable of bearing the economic risk of such investment; and
- (ii) 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 it is not using the assets of any such plan to acquire the Notes.

Transfer Letter applicable to Registered Notes of a U.S. Series/U.S Tranche

Each subsequent purchaser or transferee of Registered Notes of a U.S. Series or U.S. Tranche (whether such purchase or transfer is from the Issuer, the Arranger or a Dealer or from subsequent purchasers or transferees) will be required (unless otherwise specified in the Constituting Instrument), as a condition to its entitlement to be entered on the Register maintained by the Registrar with respect to the Notes represented by such Registered Certificates, to execute and deliver a transfer letter (a “**Transfer Letter**”) substantially in the form set out in the form of Registered Certificate comprised in the Trust Deed or in such other form as may be specified in the Constituting Instrument.

Unless otherwise specified in the Constituting Instrument, each subsequent purchaser or transferee of Registered Notes of a U.S. Series or U.S. Tranche shall have, by virtue of having signed a Transfer Letter, represented, warranted, acknowledged and agreed with the Arranger, each Dealer and the Issuer that:

- (i) the Notes have not been and will not be registered under the Securities Act or any state securities laws and the Issuer has not been and will not be registered as an investment company under the 1940 Act. Accordingly, the Notes may not be offered, sold or otherwise transferred except in a transaction that is exempt from the registration requirements of the Securities Act and state securities laws and does not require the Issuer to register under the 1940 Act;
- (ii) it is (A) not a U.S. Person as defined in Regulation S under the Securities Act or (B) both (1) a “qualified institutional buyer” as defined in Rule 144A under the Securities Act or an “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) under Regulation D under the Securities Act, (2) a “Qualified Purchaser” as defined in Section 2(a)(51) of the 1940 Act and the rules and regulations thereunder that is the beneficial owner of such Notes for purposes of Section 3(c)(7) of the 1940 Act and the rules and regulations thereunder; and
- (iii) 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.

Transfers of Registered Notes of a U.S. Series/U.S. Tranche

The Issuer has agreed to limit to QPs those U.S. Persons which are at any time the beneficial owners of Notes of a U.S. Series or U.S. Tranche. The Issuer may put in place procedures (which may include certification requirements) to ensure that transfers will not result in the Notes being held by any U.S. Person who is not a QP.

Subject as provided in the relevant Constituting Instrument, requests for the transfer of the whole or part of a Registered Certificate in an Authorised Denomination or an integral multiple thereof may be made by the surrender of the Registered Certificate, together with the form of transfer endorsed on such Registered Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a Registered Certificate, a new Registered Certificate in respect of the balance not transferred will be issued to the transferor.

Each new Registered Certificate to be issued upon transfer of Registered Notes of a U.S. Series or U.S. Tranche will (subject as referred to in the relevant Transfer Letter and/or the Constituting Instrument) within three business days (in the place of the specified office of the Registrar or Transfer Agent to whom the form of transfer shall have been delivered) of receipt of such form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) stipulated in the form of transfer, or be mailed at the risk of the holder entitled to the Registered Certificate to such address as may be specified in such form of transfer.

Exchange of Registered Certificates on transfer will (subject as provided in the relevant Constituting Instrument) be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment (or the giving 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.

No Noteholder may require the transfer of a Registered Certificate to be registered during the period of 15 days ending on the due date for any payment of principal, interest or any amounts due upon redemption of such Note.

Payments of principal or interest (if any) at the request of the holder (or all holders, if more than one) shall be made through the relevant Clearing System or, if so specified in the Constituting Instrument, through the person named in such Constituting Instrument, against, in the case of payments of principal only, presentation or surrender, as the case may be, of the Global Registered Certificate. A Global Registered Certificate will be exchangeable, in whole but not in part, for Registered Certificates if the Issuer would suffer a material disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of the relevant Clearing System which would not be suffered were the Notes in definitive registered form (and a certificate to such effect is given to the Trustee) or otherwise only at the request of the holder (or all holders, if more than one) (i) if the relevant Clearing System is closed for business for a continuous period of 14 days (otherwise than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or to cease to make its book-entry system available for settlement of beneficial interests in such Global Registered Certificate or does in fact do either of such things and no alternative clearing system satisfactory to the Trustee, the Principal Paying Agent and the Registrar is available; or (ii) an Event of Default under Condition 9 occurs and is continuing and payment is not made on due presentation of the Global Registered Certificate for payment all as set out in the Constituting Instrument. In such case, Registered Certificates issued in exchange for the Global Registered Certificate shall bear such legend, and holders of the Registered Certificates issued on exchange shall be required to comply with such transfer and resale restrictions, as may be required to permit compliance with the Securities Act and the 1940 Act with respect to such Registered Certificates.

For so long as the Notes are represented by a Global Registered Certificate and the Global Registered Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or an Alternative Clearing System, beneficial interests in Notes will only be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg or such Alternative Clearing System, as appropriate, and each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other

than each such clearing system to the extent that it is an account holder with the other clearing system for the purpose of operating the “bridge” between the clearing systems) or an Alternative Clearing System as the holder of a particular principal amount of the Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or such Alternative Clearing System as to the principal amount of the Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Trustee and the Agents as the holder of such principal amount of the Notes (and the expression “**Noteholders**” and references to “**holding of Notes**” and to “**holder of the Notes**” shall be construed accordingly) for all purposes other than the entitlement to receive payments of principal, interest or any amounts due on redemption in respect of the Global Registered Certificate.

In the case of Registered Notes placed under Rule 144A, so long as any of such Notes 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 Section 13 or 15(d) of the Exchange Act or becomes exempt from such reporting requirements pursuant to, and complies with, Rule 12g3-2(b) under the Exchange Act, provide to each holder of such restricted securities and to each prospective purchaser (as designated by such holder) of such restricted securities, upon the request of such holder or prospective purchaser, any information required to be provided by Rule 144A(d)(4) under the Securities Act.

Any purchaser of Notes that is a registered U.S. investment company should consult its own counsel regarding the applicability of Section 12(d) and Section 17 of the 1940 Act and the rules promulgated thereunder to its purchase of the Notes and should reach an independent legal conclusion with respect to the issues involved in such purchase.

Alternative procedures

If the relevant Constituting Instrument specifies that the Alternative Procedures apply, such Registered Notes of a U.S. Series or U.S. Tranche will be initially represented by a Global Registered Certificate deposited with Cede & Co, as nominee of DTC, and will be eligible for deposit and clearance through DTC only. Unless otherwise specified in the applicable Constituting Instrument, such Notes may be offered or sold only to non-U.S. Persons (as defined in Regulation S under the Securities Act) outside the United States or to persons reasonably believed by the Issuer and the Arranger to be QIBs under Rule 144A that are also QPs under the 1940 Act. 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 – U.S. Transfer Restrictions in the Event that the Alternative Procedures Apply” in the Base Prospectus.

In the event that a holder of a beneficial interest in a Global Registered Certificate is a U.S. Person and is determined not to be a Qualifying QIB/QP (as defined under the heading “Subscription and Sale – U.S. Transfer Restrictions in the Event that the Alternative Procedures Apply” in the Base Prospectus), the Issuer shall have the right (the “**Sale/Redemption Right**”) to (1) force the holder to sell such beneficial interest to a non-U.S. Person in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act or to a U.S. Person that is a Qualifying QIB/QP, or (2) redeem the Notes held by the holder for a redemption price per Note equal to the Early Redemption Amount (as defined in Condition 7(g)). 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.

Unless otherwise specified in the Constituting Instrument, each purchaser or holder of Notes to which the Alternative Procedures apply 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.

Any Global Registered Certificate to which the Alternative Procedures apply will bear a legend (the “**Global Legend**”) setting forth (1) the minimum denomination of the Global Registered 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 – U.S. Transfer Restrictions in the Event that the Alternative Procedures Apply” in the Base Prospectus. Transfers of such Global Registered 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 U.S. Series are outstanding.

If the Alternative Procedures apply, the Issuer will, for so long as any Notes of a U.S. Series or U.S. Tranche are outstanding, use all reasonable endeavours to take certain actions to maintain its qualification for exemption from registration as an “investment company” under the 1940 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 Global Registered 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 Global Registered Certificates.

The Issue Agent on behalf of the Issuer shall also send a notice (the “**Annual DTC Notice**”) to DTC Participants holding an interest in a Global Registered 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 Global Registered Certificate, containing information substantially to the same effect as that set forth under the heading “Subscription and Sale – U.S. Transfer Restrictions in the Event that the Alternative Procedures Apply” in the Base Prospectus.

(c) *Authorised Denomination*

Authorised Denomination means the denomination or denominations specified as such in the Constituting Instrument.

(d) *Type of Note*

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Variable Coupon Amount Note, a Long Maturity Note, an Interest Only Note (depending upon the basis for calculating interest specified in the Constituting Instrument) or such other form of Note as the Issuer and the Arranger may agree that the Issuer can issue under the Programme and shall have such other terms as are specified in the Constituting Instrument. All payments in respect of this Note shall be made in the currency shown on its face unless it is specified in the Constituting Instrument to be a Dual Currency Note (which for the purposes of these Conditions shall include Notes in respect of which payments shall, or may at the option of the Issuer or any holder, be made in more than one currency or in a different currency than that which would otherwise prevail in the absence of the exercise of any such option), in which case payments shall be made on the basis specified in the Constituting Instrument.

Interest bearing Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest (if any) due after the Maturity Date (as defined in Condition 7(a)), or other date for redemption) and Coupons in these Conditions are not applicable. After all the Coupons attached to or issued in respect of any Bearer Note which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and, if applicable, one further Talon, will be issued against presentation and surrender of the relevant Talon at the specified office of any Paying Agent. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

2. Exchange of Notes

(a) *Exchange of Bearer Notes*

Subject as provided in this Condition 2 and provided that, in the case of D Notes, certification of non-U.S. beneficial ownership has been received, Bearer Notes exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") may be exchanged for the same aggregate principal amount of Registered Notes of an Authorised Denomination at the request in writing of the relevant Noteholder and upon surrender of the Exchangeable Bearer Note to be exchanged together with all unmatured Receipts, Coupons and Talons relating to it (if any) at the specified office of the Registrar or any Transfer Agent. Where, however, an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 8(b)(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, unless otherwise specified in the Constituting Instrument.

(b) *Delivery of new Registered Certificate/Global Registered Certificate*

Each new Registered Certificate or Global Registered Certificate to be issued upon request for exchange of Exchangeable Bearer Notes will, within three business days (in the place of the specified office of the Registrar or Transfer Agent to whom such request for exchange shall have been delivered) of receipt of such request for exchange, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) stipulated in the request for exchange, or be mailed at the risk of the holder entitled to the Registered Certificate or Global Registered Certificate to such address as may be specified in such request for exchange.

(c) *Formalities free of charge*

The issue of Registered Certificates or a Global Registered Certificate upon an exchange of Bearer Notes and registration of the holder thereof will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant holder (or the giving of such indemnity by the relevant holder as the Registrar or the relevant Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to it.

(d) *Closed periods*

No Noteholder may require a Bearer Note to be exchanged for a Registered Note during the period of 15 days ending on the due date for any payment of principal on that Note or any payment of interest thereon or after such Note has been called for redemption.

(e) *Authorised Denomination*

Bearer Notes of one Authorised Denomination may not be exchanged for Bearer Notes of another Authorised Denomination.

3. Status of Notes and Issuer Expenses

(a) *Status*

The Notes, Receipts, Coupons and Talons (if any) of any Series are secured limited recourse obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 10 and will rank *pari passu* without any preference among themselves, save in the case of a Series of Notes comprising more than one Tranche or class of Notes, in which case the Notes of each such Tranche or class will rank *pari passu* and without any preference among themselves but not, save to the extent specified in the Constituting Instrument, with Notes of another Tranche or class comprised in such Series. In such a case the ranking and preference of each class or Tranche of Notes will be as set out in the Constituting Instrument.

(b) *Issuer Expenses*

The fees, costs and expenses payable by or on behalf of the Issuer in respect of the issuance of Notes and Alternative Investments from time to time under the Programme shall be paid by the Arranger pursuant to the terms of the expenses letter entered into between the Issuer, the Trustee and the Arranger (the “**Programme Expenses Letter**”) and the fees, costs and expenses of the Issuer in respect of any Series of Notes, to the extent that the Arranger will not have already agreed to pay such costs and expenses pursuant to the Programme Expenses Letter, shall be paid by the Arranger pursuant to an expenses letter in respect of the relevant Series between the Issuer, the Trustee and the Arranger (the “**Series Expenses Letter**”).

4. Security

(a) Security

Unless otherwise specified in the Constituting Instrument and/or any Additional Charging Instrument, if applicable, any and all security granted by the Issuer in respect of any Series shall be granted with full title guarantee and as continuing security in favour of the Trustee, who shall hold such security on trust for each Swap Counterparty, if there are one or more Charged Agreements in respect of the Series, the Noteholders and such other persons as may be specified in the Constituting Instrument and/or any Additional Charging Instrument, if applicable, such security being held in the order of priority described in Condition 4(d) and as more particularly specified in the Constituting Instrument and/or any Additional Charging Instrument, if applicable.

The Trust Deed provides that 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 to the Trustee. Unless otherwise provided in the Constituting Instrument and/or any Additional Charging Instrument, pursuant to Condition 4(d), the person ranking in priority immediately after the Trustee will be the Swap Counterparty. Subject as provided in Conditions 4(c) and 9, however, any Swap Counterparty may direct the Trustee to enforce the security constituted by the relevant Constituting Instrument in respect of the Series.

The obligations of the Issuer under the Notes and the Receipts or Coupons (if any) appertaining thereto are, unless otherwise specified in the Constituting Instrument and/or any Additional Charging Instrument, if applicable, secured by:

- (i) a first fixed charge on, and/or by an assignment of and/or another security interest over, certain securities and/or agreements and/or rights (contractual or otherwise) and/or other assets (and/or the benefit, interest, right and/or title thereof, therein or thereto) (including, without limitation, as the case may be, (aa) bonds, commercial paper, notes, debentures, promissory notes, certificates of deposit, bills of exchange or other debt securities or negotiable instruments of any form, denomination, type and issuer, (bb) shares, stock or other equity securities of any form, denomination, type and issuer, (cc) the benefit of loans, evidences of indebtedness, and other rights, contractual or otherwise (including, without limitation, sub-participations, documentary or stand-by letters of credit or swap, option, exchange or other arrangements of the type contemplated in the definition of “Charged Agreement” in Condition 4(b), derivatives, commodity interests, assignments, participation, transferable loan certificates or instruments and/or any other instrument comprising, evidencing, representing and/or transferring such securities and/or agreements and/or rights (contractual or otherwise)) assigned or transferred to, or otherwise vested in, or entered into by, the Issuer as specified in the Conditions (the “**Charged Assets**”, which expression shall include any Replacement Charged Assets) and all rights and all sums (“**Proceeds**”) derived therefrom);
- (ii) an assignment by way of security of the Issuer's rights against the Custodian under the Custody Agreement and all sums derived therefrom and a first fixed charge on all funds in respect of the Charged Assets held from time to time by the Custodian;
- (iii) a first fixed charge on all funds held from time to time by the Principal Paying Agent or, as the case may be, the Registrar to meet payments due under the Notes, the Receipts and the Coupons (if any), including any Cash Collateral held in the Cash Account in relation to the Notes;

- (iv) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement and all sums derived therefrom; and
- (v) an assignment by way of security of the Issuer's rights, title and interest against the Arranger and each Dealer in relation to the Notes under the relevant Placing Agreement and against the seller of the Charged Assets under the relevant Charged Assets Sale Agreement.

In addition, the proceeds of issue of any Series (or a portion thereof) may, if so specified in the relevant Constituting Instrument, be on-lent to the Japan Branch for application, inter alia, in the acquisition of the Charged Assets, in which case the security for such Series shall also include a pledge governed by Japanese law granted by the Japan Branch over the Charged Assets (or the relevant Charged Assets acquired by the Japan Branch) in favour of the Trustee.

Save as otherwise specified in the Constituting Instrument, the obligations of the Issuer under the Notes and the Receipts or Coupons (if any) appertaining thereto are also secured by an assignment of the Issuer's rights, title, benefit and interest in, to and under each Charged Agreement. Unless otherwise provided in the Constituting Instrument, such security shall extend to the obligations of the Issuer under any Further Notes (as defined in Condition 16) (and the Receipts and Coupons (if any) appertaining thereto) issued in accordance with Condition 16 and consolidated and forming a single Series with this Series. The property and other assets described above securing the obligations of the Issuer under the Notes (and any Further Notes) and the Receipts and Coupons (if any) appertaining thereto are herein collectively referred to as the **"Collateral"**.

The Issuer's obligations to each Swap Counterparty under a Charged Agreement are, unless otherwise specified in the Constituting Instrument, secured as provided in the second preceding paragraph and sub-paragraphs (i) to (v) of this Condition 4(a). Unless otherwise provided in the Constituting Instrument or in the Further Constituting Instrument (as defined in Condition 16), such security in favour of a Swap Counterparty shall extend to the obligations of the Issuer under any Further Charged Agreement (as defined in Condition 16) supplemental to such Charged Agreement entered into in accordance with Condition 16.

To the extent that an obligor in respect of the Charged Assets fails to make payments to the Issuer under the relevant Charged Assets on the due date therefor, the Issuer will be unable to meet its obligations under the Charged Agreement and/or unable to meet its obligations in respect of the Notes, the Receipts, or the Coupons (if any) as and when they fall due. In such event, and subject to Condition 4(c), the Notes will become repayable in accordance with Condition 7, subject to the provisions of Condition 10.

The Notes are capable of being declared immediately due and repayable prior to their stated date of maturity or other date or dates for their redemption following the occurrence of any of the events of default more particularly specified in Condition 9. On notice having been given to the Issuer by the Trustee following any such occurrence, the Notes will become repayable in accordance with Condition 9, subject to the provisions of Condition 10.

Upon the Notes becoming repayable, the amount payable to Noteholders may be less, and potentially substantially less, than the principal amount of the Notes.

(b) **Charged Agreements**

The Issuer (acting directly or through the Japan Branch) has, unless otherwise specified in the Constituting Instrument, entered into one or more Charged Agreements. A Charged Agreement may comprise (i) any transaction which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions), in each case, as applicable, whether single-name

or portfolio-based, (ii) any transaction which is a type of transaction that is similar to any transaction referred to in (i) that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and that is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, or economic indices or measures of economic risk or value and any combination of the foregoing transactions, or (iii) any other transaction executed with a Swap Counterparty specified in the Constituting Instrument under which a Swap Counterparty may make certain payments and/or deliveries of securities or other assets to the Issuer in respect of amounts due on or deliveries in respect of the Notes and Receipts or Coupons (if any) and the Issuer (acting directly or through the Japan Branch) may make certain payments and/or deliveries of securities or other assets to that Swap Counterparty on receipt thereof by the Issuer (acting directly or through the Japan Branch) out of sums or deliveries received by the Issuer on the Charged Assets all as more particularly described in the Constituting Instrument. Any Charged Agreement may, subject in the case of a rated Series to the requirements of any relevant recognised debt rating agency which at any time has assigned a current rating to the Notes at the request of the Issuer (such recognised debt rating agency or any such successor or replacement thereto or therefor or alternative rating agency being herein referred to as a “**Rating Agency**”, and the terms “**rated**” and “**rating**” shall be construed accordingly), contain provisions requiring the relevant Swap Counterparty to deposit security, collateral or margin, or to provide a guarantee, in certain circumstances all as more particularly described in the Constituting Instrument. In the absence of such requirement, no such security, collateral, margin or guarantee will be made or provided. Each Charged Agreement will terminate if the Notes are redeemed pursuant to Condition 7(b), Condition 7(c), Condition 7(d), Condition 7(e) or Condition 7(f) or following a Non-Call Redemption and will be partially or wholly terminated in the event of a redemption pursuant to the paragraph headed “Alternative procedures” of Condition 1(b)(3) or Condition 7(h) or Condition 7(k), a purchase pursuant to Condition 7(i) or on an exchange pursuant to Condition 7(j). In the event of an early termination, either party to a Charged Agreement may be liable to make a termination payment to the other as provided in such Charged Agreement.

To the extent that a Swap Counterparty fails to make payments due to the Issuer under any Charged Agreement the Issuer will be unable to meet its obligations in respect of the Notes or the Receipts or Coupons (if any). In such event, the Charged Agreement will be terminated and, subject to Condition 4(c), the Notes will become repayable in accordance with Condition 7.

The Trust Deed provides that the Trustee shall not be bound or concerned to, nor will the Issuer, make any investigation into the creditworthiness of any Swap Counterparty or any guarantor thereof, the validity or enforceability of any of any Swap Counterparty's obligations under any Charged Agreement or of any guarantee of any such obligation or any of the terms of any Charged Agreement (including, without limitation, whether the cashflows from the Charged Assets, any Charged Agreement and the Notes are matched) or any such guarantee.

Further information relating to Charged Agreements is provided in “Description of Charged Agreements”.

(c) ***Enforcement and Realisation of the Collateral***

In the event that the security constituted by the relevant Trust Deed and any Additional Charging Instrument shall become enforceable as provided in Condition 7(g), 7(h), 7(i) or 9 the Trustee shall have the right to enforce its rights under the Trust Deed and/or if applicable, any Additional Charging Instrument in relation to the Collateral and shall do so if so directed (i) in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or (ii) by an Extraordinary Resolution of the Noteholders or (iii) in writing by a Swap Counterparty (if any) if the relevant Charged Agreement (if any) has terminated in accordance with its terms and any sum remains owing to the Swap Counterparty under such Charged Agreement, but in each case without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, individual Noteholders or any Swap Counterparty, provided that the Trustee shall not be required to take any action unless, at its request, it is first secured and/or indemnified to its satisfaction.

If so specified in the Constituting Instrument, a Realisation Agent may be appointed in respect of a particular Series of Notes on the terms set out in the Constituting Instrument, provided that the Realisation Agent, on written notice to the Issuer and the Trustee, may resign its appointment as Realisation Agent at any time (with or without reason) and without any liability therefor, whereupon the terms and provisions in this Condition 4(c) in respect of such Realisation Agent and Series of Notes shall not apply to the Realisation Agent specified in such Constituting Instrument.

In addition, if a Realisation Agent has been appointed in respect of a particular Series of Notes, and the Notes are to be redeemed (in whole or in part) under Condition 7(b), 7(c), 7(d), 7(e), 7(h), 7(i) or 9 or following a Non-Call Redemption and it is necessary for the Issuer to sell the Charged Assets or part thereof, the Issuer shall instruct the Realisation Agent to arrange for and administer such sale in accordance with this Condition 4(c), provided that the Realisation Agent, if it elects to act as Realisation Agent, shall not be required to take any action unless, at its request, it is first indemnified to its satisfaction by the Issuer and/or by the holder or holders of the Notes. By its purchase of any Notes, each holder thereof hereby fully and irrevocably releases the Realisation Agent and holds it harmless from any and all liability (however arising or based, in contract, tort, equity or otherwise) in respect of its actions or failures to act as Realisation Agent, except for any liability that shall have been caused by the Realisation Agent's own fraud or wilful default.

If a Realisation Agent has been appointed in respect of the Notes, the Realisation Agent shall endeavour to sell or otherwise realise the Charged Assets within a period (the "**Realisation Period**") of not less than 30 Business Days nor more than 40 Business Days or such other period as contemplated by these Conditions (or as otherwise specified in the Constituting Instrument) from the date on which it receives an instruction to do so at such price as is determined in accordance with this Condition 4(c) and on such terms as the Realisation Agent determines in its sole and absolute discretion are available in the market at such time (consistent with the price obtained), less all costs and expenses, including without limitation any commissions, taxes, fees, duties or other charges applicable thereto. The Issuer will procure that, so long as any Note remains outstanding, there shall at all times be a Realisation Agent if provision is made for the same in the related Constituting Instrument and which unless specified otherwise in the Constituting Instrument shall be the Swap Counterparty.

If the Realisation Agent is unable or unwilling to act as such the Issuer will, with the prior written consent of the Trustee and the Swap Counterparty, appoint the London office of a leading international investment bank to act as such.

If the Realisation Agent has not been able to liquidate all or part of the Charged Assets within the Realisation Period it must sell them at its expiry, irrespective of the price obtainable and regardless if such price is close to or equal to zero. If, however, the Realisation Agent determines that there is no available market for the Charged Assets, or if the Realisation Agent otherwise determines that it is impossible to sell or otherwise realise the Charged Assets or any part thereof, the Realisation Agent will promptly notify the Issuer, the Trustee and the Swap Counterparty of such lack of availability or impossibility and the Realisation Agent shall not be required to effect the sale or other realisation of the Charged Assets or any part thereof. Any such determination by the Realisation Agent shall be in its sole discretion and shall be binding on the Issuer, the Trustee, the Swap Counterparty and the Noteholders. In the event that the Realisation Agent makes such determination the Trustee at its discretion may, and shall if so requested or directed in accordance with the first paragraph of this Condition 4(c) (but subject in each case to its being secured and/or indemnified in accordance with such paragraph), realise all or part of the Charged Assets by other means.

In order to liquidate all or part of the Charged Assets within the Realisation Period, the Realisation Agent shall only be required to take reasonable care to ascertain a price that is available for the sale or other realisation of the Charged Assets at the time of the sale or other realisation for transactions of the kind and size concerned and the Realisation Agent shall not be required to delay the sale or other realisation for any reason including the possibility of achieving a higher price. The Realisation Agent shall sell at a price which it reasonably believes to be representative of the price available in the market for the sale of the Charged Assets in the appropriate size taking into account the length of the Realisation Period and the total amount of Charged Assets to be sold during that Realisation Period. In carrying out the sale or other realisation of the Charged Assets, the Realisation Agent may sell to its affiliates or to the Swap Counterparty provided that (i) the Realisation Agent shall sell at a price which it believes to be a fair market price or (ii), where the

amount payable to the Noteholders varies according to the sale price obtained, the Trustee is satisfied that the sale price is a fair market price. A sale price shall be deemed to be a fair market price if the Realisation Agent certifies to the Trustee that two financial institutions, funds, dealers or other persons that deal in, or enter into transactions referencing, obligations of the same type as the Charged Assets, have either refused to buy the relevant securities in whole or offered to buy them at a price equal to or less than such sale price.

The Realisation Agent shall not be liable (i) to account for anything except the actual net proceeds of the Charged Assets received by it or (ii) for any costs, charges, losses, damages, liabilities or expenses arising from or connected with the sale or otherwise unless such costs, charges, losses, damages, liabilities or expenses shall have been caused by its own fraud or wilful default. Nor shall the Realisation Agent be liable to the Issuer, the Noteholders, the Trustee or any other person merely because a higher price could have been obtained had the sale or other realisation been delayed or to pay to the Issuer, the Noteholders, the Trustee or any other person interest on any proceeds from the sale or other realisation held by it at any time. The Realisation Agent may, notwithstanding that its interests and the interests of holders of the Notes may conflict, pursue such actions and take such steps as it deems necessary or appropriate in its sole and absolute discretion to protect its interests, without regard to whether such action or steps might have an adverse effect on the Notes, Charged Assets, or other obligations or interests of the issuers or obligors thereof or any holders of Notes.

The Trustee shall have no responsibility or liability for the performance by the Realisation Agent of its duties under this Condition 4(c) or for the price at which any of the Charged Assets may be sold or otherwise realised.

The net sums (if any) realised upon the security becoming enforceable pursuant to the Conditions may be insufficient to pay all the amounts due to each Swap Counterparty (if any) and to the Noteholders. In such event, any shortfall shall, unless otherwise specified in the Constituting Instrument, be borne by the Noteholders and by each Swap Counterparty (if any) in the order of priority described in Condition 4(d) and as more particularly specified in the Constituting Instrument and/or any Additional Charging Instrument, if applicable.

(d) *Application*

After meeting the expenses and remuneration of and any other amounts due to the Trustee, including in respect of liabilities incurred, or to any receiver appointed pursuant to the relevant Trust Deed and/or, if applicable, any Additional Charging Instrument, in each case in respect of the Notes, and subject as provided in such Constituting Instrument and/or, if applicable, any Additional Charging Instrument, the net proceeds of the enforcement of the security constituted pursuant to the relevant Trust Deed and/or, if applicable, any Additional Charging Instrument will be applied as follows:

- (i) first, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement;
- (ii) secondly, in meeting the claims (if any) of the Noteholders *pari passu* and rateably; and
- (iii) thirdly, in payment of the balance (if any) to the Issuer,

or any other basis of distribution provided for in the relevant Constituting Instrument.

(e) *Shortfall after application of proceeds*

If the net proceeds of the security constituted pursuant to the relevant Trust Deed and/or, if applicable, any Additional Charging Instrument for any Series of Notes, such security having been enforced under Condition 4(c), are not sufficient to make all payments due in respect of the Notes and Receipts or Coupons (if any) and for the Issuer to meet its obligations (if any) in respect of the termination of each Charged Agreement (if any) or otherwise in respect of that Series, the other assets of the Issuer (including, without limitation, assets securing or otherwise attributable to any other Series of Notes) will not be available for payment of any shortfall arising therefrom or to meet any other claim of whatever nature howsoever arising. Any such shortfall will be borne, following enforcement of the security for the Notes, first by the Noteholders and then by any such Swap

Counterparty, in accordance with the order of priorities on enforcement specified in Condition 4(d), unless otherwise provided in the applicable Prospectus and the related Constituting Instrument and/or Additional Charging Instrument, if applicable. Claims (including without limitation after as well as before any court judgment or arbitral award) in respect of any such shortfall remaining after realisation of the security under Condition 4(c) and application of the proceeds in accordance with the relevant Trust Deed and Condition 4(d), and any other claims (including as aforesaid) of whatever nature howsoever arising, shall be extinguished and failure to make any payment in respect of any such shortfall or claim shall in no circumstances constitute an Event of Default under Condition 9 in respect of the Notes or in respect of any notes of any other Series.

Pursuant to Condition 10, none of the Trustee, any Noteholder or any Swap Counterparty, shall be entitled to petition or take any other step for the winding-up of the Issuer in relation to any shortfall in respect of any Series remaining after the realisation of the security under Condition 4(c) or otherwise on any other grounds in respect of any claim of whatever nature, nor shall any of them have any claim in respect of any sums due but still unpaid and/or which may become due and/or howsoever arising or on any account whatsoever over or in respect of any assets of the Issuer other than the Collateral for the Series to which the Notes relate, whether or not such assets are or purport to be security for any other Series.

Neither the Trustee nor the Custodian is under any obligation to maintain any insurance in respect of any part of the security constituted pursuant to the relevant Trust Deed, whether against loss of such security by theft or fire, in respect of fraud or forgery or against any other risk whatsoever.

(f) ***Replacement Charged Assets***

Where “**Charged Assets Replacement**” is specified as applicable in the Constituting Instrument, the Swap Counterparty may, by delivery (which may be by e-mail transmission) to the Issuer (copied to the Trustee and the Custodian) of a Charged Assets replacement notice, substantially in the form set out in Schedule 4 to the Master Agency Terms (a “**Charged Assets Replacement Notice**”), require the Issuer to deliver or procure the delivery of, and the Custodian on behalf of the Issuer shall so deliver, any Charged Assets (the “**Replaced Charged Assets**”) in return for which the Swap Counterparty will, in accordance with the provisions below, deliver or transfer to the Issuer Replacement Charged Assets in an aggregate principal amount equal to the aggregate principal amount of the Replaced Charged Assets on such effective date as may be specified in, and all in accordance with, such Charged Assets Replacement Notice (the “**Charged Assets Replacement**”).

Where:

- (i) the Charged Assets are comprised wholly or partially of bonds issued by the Government of Japan (“**JGBs**”), the Swap Counterparty may in its sole discretion, from time to time, from and including the Issue Date to but excluding the day falling 5 Business Days prior to the Maturity Date of the Notes, replace such JGBs with an equivalent principal amount of Replacement Charged Assets which are comprised of convertible bonds (“**CBs**”) (which may be Defaulting Assets (as defined in Condition 7)), and in addition, to the extent the proposed Replacement Charged Assets which comprise CBs are Defaulting Assets, the Swap Counterparty may, at its sole discretion, instead replace such JGBs with cash in an amount in the currency of denomination of such Defaulting Assets equal to the cash market value of such Defaulting Assets (as determined by the Determination Agent in its sole and absolute discretion); and
- (ii) the Charged Assets are comprised wholly or partially of CBs, the Swap Counterparty may, in its sole discretion, from time to time, from and including the Issue Date to but excluding 5 Business Days prior to the Maturity Date of the Notes, upon such CBs having become Defaulting Assets, replace such CBs with (i) cash in an amount in the currency of denomination of such CBs equal to the cash market value of such Defaulting Assets (as determined by the Determination Agent in its sole and absolute discretion); or (ii) such Replacement Charged Assets as may be specified in the Constituting Instrument (which may comprise CBs or JGBs) with an aggregate principal amount equal to the principal amount of the Replaced Charged Assets.

Any delivery or transfer of the Replaced Charged Assets by the Issuer (or the Custodian on behalf of the Issuer) or the Replacement Charged Assets or cash by the Swap Counterparty shall be made with full title guarantee, free and clear of all charges, liens and encumbrances (other than any Permitted Limitation on Title) and with the benefit of all rights and entitlements thereto and therein subsisting as at the date of the Charged Assets Replacement.

The Replacement Charged Assets or cash shall form part of the Charged Assets. Any Replaced Charged Assets so delivered or transferred by the Issuer shall be deemed automatically released from the Collateral and any Replacement Charged Assets or cash so delivered or transferred or paid by the Swap Counterparty shall form part of the Collateral. Notwithstanding the release of the Replaced Charged Assets from the Collateral, such released Replaced Charged Assets shall be deemed to be "Charged Assets" for the purpose of Condition 7(b).

Any Charged Assets Replacement shall be subject to (a) compliance with all relevant laws, regulations and directives; (b) the terms and conditions of the Replaced Charged Assets and the Replacement Charged Assets; (c) the Swap Counterparty paying any costs and expenses (including, without limitation, any securities transaction tax or other tax or any stamp duty) payable by or on behalf of the Issuer in connection with such Charged Assets Replacement; and (d) delivery or transfer of the Replacement Charged Assets to the Issuer or of the Replacement Charged Assets by the Issuer to a third party not requiring or causing the Issuer to assume, and not subjecting the Issuer to, any obligation or liability (other than immaterial non-payment obligations or any assignment or transfer fee in respect of a loan).

(g) *Cash Collateral*

If it is so specified in the Constituting Instrument, in lieu of all or any part of the CBs, JGBs or any other bonds or securities specified in the Constituting Instrument to be the Charged Assets, the Charged Assets may, as of the Issue Date, instead comprise cash in the currency in which such CBs or JGBs or other bonds or securities (as the case may be) are denominated in an amount equal to the principal amount of such CBs or JGBs or other bonds or securities (as the case may be) ("**Cash Collateral**") and such cash shall be deposited in the Cash Account on the Issue Date of the relevant Series of Notes. Following the Issue Date, the Swap Counterparty may, in its sole discretion from time to time, deliver a notice in writing (which may be by e-mail transmission) to the Issuer (with a copy to the Trustee and the Custodian) (a "**Collateral Switch Notice**") to replace (a "**Collateral Switch**") all or any part of such Cash Collateral (the "**Switch-out Cash Collateral**") by delivery to the Issuer of a principal amount of CBs or JGBs or any such bonds or securities (the "**Switch-in Charged Assets**") equal to the amount of Switch-out Cash Collateral on such effective date as may be specified in, and all in accordance with, such Collateral Switch Notice, and the amount of Cash Collateral shall thereby decrease accordingly.

Any delivery or transfer of Switch-out Cash Collateral by the Issuer (or the Custodian on behalf of the Issuer) or Switch-in Charged Assets by the Swap Counterparty shall be made with full title guarantee, free and clear of all charges, liens and encumbrances (other than any Permitted Limitation on Title) and with the benefit of all rights and entitlements thereto and therein subsisting as at the date of the Collateral Switch.

The Switch-in Charged Assets shall form part of the Charged Assets. Any Switch-out Cash Collateral so transferred by the Issuer shall be deemed automatically released from the Collateral and any Switch-in Charged Assets so delivered by the Swap Counterparty shall form part of the Collateral.

Any Collateral Switch shall be subject to (a) compliance with all relevant laws, regulations and directives; (b) the terms and conditions of the Switch-in Charged Assets (in the case of delivery or transfer of Switch-in Charged Assets); (c) the Swap Counterparty paying any costs and expenses (including, without limitation, any securities transaction tax or other tax or any stamp duty) payable by or on behalf of the Issuer in connection with such Collateral Switch; and (d) delivery or transfer of the Switch-out Cash Collateral or the Switch-in Charged Assets to the Issuer or by the Issuer to a third party not requiring or causing the Issuer to assume, and not subjecting the Issuer to, any obligation or liability (other than immaterial non-payment obligations or any assignment or transfer fee in respect of a loan).

5. Restrictions

So long as any of the Notes remain outstanding (as defined in the Trust Deed), the Issuer has covenanted that it will not, without the prior written consent of the Trustee and each Swap Counterparty (if any):

(A) engage in any activity or do anything whatsoever except:

- (i) issue or enter into or create the Notes or other series of notes (each a “**Discrete Series**”) or Alternative Investments (as defined below) and provided always that any such Discrete Series or Alternative Investments are issued, entered into or created on terms that such Discrete Series or Alternative Investments is or are secured on or otherwise limited in recourse to specified assets of the Issuer (or the proceeds thereof or an amount equivalent thereto) which do not form part of the Collateral for the Notes or (unless expressly specified by the terms and conditions applicable to a Discrete Series or to any Alternative Investments) the assets securing, or to which recourse is otherwise limited in respect of, any other Discrete Series or any other Alternative Investments and on terms which provide for the extinguishment of all claims in respect of such Discrete Series or Alternative Investments after application of the proceeds of the specified assets on which such Discrete Series or Alternative Investments is or are secured or to which recourse is otherwise limited;
- (ii) enter into the Trust Deed, the Agency Agreement, any Custody Agreement and any Charged Agreement in relation to the Notes and all other deeds and agreements of any other kind related thereto, the Administration Agreement and the Series Proposal Agreement (the Administration Agreement and the Series Proposal Agreement together, the “**Additional Agreements**”) and any trust deed, agency agreement, custody agreement and charged agreement relating to any Discrete Series or Alternative Investments and all other deeds or agreements of any other kind related thereto, but provided always that any such agreement or deed is entered into on terms that the obligations of the Issuer thereunder are secured on or otherwise limited in recourse to specified assets of the Issuer (other than the proceeds of its issued share capital, any transaction fees paid to it for agreeing to issue any Notes or enter into any Alternative Investments and any account in which such moneys are held) which do not form part of the Collateral for the Notes or (unless expressly specified by the terms and conditions applicable to a Discrete Series or to any Alternative Investments) the assets securing or to which recourse is otherwise limited in relation to, any other Discrete Series or any other Alternative Investments and on terms which provide for extinguishment of all claims in respect of such obligations after application of the proceeds of realisation of the specified assets on which such indebtedness or obligation is secured or to which recourse is otherwise limited or any agreements, deeds or documents in respect of the establishment and administration of the Japan Branch;
- (iii) acquire or hold, or enter into any agreement to acquire or hold or constitute, the Collateral in respect of the Notes, or the assets securing its obligations, or to which recourse is otherwise limited, under or in respect of the Notes or any Discrete Series or Alternative Investments;
- (iv) perform its obligations under the Notes, the Trust Deed, the Agency Agreement, any Custody Agreement, any Charged Agreement, the Additional Agreements and all the deeds or agreements incidental to the issue and constitution thereof or of the security therefor and under any Discrete Series or any Alternative Investments and the trust deed, agency agreement, custody agreement, charged agreement and all other deeds or agreements incidental to the issue or entering into and constitution of, or the granting of security for, Discrete Series or Alternative Investments and any agreements, deeds or documents in respect of the establishment and administration of the Japan Branch;
- (v) enforce any of its rights under the Notes, the Trust Deed, the Agency Agreement, any Custody Agreement, any Charged Agreement, the Additional Agreements or any other deed or agreement entered into in connection with the Notes, and under the trust deed, the agency agreement, any custody agreement, any charged agreement or any other deed or agreement entered into in connection with any Discrete Series or Alternative Investments

and any agreements, deeds or documents in respect of the establishment and administration of the Japan Branch; or

- (vi) perform any act incidental to or necessary in connection with the Notes, the Trust Deed, the Agency Agreement, any Custody Agreement, any Charged Agreement, the Additional Agreements or any Discrete Series or Alternative Investments or any other deed or agreement entered into in connection with the Notes or any Discrete Series or Alternative Investments or in connection with any of the above or any agreements, deeds or documents in respect of the establishment and administration of the Japan Branch;
- (B) have any subsidiaries or employees;
- (C) subject to sub-paragraph (A) above and save as have been expressly permitted by the Trust Deed, dispose of any of its property or other assets or any part thereof or interest therein (subject as provided in the terms and conditions applicable to any Discrete Series or Alternative Investments);
- (D) declare or pay any dividends;
- (E) issue or create any Discrete Series or (if applicable) enter into any Alternative Investments, unless the trustee thereof is the same person as the Trustee for the Notes;
- (F) purchase, own, lease or otherwise acquire any real property;
- (G) consolidate or merge with any other person;
- (H) issue any further shares; or
- (I) issue or create any Series of Notes or Alternative Investments unless the trustee thereof is the same person as the Trustee for the Notes.

As used in these Conditions:

“Alternative Investments” means any agreement, instrument or other transaction issued or entered into by the Issuer pursuant to which the Issuer has an obligation for the payment or repayment of money and/or to deliver or redeliver securities which is specified in the relevant Constituting Instrument constituting the same to be an “Alternative Investment” of the Issuer.

6. Interest

Words and expressions used in this Condition are defined (unless defined elsewhere in these Conditions) in Condition 6(j).

(a) *Interest Rate and Accrual*

Each Note (other than a Zero Coupon Note) bears interest on its Calculation Amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrears on each Interest Payment Date. Interest shall accrue from and including one Interest Payment Date (or, as the case may be, the Interest Commencement Date) to but excluding the next following 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 (as well after as before judgment) at the Interest Rate and in the manner provided in this Condition 6 until the Relevant Date (as defined in Condition 7(f)(3)).

(b) *Business Day Convention*

If any date referred to in these Conditions which is specified 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 in the Constituting Instrument is (i) the

Floating Rate 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 (aa) such date shall be brought forward to the immediately preceding Relevant Business Day and (bb) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen, (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.

(c) *Interest Rate on Floating Rate Notes*

If a Note is a Floating Rate Note, the Interest Rate will be determined by reference to a Benchmark as adjusted by adding thereto or subtracting therefrom the Spread (if any) or by multiplying such rate by the Spread Multiplier (if any).

The Interest Rate payable from time to time in respect of each Floating Rate Note will be determined by the Interest Calculation Agent on the basis of the following provisions:

(1) At or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, the Interest Calculation Agent will:

(A) in the case of Floating Rate Notes where it is specified in the Constituting Instrument that the Primary Source for Interest Rate Quotations shall be derived from a specified page, section or other part of a particular information service (each as specified in the Constituting Instrument), determine the Interest Rate for such Interest Period which shall, subject as provided below, be:

- (i) the Relevant Rate so appearing in or on that page, section or other part of such information service (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity), or
- (ii) the arithmetic mean (rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, 0.000005 being rounded upwards) of the Relevant Rates of the persons at that time whose Relevant Rates so appear in or on that page, section or other part of such information service,

in any such case in respect of Euro-currency deposits in the relevant currency for a period equal to the period in question more particularly referred to in the Benchmark and as adjusted by the Spread or Spread Multiplier (if any); and

(B) in the case of Floating Rate Notes where it is specified in the Constituting Instrument that the Primary Source of Interest Rate Quotations shall be the four or more Reference Banks specified in the Constituting Instrument and in the case of Floating Rate Notes falling within Condition 6(c)(1)(A) but in respect of which no Relevant Rates appear at or about such Relevant Time or, as the case may be, which are to be determined by reference to quotations of persons appearing in or on the relevant page, section or other part of such information service, but in respect of which less than two Relevant Rates appear at or about such Relevant Time, request the principal office in the Relevant Financial Centre of each of the Reference Banks (or, as the case may be, any substitute Reference Bank appointed from time to time pursuant to Condition 6(h)) to provide the Interest Calculation Agent with its Relevant Rate quoted to leading banks for Euro-currency deposits in the relevant currency for a period equivalent to the duration of such Interest Period. Where this Condition 6(c)(1)(B) shall apply, the Interest Rate for the relevant Interest Period shall, subject as provided below, be the arithmetic mean (rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, 0.000005 being rounded upwards) of such Relevant Rates as calculated by the Interest Calculation Agent as adjusted by the Spread or Spread Multiplier (if any).

- (2) If at or about the Relevant Time on any Interest Determination Date where the Interest Rate falls to be determined pursuant to Condition 6(c)(1)(B) in respect of a Floating Rate Note, two or three only of such Reference Banks provide such relevant quotations, the Interest Rate for the relevant Interest Period shall, subject as provided below, be determined as aforesaid on the basis of the Relevant Rates quoted by such Reference Banks.
- (3) If at or about the Relevant Time on any Interest Determination Date where the Interest Rate falls to be determined pursuant to Condition 6(c)(1)(B) in respect of a Floating Rate Note, only one or none of such Reference Banks provide such Relevant Rates, the Interest Rate for the relevant Interest Period shall be the rate per annum (expressed as a percentage) which the Interest Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, 0.000005 being rounded upwards) of the Relevant Rates in respect of the relevant currency which banks in the Relevant Financial Centre of the country of such currency selected by the Interest Calculation Agent (after consultation with the Trustee) are quoting at or about the Relevant Time (in such Relevant Financial Centre) on the relevant Interest Determination Date for a period equivalent to such Interest Period to leading banks carrying on business in that Relevant Financial Centre, as adjusted by the Spread or Spread Multiplier (if any) except that, if the banks so selected by the Interest Calculation Agent are not quoting as aforesaid, the Interest Rate shall be the Interest Rate in effect for the last preceding Interest Period to which Condition 6(c)(1)(A) or 6(c)(1)(B) or 6(c)(2) (as the case may be) shall have applied.

(d) *Interest Rate on Zero Coupon Notes*

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date (as defined in Condition 7(a)) shall be the “**Amortised Face Amount**” of such Note as determined in accordance with Condition 7(f)(3). As from the Maturity Date or other date for redemption, any overdue principal of such Note shall bear interest at a rate per annum (expressed as a percentage) equal to the “**Amortisation Yield**” specified in the Constituting Instrument (as well after as before judgment) to the Relevant Date (as defined in Condition 7(f)(3)).

(e) *Minimum/Maximum Rates*

If a Minimum Interest Rate is specified in the Constituting Instrument, then the Interest Rate shall in no event be less than it and if there is so specified a Maximum Interest Rate, then the Interest Rate shall in no event exceed it.

(f) *Determination of Interest Rate and calculation of Interest Amounts*

The Interest Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Interest Rate and calculate the Interest Amounts for the relevant Interest Period. 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 Calculation Amount of such Note by the Day Count Fraction specified in the Constituting Instrument, unless an Interest Amount is specified 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. The determination of the Interest Rate and the calculation of the Interest Amounts by the Interest Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(g) *Notification of Interest Rate and Interest Amounts*

The Interest Calculation Agent will cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Trustee, the Issuer, the Principal Paying Agent, or, in the case of Registered Notes, the Registrar, and each of the Paying Agents and, for as long as the Notes are Listed Notes (as defined below) and the rules of the relevant stock exchange or competent authority so require, any stock exchange or competent authority on or by which the Notes are listed or traded and to be notified to Noteholders in accordance with Condition 14 as soon as possible after their determination but in no event later than the fifth Relevant Business Day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made 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 9, the accrued interest and the Interest Rate in respect of the Notes shall nevertheless continue to be calculated and determined as previously in accordance with this Condition 6 but no publication of the Interest Rate or the Interest Amount so determined and calculated need be made.

As used in these Conditions, “**Listed Notes**” means Notes which are listed on any stock exchange.

(h) *Interest Calculation Agent and Reference Banks*

The Issuer will procure that, so long as any Note remains outstanding, there shall at all times be at least four Reference Banks with offices in the Relevant Financial Centre and an Interest Calculation Agent if provision is made for them in the Constituting Instrument. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Interest Calculation Agent is unable or unwilling to act as such, the Issuer will, with the prior written consent of the Trustee, appoint the London office of a leading bank engaged in the London interbank market to act as such in its place and its determination shall be final and binding on the parties. The Interest Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(i) *Determination or calculation by Trustee*

If the Interest Calculation Agent does not at any time for any reason so determine the Interest Rate and calculate the Interest Amounts for an Interest Period (as provided in Condition 6(f)), the Trustee shall do so. In doing so, the Trustee shall apply the provisions of Condition 6(f), with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects it shall do so in such manner as it shall, in its absolute discretion, deem fair and reasonable in all the circumstances, and each such determination or calculation shall be deemed to have been made by the Interest Calculation Agent.

(j) *Definitions*

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

“**Benchmark**” means LIBOR, LIBID, LIMEAN, EURIBOR or such other benchmark as may be specified as the Benchmark in the Constituting Instrument.

“**Calculation Amount**” means the amount specified as such in the Constituting Instrument, or if no such amount is so specified, the principal amount of any Note as shown on the face thereof.

“**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, 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 (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/Actual ICMA**” is specified:
 - (a) if the Calculation Period is equal to or shorter than the Interest Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Interest Period and (y) the number of Interest Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Interest Period, the sum of:
 - (i) the number of days in such Calculation Period falling in the Interest Period in which it begins divided by the product of (1) the number of days in such

Interest Period and (2) the number of Interest Periods normally ending in any year; and

- (ii) the number of days in such Calculation Period falling in the next Interest Period divided by the product of (1) the number of days in such Interest Period and (2) the number of Interest Periods normally ending in any year;
- (iii) if “**Actual/365(Fixed)**” is specified, the actual number of days in the Calculation Period divided by 365;
- (v) if “**Actual/360**” is specified, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, and D₁ is greater than 29, in which case D₂ will be 30; and

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

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30.

"Interest Amount" means the amount of interest payable in respect of each Authorised Denomination for the relevant Interest Period.

"Interest Commencement Date" means the Issue Date or such other date as may be specified as the Interest Commencement Date in the Constituting Instrument.

"Interest Determination Date" means, in respect of any Interest Period, the date specified as the Interest Determination Date in the Constituting Instrument, or, if none is so specified, the day falling two Relevant Business Days prior to the commencement thereof.

"Interest Payment Date" means the date or dates specified as the date(s) for the payment of interest in the Constituting Instrument and on the face of any definitive Note.

"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 a Note (subject to Condition 6(e)) and which is either specified in, or calculated in accordance with the provisions of, the Constituting Instrument.

"Issue Date" means, in the case of the issue of a Note or Notes of a Series, the date of issue of such Note or Notes as specified in the Constituting Instrument.

"Redemption Amount" means, in relation to any Note, as the context may require, the Scheduled Redemption Amount, Early Redemption Amount, Noteholder Optional Redemption Amount or Issuer Optional Redemption Amount;

"Reference Banks" means the institutions specified as Reference Banks in the Constituting Instrument.

"Relevant Business Day" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the Relevant Financial Centre and (in the case of Notes denominated in Euro) a day on which the Trans-European-Automated Real-time Gross settlement Express Transfer payment system which utilises a single shared platform and was launched on 19 November 2007 or its successor in business (the **"TARGET2 System"**) is open.

"Relevant Financial Centre" means London (if the relevant Benchmark is LIBOR, LIMEAN or LIBID) or Brussels (if the relevant Benchmark is EURIBOR) or (in the case of Notes, the Interest Rate in respect of which is to be calculated by reference to some other Benchmark) the financial centre specified in the Constituting Instrument, or, if no such centre is so specified, the financial centre determined by the Interest Calculation Agent to be appropriate to such Benchmark.

"Relevant Rate" means:

- (1) an offered rate in the case of a Note the Benchmark for which relates to an offered rate;
- (2) a bid rate in the case of a Note the Benchmark for which relates to a bid rate; and
- (3) the mean of an offered and bid rate in the case of a Note the Benchmark for which relates to the mean of an offered and bid rate.

"Relevant Time" means the local time in the Relevant Financial Centre at which the Interest Calculation Agent determines that it is customary to determine bid and offered rates in respect of

Euro-currency deposits in the currency in question in the interbank market in that Relevant Financial Centre.

"Spread" means the percentage rate per annum specified in the Constituting Instrument as being applicable to a Note.

"Spread Multiplier" means the percentage specified in the Constituting Instrument as being applicable to the interest rate for a Note.

7. Redemption, Purchase and Exchange

(a) Final redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note (other than an Interest Only Note) will be redeemed at its Scheduled Redemption Amount (as defined in Condition 7(g)(1)) on the date specified as the Maturity Date in the Constituting Instrument (the **"Maturity Date"**). Unless otherwise stated in the Constituting Instrument, no Scheduled Redemption Amount will be payable on an Interest Only Note.

(b) Early redemption

If :

- (1) (i) any of the Charged Assets become, or are capable of becoming, due and payable in full in accordance with their terms prior to the scheduled redemption date thereof by reason of a default (a **"Mandatory Redemption Event"**);

If a Mandatory Redemption Event occurs in respect of any Charged Assets, then such Charged Assets shall be **"Defaulting Assets"**. The Charged Assets referred to in this Condition 7(b)(1) shall, for the avoidance of doubt, include any Charged Assets, Replaced Charged Assets (as such term is defined in Condition 4(f)) (if any) and any Reference Assets.

- (2) any of the events or circumstances described in this Condition 7(b)(2), Condition 7(b)(3) or Condition 7(b)(4) are specified as applicable in the Constituting Instrument, and:

- (i) an obligor in respect of the Charged Assets (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive);
- (ii) the Custodian is not reimbursed in respect of payments properly made to any party of sums receivable in respect of the Charged Assets or if the Principal Paying Agent or the Registrar, as the case may be, is not reimbursed in respect of payments of principal and interest properly

made to holders of Notes, Coupons and Receipts, in each case within 14 days after the Issuer is notified of such claim for reimbursement;

- (iii) on any date (i) an obligor in respect of the Charged Assets or a related Governmental Authority (as defined below) (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of any of the Charged Assets, or (b) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to any of the Charged Assets, and (ii) a Non Payment (as defined below) with respect to any such Charged Assets has occurred at or prior to such date; or
- (iv) in the sole discretion of the Determination Agent, with respect to any one or more of the Charged Assets, it is agreed between an obligor in respect of the Charged Assets or a Governmental Authority and the holder or holders of such Charged Assets, or is announced (or otherwise decreed) by an obligor in respect of the Charged Assets or a Governmental Authority in a form that is binding upon all holders of such Charged Assets, and such event is not provided under the terms of such Charged Assets in effect as of the later of the Issue Date and the date as of which such Charged Assets are issued as follows:
 - (A) a reduction in the rate or amount of interest payable, or the amount of scheduled interest accruals, in respect of such Charged Assets;
 - (B) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates in respect of such Charged Assets;
 - (C) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium in each case in respect of such Charged Assets;
 - (D) a change in the ranking in priority of payment of such Charged Assets causing the subordination of such Charged Assets; or
 - (E) any change in the currency or composition of any payment of interest or principal in respect of such Charged Assets,

provided that none of the following shall constitute an event for the purposes of Condition 7(b)(2)(iv):

- (x) the payment in Euro of interest or principal in relation to any such Charged Assets denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union;
 - (y) the occurrence of, agreement to or announcement of any of the events described in subparagraphs (iv)(A) to (E) above due to an administrative adjustment, accounting adjustment or tax adjustment occurring in the ordinary course of business; and
 - (z) the occurrence of, agreement to or announcement of any of the events described in subparagraphs (iv)(A) to (E) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of an obligor in respect of the Charged Assets; or
- (3) the Charged Assets comprise any agreement of the type contemplated in the definition herein of Charged Agreement and such agreement is terminated by any party thereto, in each case whether or not by reason of an event of default (howsoever described) thereunder or there is a payment default in respect of such agreement without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such agreement; or
 - (4) any other event as may be specified as an “**Additional Early Redemption Event**” in the Constituting Instrument has occurred,

then the Swap Counterparty may upon becoming aware of any such event or circumstance (as applicable) give notice thereof to the Issuer and the Trustee and the Notes shall become due and repayable at their Early Redemption Amount as provided by Condition 7(g). The Issuer shall give notice to the Noteholders in accordance with Condition 14 and to the Swap Counterparty that the Notes will become due and repayable in accordance with Condition 7(g) as soon as reasonably practicable after the Issuer receives notice from the Swap Counterparty of the occurrence of the relevant event or circumstance. Such notice shall specify the Early Redemption Date (as defined in Condition 7(g)(2)). Any failure or delay by the Swap Counterparty to serve the notice referred to above shall not constitute a waiver of the Swap Counterparty's right to serve such a notice in respect of the relevant event or circumstance or in respect of any other event or circumstance.

The events or circumstances set out in Conditions 7(b)(2)(i), (ii), (iii), 7(b)(3) and 7(b)(4) are collectively referred to as **"Other Early Redemption Events"** and each an **"Other Early Redemption Event"**. The event or circumstance set out in Condition 7(b)(2)(iv) is referred to as **"Early Redemption Following Restructuring"**.

For the purposes of this Condition 7(b):

"Governmental Authority" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority, any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of an obligor in respect of the Charged Assets or of the jurisdiction of organisation of such obligor.

"Non Payment" means, after the expiration of any applicable grace period (and after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by an obligor in respect of the Charged Assets to make, when and where due, any payments in an aggregate amount of the amount required under one or more Charged Assets in accordance with the terms of such Charged Assets at the time of such failure.

"Reference Assets" means, any bonds or securities (which may include, without limitation, convertible bonds or JGBs) specified in the Constituting Instrument of the relevant Series of Notes, which may or may not comprise all or part of the Charged Assets, and may be Defaulting Assets.

(c) *Charged Assets Coupon Deferral Event*

If a Charged Assets Coupon Deferral Event (as defined below) is specified as applicable in the Constituting Instrument, and a Charged Assets Coupon Deferral Event occurs, then the Swap Counterparty may upon becoming aware of any such event or circumstance give notice thereof to the Issuer and the Trustee and the Notes shall become due and repayable at their Early Redemption Amount as provided by Condition 7(g). The Issuer shall give notice to the Noteholders in accordance with Condition 14 and to the Swap Counterparty that the Notes will become due and repayable at their Early Redemption Amount in accordance with Condition 7(g) as soon as reasonably practicable after the Issuer receives notice from the Swap Counterparty of the occurrence of the relevant event or circumstance. Such notice shall specify the Early Redemption Date (as defined in Condition 7(g)(2)). Any failure or delay by the Swap Counterparty to serve the notice referred to above shall not constitute a waiver of the Swap Counterparty's right to serve such a notice in respect of the relevant event or circumstance or in respect of any other event or circumstance.

For the purposes of these Conditions, **"Charged Assets Coupon Deferral Event"** means the deferral of a scheduled interest or coupon payment by an obligor in respect of the Charged Assets in accordance with the terms and conditions of the Charged Assets.

(d) *Tax Event*

If:

(x) any one or more of (a) to (d) below applies:

- (a) on the occasion of the next payment due in respect of the Notes, it would be required by law to withhold or account for tax in respect of any payment in respect of the Notes; or
 - (b) it is or will be unable to receive any payment due in respect of any Charged Assets forming part of the Collateral in full on the due date therefor without deduction for or on account of any withholding tax, back-up withholding or other tax, duties or charges of whatsoever nature imposed by any jurisdiction; or
 - (c) it is required to pay any tax duty or charge of whatsoever nature imposed by any jurisdiction in respect of any payment received in respect of any Charged Assets forming part of the Collateral; or
 - (d) it is required to comply with any reporting requirement of, any authority of any jurisdiction (other than any reporting requirement which does not involve any material expense and is not unduly onerous); and
- (y) the Issuer is not able to obtain such payment in full on the due date therefor (or gain exemption from such tax, charge, duty or reporting requirement as the case may be) by filing a declaration that it is not a resident of such jurisdiction and/or by executing any certificate, form or other document in order to make a claim under a double taxation treaty or other exemption available to it, which filing or execution does not involve any material expense and is not unduly onerous, or by taking any other reasonable measures available to it,

then:

- (i) the Issuer shall so inform the Trustee upon becoming aware thereof and shall use all reasonable endeavours to arrange, in accordance with the Trust Deed, the substitution of a company incorporated in another jurisdiction approved beforehand in writing by the Trustee and the Other Creditors as the principal obligor or to change (to the satisfaction of the Trustee and the Other Creditors) its residence for taxation purposes to another jurisdiction approved beforehand in writing by the Trustee and the Other Creditors; and
- (ii) if it is unable to arrange such substitution before the next payment is due in respect of the Notes, then a **"Tax Event"** is deemed to have occurred, and the Issuer shall give notice (as soon as is reasonably practicable and in any event not less than 15 nor more than 30 days prior to such next payment date (unless otherwise specified herein)) to the Trustee, the Noteholders of each Series of the Notes of the Issuer outstanding and the Swap Counterparty upon the giving of such notice all but not some only of the Notes shall become due for redemption on the date specified in such notice at their outstanding Early Redemption Amount (as described in Condition 7(g)(2)), together with any interest accrued but unpaid to but excluding the date fixed for redemption.

Notwithstanding any provision to the contrary, if at any time prior to the redemption of the Notes pursuant to this Condition 7(d), a Mandatory Redemption Event, an Other Early Redemption Event (if applicable), an Early Redemption Following Restructuring (if applicable) or a Charged Assets Coupon Deferral Event (if applicable) occurs or the Charged Agreement is terminated as provided under Condition 7(e) and the Issuer gives notice of an Early Redemption Date pursuant to Condition 7(b) or 7(c) or 7(e) (as the case may be), or a Non-Call Redemption occurs, then the notice of redemption given pursuant to this Condition 7(d) shall be deemed to be void and the Notes shall be redeemed pursuant to the provisions of Condition 7(b) or 7(c) or 7(e) or as a result of Non-Call Redemption, as the case may be.

Prior to the publication of any notice of redemption pursuant to Condition 7(d) above, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligations referred to in Condition 7(d)(x)(a) to (d) above, as the case may be, cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in Condition 7(d)(y) above in that event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notwithstanding the foregoing, if any of the taxes, duties or levies referred to in Condition 7(d) above arises by reason of:

- (1) any Noteholder's connection with the Issuer's jurisdiction of incorporation 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
- (2) a payment being made to an individual pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (3) the presentation of a Note (or the Certificate representing it), Receipt or Coupon for payment by or on behalf of a Noteholder who would have been able to avoid the taxes referred to in Condition 7(d) above by presenting the relevant Note (or the Certificate representing it), Receipt or Coupon to another Paying Agent in a Member State of the European Union,

then Condition 7(d) shall not apply. In such event, the amounts payable by the Issuer to such Noteholder shall be reduced by an amount equal to the amount of such taxes, duties or levies, all other Noteholders shall receive the due amounts payable to them and the Notes shall not be redeemed as provided in the previous provisions. Any such deduction or reduction in payment shall not constitute an Event of Default under Condition 9.

For the purposes of this Condition 7(d), "**Other Creditors**" means the Swap Counterparty in respect of the Notes and of each other Series of the Issuer and the majority of Noteholders of the Notes and of each other Series of the Issuer required to pass an Extraordinary Resolution in accordance with the Trust Deed in respect of such Series.

(e) *Redemption on termination of Charged Agreement*

If any Charged Agreement is terminated (in whole but not in part and other than in consequence of Condition 7(i) or Condition 7(j) or in connection with a redemption of Notes pursuant to Condition 7(b), Condition 7(c), Condition 7(d), Condition 7(h) or Condition 9 or save where the Conditions provide otherwise) for any reason, then the Issuer or the Swap Counterparty (if any) (as the case may be) shall promptly give notice to the Trustee and the Swap Counterparty (if any) or the Issuer (as the case may be) and the Notes shall become due and repayable at their Early Redemption Amount as provided by Condition 7(g) (unless otherwise specified in the relevant Constituting Instrument). The Issuer shall give notice to the Noteholders in accordance with Condition 14 that the Notes will become due and repayable at their Early Redemption Amount in accordance with Condition 7(g) (unless otherwise specified in the relevant Constituting Instrument) as soon as reasonably practicable after becoming aware of such event or circumstance.

(f) *Early redemption of Zero Coupon Notes*

The provisions of this Condition 7(f) shall apply to any Note in respect of which the Amortisation Yield and Day Count Fraction are specified in the Constituting Instrument.

- (1) The amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 7(b), Condition 7(c), Condition 7(d), Condition 7(e) or, if applicable, Condition 7(h) or upon its becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note. References in these Conditions to "**principal**" or "**Early Redemption Amount**" or "**Issuer Optional Redemption Amount**" or "**Noteholder Optional Redemption Amount**" in the case of Zero Coupon Notes shall be deemed to include references to "**Amortised Face Amount**" where the context permits.
- (2) Subject to the provisions of Condition 7(f)(3) below, the Amortised Face Amount of any Zero Coupon Note shall be the Scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified in the Constituting Instrument compounded annually. Where

such calculation is made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the Constituting Instrument.

- (3) If the amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 7(b), Condition 7(c), Condition 7(d), Condition 7(e) or, if applicable, Condition 7(h) or upon its becoming due and payable as provided in Condition 9 is not paid when due, the amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as calculated in accordance with Condition 7(f)(2), except that such sub-paragraph shall have effect as though the reference therein to the Maturity Date were replaced by a reference to the date (the “**Relevant Date**”) which is the earlier of:

- (A) the date on which all amounts due in respect of the Note have been paid; and
- (B) the date on which the full amount of the moneys payable has been received by the Trustee or the Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes, and notice to that effect has been given to holders in accordance with the provisions of Condition 14.

The calculation of the Amortised Face Amount will continue to be made (as well after as before 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 principal amount of such Note together with any interest which may accrue in accordance with Condition 6(d).

(g) *Redemption amount of Notes*

- (1) The amount payable upon redemption of each Note (other than an Interest Only Note) on the Maturity Date in accordance with Condition 7(a) (the “**Scheduled Redemption Amount**”) shall be the outstanding principal amount of the Notes unless, if a “Non-Call Redemption” (as defined below) is specified as applicable in the Constituting Instrument and a Non-Call Redemption shall have occurred, in which event the amount so payable shall be the Early Redemption Amount (as defined below) (unless otherwise specified in the Constituting Instrument) on the Maturity Date.

An event leading to an early redemption pursuant to Condition 7(b) or Condition 7(c) or Condition 7(d) or Condition 7(e) or leading to the Notes becoming due and payable pursuant to Condition 9 or leading to a Non-Call Redemption can occur even if the Issuer does not hold any Charged Assets.

For the purposes of this Condition 7:

“**Non-Call Redemption**” shall occur if an obligor in respect of the Charged Assets does not exercise its option to redeem the Charged Assets in whole on the Non-Call Redemption Date (as specified in the Constituting Instrument) in accordance with the terms and conditions of the Charged Assets.

- (2) Subject as provided by Condition 7(f) and unless the Constituting Instrument provides otherwise, the amount payable upon redemption of each Note pursuant to the paragraph headed “Alternative procedures” of Condition 1(b)(3) or Condition 7(b) or Condition 7(c) or Condition 7(d) or Condition 7(e) or following a Non-Call Redemption or upon its becoming due and payable as provided in Condition 9 shall be the Early Redemption Amount, and shall be payable on the Early Redemption Date (as defined below). No interest shall be payable in addition to the Early Redemption Amount except interest which was due and payable prior to the Early Redemption Date. Unless otherwise set out in the Constituting Instrument, no Early Redemption Amount shall be payable in respect of an Interest Only Note.

“**Early Redemption Amount**” means, in respect of a Note, in relation to a Non-Call Redemption, or a redemption pursuant to the paragraph headed “Alternative procedures” of Condition 1(b)(3), Condition 7(b), 7(c), 7(d), 7(e) and 9, the Early Cash Redemption Amount A, the Early Cash Redemption Amount B, the Adjusted Early Cash Redemption

Amount, the Early Physical Redemption Amount, the Deliverable Amount or the Adjusted Deliverable Amount, as applicable.

“Early Redemption Date” means:

- (a) in the case of a redemption pursuant to the paragraph headed “Alternative procedures” of Condition 1(b)(3) or Condition 7(b), or Condition 7(d) or Condition 7(e), the date specified in a notice from the Issuer to the Noteholders, or, in the case of a redemption pursuant to Condition 1(b)(3), to the relevant Noteholder, specifying the Early Redemption Date;
 - (b) in the case of a redemption pursuant to Condition 7(c), the day which is six Business Days following the date of the relevant notice from the Issuer to the Noteholders; and
 - (c) upon the Notes becoming due and payable as provided in Condition 9, the date on which the Trustee gives notice to the Issuer that the Notes are due and repayable.
- (3) Unless the Constituting Instrument provides otherwise, upon the date on which the Issuer gives notice to the Noteholders, or, in the case of a redemption pursuant to Condition 1(b)(3), to the relevant Noteholder, that the Notes will become due and repayable pursuant to the paragraph headed “Alternative procedures” of Condition 1(b)(3), Condition 7(b), Condition 7(c) (if applicable), Condition 7(d), Condition 7(e) or following a Non-Call Redemption or as otherwise specified in these Conditions, the security constituted by the relevant Constituting Instrument shall become enforceable (in the case of any redemption under Condition 1(b)(3) to the extent applicable to the portion of the Notes to be redeemed) and the provisions of Condition 4(a) and Condition 4(c) shall thereafter apply. Upon receipt of the proceeds (if any) of realisation of the Collateral following such enforcement, each Note shall be redeemed on the Early Redemption Date.
- (4) The Constituting Instrument shall, where appropriate, specify the name of the Determination Agent appointed to determine the Early Redemption Amount. The Issuer will procure that, so long as any Note remains outstanding, there shall at all times be a Determination Agent if provision is made for the same in the Constituting Instrument.

The Determination Agent will, on such date as the Determination Agent may be required to calculate any Early Redemption Amount, if required to be calculated, cause such Early Redemption Amount to be notified to the Trustee, the Principal Paying Agent, or, in the case of Registered Notes, the Registrar, and each of the Paying Agents and to be notified to Noteholders in accordance with Condition 14 as soon as possible after its calculation but in no event later than the first Relevant Business Day thereafter. Any calculation of the Early Redemption Amount (whether by the Determination Agent or the Trustee) shall (in the absence of manifest error) be final and binding upon all parties.

If the Determination Agent is unable or unwilling to act as such, the Issuer will, with the prior written consent of the Trustee, appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Determination Agent may not resign its duties without a successor having been appointed as aforesaid.

- (5) If any Maximum or Minimum Redemption Amount is specified in the Constituting Instrument, then the Early Redemption Amount shall in no event exceed the maximum or, subject as provided in Condition 7(g)(2) and Condition 10, be less than the minimum so specified.
- (6) The Issuer may, if so specified in the applicable Constituting Instrument that this Condition 7(g)(6) applies and if the Constituting Instrument specifies the name of a Determination Agent, elect to satisfy its obligations to the Noteholders to pay the Scheduled Redemption Amount or any Early Redemption Amount or any Noteholder Optional Redemption Amount (as defined in Condition 7(h)(1)) or any Issuer Optional Redemption Amount (as defined in Condition 7(h)(2)) in respect of each Note by delivery to the relevant Noteholder of the Attributable Charged Assets (as defined below).

In such case, the Issuer will procure that the Custodian will, subject to receipt by it of a confirmation from the Principal Paying Agent or Registrar (as relevant) of any termination payment payable to or by the Issuer from or to each Swap Counterparty (if any) on termination of the Charged Agreement (if any) subject to the terms and conditions of the Charged Assets and to all applicable laws, regulations and directives and to payment by the relevant Noteholder(s) of any costs and expenses (including stamp duty or other tax) involved, deliver the Attributable Charged Assets, or shall procure that the Attributable Charged Assets are delivered, to each relevant Noteholder (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery) on the date specified in the applicable Constituting Instrument (the “**Delivery Date**”).

In order to receive delivery of the relevant amount of Attributable Charged Assets, each Noteholder shall, on or prior to the Delivery Date, supply to the Custodian such evidence of the aggregate principal amount of the Notes held by such Noteholder as the Custodian may require. The following shall constitute evidence satisfactory to the Custodian:

- (i) if the Notes are in definitive form, all unmatured Coupons appertaining to such Note(s) (or an indemnity from each Noteholder in respect of any unmatured Coupons not so surrendered as the Issuer may require); or
- (ii) in the case of Notes in global form, a certificate or other document issued by Euroclear or Clearstream, Luxembourg or the Alternative Clearing System as to the principal amount of the Notes standing to the credit of the account of the Noteholder in question and confirming that such Noteholder has undertaken to Euroclear or Clearstream, Luxembourg or the Alternative Clearing System expressly for the benefit of the Issuer that it will not sell, transfer or otherwise dispose of its Notes (or any of them) or any interest therein at any time on or prior to the Delivery Date,

together with, in either case, confirmation from the Principal Paying Agent or the Paying Agent or the Registrar (as relevant) that the Noteholder has surrendered to it the relevant Notes.

On receipt of such evidence by the Custodian, the relevant amount of Attributable Charged Assets shall (subject as aforesaid) be delivered to such Noteholder or to such account with Euroclear or Clearstream, Luxembourg or the Alternative Clearing System as will be specified in the delivery instructions given in the manner set out below. Any stamp duty or other tax and any other costs and expenses payable in respect of the transfer of such Attributable Charged Assets shall be the responsibility of, and payable by, the relevant Noteholder.

A holder of Notes in definitive form, at the same time as surrendering such Notes together with, if applicable, all unmatured Coupons appertaining thereto, to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), shall specify to the Principal Paying Agent or the Registrar (as applicable) its instructions concerning the delivery to it, or any nominee of it, of the relevant amount of Attributable Charged Assets to which it is entitled and the Principal Paying Agent or Registrar (as applicable) shall forthwith notify the Custodian and each Swap Counterparty (if any) of such instructions.

A holder of Notes in global form shall notify the Custodian of its instructions concerning the delivery to it, or any nominee of it, of the relevant amount of Attributable Charged Assets to which it is entitled, which instructions will, for the avoidance of doubt, be included in any notice given to the Custodian by Euroclear or Clearstream, Luxembourg in accordance with the provisions above and the Custodian shall forthwith notify the Swap Counterparty of such instructions.

As used herein “**Attributable Charged Assets**” shall be the proportion of Charged Assets (rounded to the nearest whole number) as equals the proportion which each Noteholder's holding of Notes bears to the total principal amount outstanding of the Notes as calculated by the Determination Agent in the manner and on the date specified in the applicable

Prospectus. If the amount of Attributable Charged Assets to be delivered to a Noteholder is not divisible by the minimum denomination of such Charged Assets, the amount of Attributable Charged Assets to be delivered to such Noteholder shall be rounded down to the nearest whole multiple of such minimum denomination. Any determination of the Attributable Charged Assets to which a Noteholder is entitled by the Custodian shall be final and binding on all parties.

The net sums (if any) realised upon the security becoming enforceable on the early redemption of the Notes pursuant to the Conditions may be insufficient to pay all the amounts due to each Swap Counterparty (if any) and to pay to the Noteholders amounts equal to the Scheduled Redemption Amount and the interest which would otherwise accrue to the date of redemption. In such event, any shortfall shall be borne by the Noteholders and by each Swap Counterparty (if any) and any other persons entitled to the benefit of the security pursuant to the Constituting Instrument in the inverse of the order of priority specified in the Constituting Instrument, and the Early Redemption Amount will reflect such shortfall in the case of the Noteholders. None of the Trustee, the holder of the issued share capital of the Issuer, the Administrator, any Swap Counterparty, the Arranger, the Dealers or any other person has any obligation to any Noteholders for payment of any amount by the Issuer in respect of the Notes or Receipts or Coupons (if any).

(7) *Charged Agreement Termination Method*

Under the terms of the relevant Charged Agreement (if any), the parties thereto may elect for payments thereunder upon termination thereof to be made in accordance with either of the following two options (each being a “**Charged Agreement Termination Method**”):

- (A) “**Standard 6(e) Termination**”: the relevant Charged Agreement shall terminate in accordance with the provisions of Section 6(e) of that Charged Agreement; or
- (B) “**Variable Standard 6(e) Termination**”: the relevant Charged Agreement shall terminate in accordance with the provisions of Section 6(e) of that Charged Agreement, provided that upon termination of the Charged Agreement as a result of the redemption of the Notes upon the occurrence of a Mandatory Redemption Event, the parties thereto have agreed that the obligations of the parties shall be satisfied by the payment of all Unpaid Amounts (as such term is defined in the Charged Agreement) owed by either party on the early termination date of the Charged Agreement, and if Unpaid Amounts are owed by each party to the other, then, on such date, each party’s obligation to make payment of any such amount will be automatically satisfied and discharged to such extent such amounts may be set-off and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount (the amount so payable on early termination being the Net Unpaid Amounts (as such term is defined in the Charged Agreement)).

(8) *Provisions for the determination of Early Redemption Amount under Condition 7(g):*

Settlement Method

- (A) Where only “**Cash Settlement**” is specified as applicable in the Constituting Instrument, the Early Redemption Amount of any Notes being redeemed early pursuant to the paragraph headed “Alternative procedures” of Condition 1(b)(3), Conditions 7(b), 7(c), 7(d), 7(e) or 9 or following a Non-Call Redemption shall either be the Early Cash Redemption Amount A or the Early Cash Redemption Amount B, or the Adjusted Early Cash Redemption Amount in respect of any Notes being redeemed early pursuant to Condition 7(b)(1), as specified in the Constituting Instrument.
- (B) Where only “**Physical Settlement**” is specified as applicable in the Constituting Instrument, the Early Redemption Amount of any Notes being redeemed early

pursuant to the paragraph headed "Alternative procedures" of Condition 1(b)(3), Conditions 7(b), 7(c), 7(d), 7(e) or 9 or following a Non-Call Redemption shall either be the Early Physical Redemption Amount or the Deliverable Amount, or the Adjusted Deliverable Amount in respect of any Notes being redeemed early pursuant to Condition 7(b)(1), as specified in the Constituting Instrument.

If "Cash Settlement" and "Physical Settlement" are both specified as applicable in the Constituting Instrument, then the Determination Agent shall have sole and absolute discretion to determine the number of Notes to which Cash Settlement applies and the number of Notes to which Physical Settlement applies (as the case may be), the manner in which the Notes will be redeemed early (to the extent not already provided under these Conditions or specified in the relevant Constituting Instrument in respect of the Notes) and to make such amendments and modifications to this Condition 7(g)(8) to such extent necessary to preserve the economic effects of this Condition (as supplemented in the Constituting Instrument).

(C) Where "**Noteholder Redemption Instruction**" is specified as applicable in the Constituting Instrument, the Early Redemption Amount shall be an amount determined as follows:

- (i) **Redemption Instruction Notice:** each Noteholder shall deliver to the Issuer (copied to the Trustee, the Determination Agent and the Swap Counterparty) a valid redemption instruction notice (a "**Redemption Instruction Notice**") (a) in respect of itself (if such Noteholder is the beneficial owner of any Notes) and (b) (if such Noteholder holds any Notes on behalf of any other beneficial owner) in respect of each such beneficial owner, which may be in, or substantially in, the form set out in Schedule 5 to the Master Agency Terms (and available upon request from the specified office of the Principal Paying Agent during normal office hours on any Business Day) on or prior to the third Business Day after the effective date of any notice from the Issuer or the Trustee to the Noteholders stating that the Notes are to be redeemed before their Maturity Date under the paragraph headed "Alternative procedures" of Condition 1(b)(3), Conditions 7(b), 7(c), 7(d), 7(e) or 9 or in the case of a Non-Call Redemption or such other date as may be agreed between the Issuer, the Swap Counterparty and the relevant Noteholder (the "**Cut-Off Date**");
- (ii) **Physical Settlement:** if (a) "Physical Settlement" is specified in a Redemption Instruction Notice as the method by which redemption is to be effected and (b) the relevant Noteholder has certified it is not a "U.S. Person" for the purposes of relevant United States securities regulations, the Early Redemption Amount in respect of each Note to which such Redemption Instruction Notice relates shall be satisfied by delivery of the Early Physical Redemption Amount or the Deliverable Amount or the Adjusted Deliverable Amount in respect of any Notes being redeemed early pursuant to Condition 7(b)(1), as specified in the Constituting Instrument.

For the avoidance of doubt, Physical Settlement may be specified in a Redemption Instruction Notice as the method by which redemption is to be effected even in the case of a default in respect of the Charged Assets or the Charged Assets Issuer. Where the Issuer is to deliver any Charged Assets to the Noteholder and such Charged Assets are comprised of more than one obligation, the Issuer may make such delivery in such proportions as the Determination Agent may in its absolute discretion determine.

- (iii) **Cash Settlement:** if (a) "Cash Settlement" is specified in a Redemption Instruction Notice, or (b) the relevant Noteholder has not certified it is not a "U.S. Person" for the purposes of the relevant United States securities regulations or (c) a valid Redemption Instruction Notice is not received by the Issuer on or before the Cut-Off Date for the relevant Noteholder, then

the Early Redemption Amount payable in respect of the relevant Note shall be the Early Cash Redemption Amount A or the Early Cash Redemption Amount B or the Adjusted Early Cash Redemption Amount in respect of any Notes being early redeemed pursuant to Condition 7(b)(1), as specified in the Constituting Instrument.

References to “Cash Settlement” under these Conditions shall be construed pursuant to sub-paragraph (A) or sub-paragraph (iii) under sub-paragraph (C) headed “Noteholder Redemption Instruction”, as the context may require.

References to “Physical Settlement” under these Conditions shall be construed pursuant to sub-paragraph (B) or sub-paragraph (ii) under the sub-paragraph (C) headed “Noteholder Redemption Instruction”, as the context may require.

Provisions relating to Cash Settlement

(A) Where “**Early Cash Redemption Amount A**” is specified as applicable in the Constituting Instrument:

“**Early Cash Redemption Amount A**” means, in respect of each Note to which Cash Settlement applies:

- (a) where the Termination Costs are zero or a negative amount, an amount in cash equal to the sum of:
 - (i) the absolute value of the Termination Costs, divided by the total number of Notes to be redeemed early;
 - (ii) the Sale Proceeds of a *pro rata* share of the Remaining Charged Assets rounded down to the nearest permitted authorised denomination of Charged Assets (the principal amount of Charged Assets shall, for the avoidance of doubt, have been reduced to the extent necessary to fund payment of all prior ranking claims as provided for in the definition of “Remaining Charged Assets” below);
 - (iii) a *pro rata* share of any cash proceeds of the sale (less any taxes, costs, losses, and expenses incurred due to such sale) of (x) any Charged Assets sold to meet any claims ranking prior to Noteholders pursuant to Condition 4(d) (after payment of such claims has been made in full) and (y) any Charged Assets remaining after the rounding down in sub-paragraph (a)(ii) above; and
 - (iv) an amount in cash equal to the Residual Cash Amount, divided by the total number of Notes to be redeemed early; and
- (b) where the Termination Costs are a positive amount, an amount in cash equal to the sum of:
 - (i) the Sale Proceeds of a *pro rata* share of the Remaining Charged Assets rounded down to the nearest permitted authorised denomination of Charged Assets (the principal amount of Charged Assets shall, for the avoidance of doubt, have been reduced to the extent necessary to fund payment of prior ranking claims as provided for in the definition of “Remaining Charged Assets” below);
 - (ii) a *pro rata* share of any cash proceeds of the sale (less any taxes, costs, losses, and expenses incurred due to such sale) of (x) any Charged Assets sold to meet any claims ranking prior to Noteholders pursuant to Condition 4(d) (after payment of such

claims has been made in full) and (y) any Charged Assets remaining after the rounding down in (b)(i); and

- (iii) an amount in cash equal to the Residual Cash Amount, divided by the total number of Notes to be redeemed early.

For the purposes of the definition of “**Early Cash Redemption Amount A**”, the following shall apply:

- (i) references to a “*pro rata* share” of any Charged Assets and a “*pro rata* share” of the cash proceeds of the sale of any Charged Assets means a portion of such Charged Assets or such cash calculated by applying thereto a fraction, the numerator of which is the denomination of one Note and the denominator of which is the aggregate denominations of all Notes to be redeemed early;
- (ii) “**Reference Asset**” means any bonds or securities (which may include, without limitation, convertible bonds or JGBs) specified in the Constituting Instrument of the relevant Series of Notes, which may or may not comprise all or part of the Charged Assets, and may be Defaulting Assets;
- (iii) “**Remaining Charged Assets**” means the Charged Assets remaining after the Issuer (or the Realisation Agent on behalf of the Issuer) has sold (or procured the sale of) such principal amount of Charged Assets as is necessary to fund payment in full of any Termination Costs owed to the Swap Counterparty and any other claims ranking prior to Noteholders pursuant to Condition 4(d), provided that if any Cash Collateral is held by the Issuer, a cash amount equal to the market value (as determined by the Determination Agent in its sole and absolute discretion) of Reference Assets of a principal amount equal to the amount of Cash Collateral held by the Issuer as of the Cut-Off Date or such other date as the Determination Agent may determine in its sole and absolute discretion on or prior to the Early Redemption Date or (in the case of a Non-call Redemption) the Maturity Date shall be applied in full (if possible) or partial payment of any Termination Costs and any other claims ranking prior to Noteholders pursuant to Condition 4(d), and Charged Assets that do not comprise cash shall only be sold pursuant to this paragraph if such cash amount is insufficient to cover payment of the Termination Costs;
- (iv) “**Residual Cash Amount**” means any cash (other than the Sale Proceeds) held by or on behalf of the Issuer in respect of the Notes; and
- (v) “**Sale Proceeds**” means, in respect of any Charged Assets, the cash proceeds from the sale of such Charged Assets less any taxes, costs, losses and expenses incurred due to such sale. If the Issuer holds Cash Collateral at that time, the Sale Proceeds shall include a cash amount (not exceeding the Cash Collateral) equal to the market value (as determined by the Determination Agent in its sole and absolute discretion) of Reference Assets of a principal amount equal to the amount of Cash Collateral. Any Cash Collateral remaining with the Issuer after such cash amount has been paid shall be paid to the Swap Counterparty under the Charged Agreement.

Notwithstanding the foregoing, in the case of a partial redemption pursuant to the paragraph headed “Alternative procedures” under Condition 1(b)(3), the Remaining Charged Assets shall be a portion of the Charged Assets calculated by applying thereto a fraction, the numerator of which is the denomination of all Notes to be redeemed early and the denominator of which is the aggregate denominations of all Notes outstanding (such portion of Charged Assets, the “**Relevant Charged Assets**”), remaining after the Issuer (or the Realisation Agent on behalf of the Issuer) has sold (or procured the sale of) such principal amount of such Charged Assets from the Relevant Charged Assets as is necessary to fund payment in full of any Termination Costs owed to the Swap Counterparty and any other claims ranking prior to the relevant Noteholder pursuant to Condition 4(d); and (y) references to the “Reference Asset” and “Residual Cash Amount” shall be a portion of such Reference Asset, or a portion of such cash (other than the Sale Proceeds) held by or on behalf of the Issuer in respect of the Notes (as the case may be), in each case calculated by applying thereto a fraction, the numerator of which is the denomination of all Notes to be redeemed early and the denominator of which is the aggregate denominations of all Notes outstanding.

- (B) Where “**Early Cash Redemption Amount B**” is specified as applicable in the Constituting Instrument:

“**Early Cash Redemption Amount B**” means, in respect of each Note to which Cash Settlement applies:

- (a) where the Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) are zero or a negative amount, an amount in cash equal to the sum of:
- (i) the absolute value of the Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs), divided by the total number of Notes to be redeemed early;
 - (ii) the Sale Proceeds of a *pro rata* share of the Remaining Charged Assets rounded down to the nearest permitted authorised denomination of Charged Assets (the principal amount of Charged Assets shall, for the avoidance of doubt, have been reduced to the extent necessary to fund payment of all prior ranking claims as provided for in the definition of “Remaining Charged Assets” below);
 - (iii) a *pro rata* share of any cash proceeds of the sale (less any taxes, costs, losses, and expenses incurred due to such sale) of (x) any Charged Assets sold to meet any claims ranking prior to Noteholders pursuant to Condition 4(d) (after payment of such claims has been made in full) and (y) any Charged Assets remaining after the rounding down in sub-paragraph (a)(ii) above, and
 - (iv) an amount in cash equal to the Residual Cash Amount, divided by the total number of Notes to be redeemed early; and
- (b) where the Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) are a positive amount, an amount in cash equal to the sum of:

- (i) the Sale Proceeds of a *pro rata* share of the Remaining Charged Assets rounded down to the nearest permitted authorised denomination of Charged Assets (the principal amount of Charged Assets shall, for the avoidance of doubt, have been reduced to the extent necessary to fund payment of prior ranking claims as provided for in the definition of “Remaining Charged Assets” below);
- (ii) a *pro rata* share of any cash proceeds of the sale (less any taxes, costs, losses, and expenses incurred due to such sale) of (x) any Charged Assets sold to meet any claims ranking prior to Noteholders pursuant to Condition 4(d) (after payment of such claims has been made in full) and (y) any Charged Assets remaining after the rounding down in sub-paragraph (b)(i) above; and
- (iii) an amount in cash equal to the Residual Cash Amount divided by the total number of Notes to be redeemed early.

For the purposes of the definition of “**Early Cash Redemption Amount B**”, the following shall apply:

- (i) references to a “*pro rata* share” of any Charged Assets and a “*pro rata* share” of the cash proceeds of the sale of any Charged Assets means a portion of such Charged Assets or such cash calculated by applying thereto a fraction, the numerator of which is the denomination of one Note and the denominator of which is the aggregate denominations of all Notes to be redeemed early;
- (ii) “**Reference Assets**” means any bonds or securities (which may include, without limitation, convertible bonds or JGBs) specified in the Constituting Instrument of the relevant Series of Notes, which may or may not comprise all or part of the Charged Assets, and may be Defaulting Assets.
- (iii) “**Remaining Charged Assets**” means the Charged Assets remaining after the Issuer (or the Realisation Agent on behalf of the Issuer) has sold (or procured the sale of) such principal amount of Charged Assets as is necessary to fund payment in full of any Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) owed to the Swap Counterparty and any other claims ranking prior to Noteholders pursuant to Condition 4(d), rounded down to the nearest permitted authorised denomination of Charged Assets provided that if any Cash Collateral is held by the Issuer, a cash amount equal to the market value (as determined by the Determination Agent in its sole and absolute discretion) of Reference Assets of a principal amount equal to the amount of Cash Collateral held by the Issuer as of the Cut-Off Date or such other date as the Determination Agent may determine in its sole and absolute discretion on or prior to the Early Redemption Date or (in the case of a Non-call Redemption) the Maturity Date shall be applied in full (if possible) or partial payment of any Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) and any other claims ranking prior to Noteholders pursuant to Condition 4(d), and Charged Assets that do not comprise cash shall only be sold pursuant to this paragraph if such cash amount is

insufficient to cover payment of the Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs);

- (iv) **“Residual Cash Amount”** means any cash (other than the Sale Proceeds) held by or on behalf of the Issuer in respect of the Notes; and
- (v) **“Sale Proceeds”** means, in respect of any Charged Assets, the cash proceeds from the sale of such Charged Assets less any taxes, costs, losses and expenses incurred due to such sale. If the Issuer holds Cash Collateral at that time, the Sale Proceeds shall include a cash amount (not exceeding the Cash Collateral) equal to the market value (as determined by the Determination Agent in its sole and absolute discretion) of Reference Assets of a principal amount equal to the amount of Cash Collateral. Any Cash Collateral remaining with the Issuer after such cash amount has been paid shall be paid to the Swap Counterparty under the Charged Agreement.

Notwithstanding the foregoing, in the case of a partial redemption pursuant to the paragraph headed “Alternative procedures” under Condition 1(b)(3), the Remaining Charged Assets shall be a portion of the Charged Assets calculated by applying thereto a fraction, the numerator of which is the denomination of all Notes to be redeemed early and the denominator of which is the aggregate denominations of all Notes outstanding (such portion of Charged Assets, the **“Relevant Charged Assets”**), remaining after the Issuer (or the Realisation Agent on behalf of the Issuer) has sold (or procured the sale of) such principal amount of such Charged Assets from the Relevant Charged Assets as is necessary to fund payment in full of any Termination Costs owed to the Swap Counterparty and any other claims ranking prior to the relevant Noteholder pursuant to Condition 4(d); and (y) references to the “Reference Asset” and “Residual Cash Amount” shall be a portion of such Reference Asset, or a portion of such cash (other than the Sale Proceeds) held by or on behalf of the Issuer in respect of the Notes (as the case may be), in each case calculated by applying thereto a fraction, the numerator of which is the denomination of all Notes to be redeemed early and the denominator of which is the aggregate denominations of all Notes outstanding.

- (C) Where **“Adjusted Early Cash Redemption Amount”** is specified as applicable in the Constituting Instrument in respect of Notes being redeemed early pursuant to Condition 7(b)(1):

“Adjusted Early Cash Redemption Amount” means, in respect of each Note to which Cash Settlement applies:

- (a) where the Termination Costs are zero or a negative amount, an amount in cash equal to the sum of:
 - (i) the absolute value of the Termination Costs divided by the total number of Notes to be redeemed early; and
 - (ii) an amount equal to the market value (as determined by the Determination Agent in its sole discretion) of the Defaulting Assets, divided by the total number of Notes to be redeemed early; and

- (b) where the Termination Costs are a positive amount, an amount in cash equal to:
 - (i) an amount equal to the market value (as determined by the Determination Agent in its sole and absolute discretion) of the Defaulting Assets, divided by the total number of Notes to be redeemed early; less
 - (ii) the absolute value of the Termination Costs, divided by the total number of Notes to be redeemed early.

For the purposes of the definition of “**Adjusted Early Cash Redemption Amount**”, the following shall apply:

- (i) “**Defaulting Assets**” means any Charged Assets (which shall include any Replaced Charged Assets) or Reference Asset, in respect of which a Mandatory Redemption Event has occurred, in a principal amount equal to the aggregate principal amount of Notes to be redeemed early.
- (ii) “**Reference Assets**” means, any bonds or securities (which may include, without limitation, convertible bonds or JGBs) specified in the Constituting Instrument of the relevant Series of Notes, which may or may not comprise all or part of the Charged Assets, and may be Defaulting Assets.

The Realisation Agent shall be deemed to be instructed by the Issuer to arrange the sale of Charged Assets to such extent necessary to permit the Issuer to meet its obligations to make payment of any Adjusted Early Cash Redemption Amount. If the Issuer holds Cash Collateral at that time, then the Issuer shall use such Cash Collateral to meet its obligations to make payment of any Adjusted Early Cash Redemption Amount. If there is any Charged Assets or Cash Collateral remaining with the Issuer after payment of any Adjusted Early Cash Redemption Amount, then such Charged Assets or Cash Collateral shall be delivered or paid to the Swap Counterparty under the Charged Agreement.

Provisions relating to Physical Settlement

- (A) Where “**Early Physical Redemption Amount**” is specified as applicable in the Constituting Instrument:

“**Early Physical Redemption Amount**” means, in respect of each Note in relation to which Physical Settlement applies:

- (a) where the Termination Costs are zero or a negative amount:
 - (i) delivery, on the due date for redemption, to the holder of such Note of such Note’s *pro rata* share of the Net Charged Assets rounded down to the nearest permitted authorised denomination of Net Charged Assets (as determined by the Determination Agent in its absolute discretion); and;
 - (ii) payment, on the due date for redemption, to the holder of such Note of an amount in cash equal to the sum of such Note’s *pro rata* share of:
 - (1) the absolute value of the Termination Costs; and
 - (2) the cash proceeds of the sale of any part of the Net Charged Assets remaining after the rounding down in

paragraph (a)(i) of this definition less any taxes, costs, losses and expenses incurred in such sale; and

(b) where the Termination Costs are a positive amount:

- (i) delivery, on the due date for redemption, to the holder of such Note of such Note's *pro rata* share of the Net Charged Assets remaining after the Issuer (or the Realisation Agent on behalf of the Issuer) has sold such principal amount of the Net Charged Assets as is necessary, in the opinion of the Determination Agent, to first pay in full any Termination Costs owed to the Swap Counterparty, rounded down to the nearest permitted authorised denomination of Net Charged Assets, as determined by the Determination Agent; and
- (ii) payment, on the due date for redemption, to the holder of such Note of the sum of such Note's *pro rata* share of:
 - (1) any cash proceeds of the sale of any part of the Net Charged Assets remaining after the rounding down in paragraph (b)(i) of this definition less any taxes, costs, losses and expenses incurred in such sale;
 - (2) any cash remaining after payment of the amount owed by the Issuer to the Swap Counterparty to the extent not already comprised in the amounts referred to above,

For the purposes of the definition of **"Early Physical Redemption Amount"**:

- (i) references to a "*pro rata* share" of any Net Charged Assets and a "*pro rata* share" of the cash proceeds of the sale of any Charged Assets means a portion of such Net Charged Assets or such cash calculated by applying thereto a fraction, the numerator of which is the denomination of one Note and the denominator of which is the aggregate denominations of all Notes to be redeemed early;
- (ii) **"Delivery Expense"** means any taxes (including, for the avoidance of doubt, stamp duty), costs, losses and expenses incurred by or on behalf of the Issuer in connection with its obligations under Condition 7;
- (iii) **"Net Charged Assets"** means, in relation to the redemption of the Notes and for the purpose of determining any Early Physical Redemption Amount, the Charged Assets (including any Replacement Charged Assets) relating to the Notes that continue to be held by the Custodian on behalf of the Issuer following liquidation by the Realisation Agent of such Charged Assets as are necessary to satisfy any Delivery Expense payable by or on behalf of the Issuer provided that if any Cash Collateral is held by the Issuer, the Net Charged Assets shall be a cash amount (not exceeding the Cash Collateral) equal to the market value (as determined by the Determination Agent in its sole and absolute discretion) of Reference Assets of a principal amount equal to the amount of Cash Collateral held by the Issuer as of the Cut-Off Date or such other date as the Determination Agent may determine in its sole and absolute discretion on or prior to the Early Redemption Date or (in the case of a Non-call Redemption) the Maturity Date, and any Cash Collateral

remaining with the Issuer after such cash amount has been paid shall be paid to the Swap Counterparty under the Charged Agreement; and

- (ii) **“Reference Asset”** means any bonds or securities (which may include, without limitation, convertible bonds or JGBs) specified in the Constituting Instrument of the relevant Series of Notes, which may or may not comprise all or part of the Charged Assets, and may be Defaulting Assets.

Notwithstanding the foregoing, in the case of a partial redemption pursuant to the paragraph headed “Alternative procedures” under Condition 1(b)(3), the Net Charged Assets shall be a portion of the Charged Assets (including any Replacement Charged Assets) relating to the Notes that continue to be held by the Custodian on behalf of the Issuer, calculated by applying thereto a fraction, the numerator of which is the denomination of all Notes to be redeemed early and the denominator of which is the aggregate denominations of all Notes outstanding, following liquidation by the Realisation Agent of such Charged Assets as are necessary to satisfy any Delivery Expense payable by or on behalf of the Issuer; and (y) references to the “Reference Asset” shall be a portion of such Reference Asset calculated by applying thereto a fraction, the numerator of which is the denomination of all Notes to be redeemed early and the denominator of which is the aggregate denominations of all Notes outstanding.

- (B) Where **“Deliverable Amount”** is specified as applicable in the Constituting Instrument:

“Deliverable Amount” means, in respect of each Note in relation to which Physical Settlement applies:

- (a) where the Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) are zero or a negative amount, delivery and/or payment to the holder of such Note of:
 - (i) an amount in cash equal to the absolute value of the Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs), divided by the total number of Notes to be redeemed early;
 - (ii) a *pro rata* share of the Remaining Charged Assets, rounded down to the nearest permitted authorised denomination of Charged Assets;
 - (iii) a *pro rata* share of the cash proceeds of the sale (less any taxes, costs, losses and expenses incurred due to such sale) of (x) any Charged Assets sold to meet any claims ranking prior to Noteholders pursuant to Condition 4(d) (after payment of such claims has been made in full) and (y) any Charged Assets remaining after the rounding down in sub-paragraph (a)(ii) above;
 - (iv) a *pro rata* share of a cash amount equal to the market value (as determined by the Determination Agent in its sole and absolute discretion) of the Reference Assets of a principal amount equal to the amount of Cash Collateral held by the Issuer as of the Cut-Off Date or such other date as the Determination Agent may determine in its sole discretion on or prior to the Early Redemption Date or (in the case of Non-Call Redemption) the Maturity Date (if any); and

- (v) an amount in cash equal to the Residual Cash Amount, divided by the total number of Notes to be redeemed early; and
- (b) where the Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) are a positive amount, delivery and/or payment to the holder of such Note of:
 - (i) a *pro rata* share of the Remaining Charged Assets rounded down to the nearest permitted authorised denomination of Charged Assets (the principal amount of Charged Assets shall, for the avoidance of doubt, have been reduced to the extent necessary to fund payment of all prior ranking claims as provided for in the definition of “Remaining Charged Assets” below);
 - (ii) a *pro rata* share of any cash proceeds of the sale (less any taxes, costs, losses, and expenses incurred due to such sale) of (x) any Charged Assets sold to meet the Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) and any claims ranking prior to Noteholders pursuant to Condition 4(d) (after payment of such claims has been made in full) and (y) any Charged Assets remaining after the rounding down in sub-paragraph (b)(i) above;
 - (iii) a *pro rata* share of a cash amount equal to the market value (as determined by the Determination Agent in its sole and absolute discretion) of the Reference Assets of a principal amount equal to the amount of Cash Collateral held by the Issuer as of the Cut-Off Date or such other date as the Determination Agent may determine in its sole discretion on or prior to the Early Redemption Date or (in the case of Non-Call Redemption) the Maturity Date (if any); and
 - (iv) an amount in cash equal to the Residual Cash Amount, divided by the total number of Notes to be redeemed early.

For the purposes of this definition of “**Deliverable Amount**”:

- (i) references to a “*pro rata* share” of any Charged Assets and a “*pro rata* share” of the cash proceeds of the sale of any Charged Assets means a portion of such Charged Assets or such cash calculated by applying thereto a fraction, the numerator of which is the denomination of one Note and the denominator of which is the aggregate denominations of all Notes to be redeemed early;
- (ii) “**Reference Assets**” means any bonds or securities (which may include, without limitation, convertible bonds or JGBs) specified in the Constituting Instrument of the relevant Series of Notes, which may or may not comprise all or part of the Charged Assets, and may be Defaulting Assets.
- (iii) “**Remaining Charged Assets**” means the Charged Assets remaining after the Issuer has sold (or procured the sale of) such principal amount of Charged Assets as is necessary to fund payment in full of any Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) owed to the Swap Counterparty and any other claims ranking prior to Noteholders pursuant to Condition 4(d), rounded down to the nearest permitted authorised denomination of Charged Assets provided that if any Cash Collateral is held by the Issuer, a cash amount equal to the market value (as determined by the Determination Agent in its sole and

absolute discretion) of the Reference Assets of a principal amount equal to the amount of Cash Collateral held by the Issuer as of the Cut-Off Date shall be applied in full (if possible) or partial payment of any Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) and Charged Assets that do not comprise cash shall only be sold pursuant to this paragraph if such cash amount is insufficient to cover payment of the Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs).

- (iv) **“Residual Cash Amount”** means any cash (other than the sale proceeds of any Charged Assets or Cash Collateral remaining after payment of the amounts described in sub-paragraphs (a)(iv) or (b)(iii) (as the case may be) above) held by or on behalf of the Issuer in respect of the Notes. Any Cash Collateral remaining with the Issuer after payment of the amounts described in sub-paragraphs (a)(iv) or (b)(iii) (as the case may be) shall be paid to the Swap Counterparty under the Charged Agreement.

Notwithstanding the foregoing, in the case of a partial redemption pursuant to the paragraph headed “Alternative procedures” under Condition 1(b)(3), the Remaining Charged Assets shall be a portion of the Charged Assets calculated by applying thereto a fraction, the numerator of which is the denomination of all Notes to be redeemed early and the denominator of which is the aggregate denominations of all Notes outstanding (such portion of Charged Assets, the **“Relevant Charged Assets”**), remaining after the Issuer (or the Realisation Agent on behalf of the Issuer) has sold (or procured the sale of) such principal amount of such Charged Assets from the Relevant Charged Assets as is necessary to fund payment in full of any Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) applies and a Mandatory Redemption Event occurs) owed to the Swap Counterparty and any other claims ranking prior to the relevant Noteholder pursuant to Condition 4(d); and (y) references to the “Reference Asset” and “Residual Cash Amount” shall be a portion of such Reference Asset, or a portion of such cash held by or on behalf of the Issuer in respect of the Notes (as the case may be), in each case calculated by applying thereto a fraction, the numerator of which is the denomination of all Notes to be redeemed early and the denominator of which is the aggregate denominations of all Notes outstanding

- (C) Where **“Adjusted Deliverable Amount”** is specified as applicable in the Constituting Instrument in respect of Notes being early redeemed pursuant to Condition 7(b)(1):

“Adjusted Deliverable Amount” means, in respect of each Note in relation to which Physical Settlement applies:

- (a) where the Termination Costs are zero or are a negative amount, delivery and/or payment to the holder of such Note of:
 - (i) an amount in cash equal to the absolute value of the Termination Costs, divided by the total number of Notes to be redeemed early;
 - (ii) a pro rata share of the Deliverable Defaulting Assets rounded down to the nearest permitted authorised denomination of Charged Assets, Replaced Charged Assets or Reference Assets (as the case may be);

- (iii) a pro rata share of the cash proceeds of the sale (less any taxes, costs, losses and expenses incurred due to such sale) of any Charged Assets (which shall include any Replaced Charged Assets) or Reference Assets (as the case may be) sold to meet any claims ranking prior to Noteholders pursuant to Condition 4(d) (after payment of such claims has been made in full); and
 - (iv) an amount in cash equal to the Adjusted Residual Cash Amount divided by the total number of Notes to be redeemed early; and
- (b) where the Termination Costs are a positive amount, delivery and/or payment to the holder of such Note of:
 - (i) a pro rata share of the Deliverable Defaulting Assets rounded down to the nearest permitted authorised denomination of the Charged Assets (the principal amount of Charged Assets (which shall include any Replaced Charged Assets) or Reference Assets (as the case may be) shall, for the avoidance of doubt, have been reduced to the extent necessary to fund payment of all prior ranking claims as provided for in the definition of "Deliverable Defaulting Assets" below);
 - (ii) a pro rata share of any cash proceeds of the sale (less any taxes, costs, losses, and expenses incurred due to such sale) of any Charged Assets (which shall include any Replaced Charged Assets) or Reference Assets (as the case may be) sold to meet the Termination Costs and any claims ranking prior to Noteholders pursuant to Condition 4(d) (after payment of such claims has been made in full); and
 - (iii) an amount in cash equal to the Adjusted Residual Cash Amount divided by the total number of Notes to be redeemed early.

For the purposes of this definition of "**Adjusted Deliverable Amount**":

- (i) references to a "*pro rata* share" of the Deliverable Defaulting Assets and a "*pro rata* share" of the cash proceeds of the sale of any Deliverable Defaulting Assets means a portion of such Deliverable Defaulting Assets or such cash calculated by applying thereto a fraction, the numerator of which is the denomination of one Note and the denominator of which is the aggregate denominations of all Notes to be redeemed early;
- (ii) "**Adjusted Residual Cash Amount**" means (i) the cash proceeds of sale of any Charged Assets (which shall include any Replaced Charged Assets) or Reference Assets, as the case may be, remaining after the rounding referred to in the definition of "Deliverable Defaulting Assets" less (ii) any taxes, costs, losses and expenses incurred in such sale;
- (iii) "**Defaulting Assets**" means any Charged Assets (which shall include any Replaced Charged Assets) or Reference Assets, in respect of which a Mandatory Redemption Event has occurred, in a principal amount equal to the aggregate principal amount of Notes to be redeemed early;
- (iv) "**Deliverable Defaulting Assets**" means any Charged Assets (which shall include any Replaced Charged Assets) or Reference Assets (as selected by the Determination

Agent in its sole discretion), rounded down to the nearest permitted authorised denomination of such Charged Assets (which shall include any Replaced Charged Assets) or Reference Assets (as the case may be), with a principal amount equal to the market value of the relevant principal amount of Defaulting Assets, following the sale or delivery (or procured sale or delivery, as the case may be) of such principal amount of Charged Assets (which shall include any Replaced Charged Assets) or Reference Assets (as the case may be) necessary to (i) fund payment in full of any Termination Costs owed to the Swap Counterparty and any other claims ranking prior to Noteholders pursuant to Condition 4(d) and (ii) permit the Issuer to meet its obligations to make the payment of any Adjusted Early Cash Redemption Amount (if any), provided that if any Cash Collateral is held by the Issuer, the Deliverable Defaulting Assets may, in the sole and absolute discretion of the Determination Agent, comprise a cash amount from the Cash Collateral equal to the market value (as determined by the Determination Agent in its sole and absolute discretion) of Reference Assets of a principal amount equal to the principal amount of Defaulting Assets, following payment in full of any Termination Costs owed to the Swap Counterparty and any other claims ranking prior to the Noteholders pursuant to Condition 4(d) and the Issuer's obligations to make the payment of any Adjusted Early Cash Redemption Amount (if any); and

- (v) **"Reference Assets"** means, any bonds or securities (which may include, without limitation, convertible bonds or JGBs) specified in the Constituting Instrument of the relevant Series of Notes, which may or may not comprise all or part of the Charged Assets, and may be Defaulting Assets.
- (D) Any delivery of Charged Assets (which shall include any Replaced Charged Assets) or Reference Assets to any Noteholder pursuant to this Condition 7 shall be subject to the terms and conditions of such Charged Assets and to all applicable laws, regulations and directives and to payment of any Delivery Expenses in connection therewith.
- (E) Notwithstanding anything to the contrary in this Condition 7(g)(8), if (i) it is illegal, impossible or impracticable (as determined by the Determination Agent in its sole discretion) to satisfy the Early Redemption Amount by delivering the Early Physical Redemption Amount or the Deliverable Amount to the Noteholder, the Early Redemption Amount payable in respect of the relevant Note shall be the Early Cash Redemption Amount A (in the case of delivery of the Early Physical Redemption Amount) or Early Cash Redemption Amount B (in the case of delivery of the Deliverable Amount); or (ii) it is illegal, impossible or impracticable (as determined by the Determination Agent in its sole discretion) to satisfy the Early Redemption Amount by delivering the Adjusted Deliverable Amount (if applicable) to the Noteholder, the Early Redemption Amount payable in respect of the relevant Note shall be the Adjusted Early Cash Redemption Amount (if applicable).
- (F) For the purposes of the delivery of Early Physical Redemption Amount or Deliverable Amount or Adjusted Deliverable Amount (as the case may be), delivery of any Charged Assets, Replaced Charged Assets or Reference Assets (as the case may be) to which a Noteholder is entitled shall be made in accordance with the instructions of such Noteholder set out in a delivery notice specifying an account in the Clearing System for delivery of such Charged Assets, Replaced Charged Assets or Reference Assets (as the case may be) (in or substantially in the form set out in the Master Agency Terms, copies of which are

available at the specified office of each of the Paying Agents). Upon presentation and surrender of a Note, the Paying Agent shall issue to the holder thereof a receipt in respect of such Note. The Notes shall cease to be outstanding on the first day on or after the Settlement Date (as defined below) upon which the Issuer makes the relevant Charged Assets available for delivery in accordance with these Conditions. If there is a Settlement Disruption Event that prevents settlement on the Settlement Date, then settlement shall be on the first succeeding day on which settlement can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each day that the relevant Clearing System is (or, but for the Settlement Disruption Event, would have been) open for business during the period ending 30 calendar days after the original date on which, but for the Settlement Disruption Event, settlement would have occurred. If settlement does not occur during such 30 calendar day period, the Issuer shall procure that the Custodian will hold the Charged Assets, Replaced Charged Assets or Reference Assets (as the case may be) comprising the aggregate Early Physical Redemption Amount or Deliverable Amount or Adjusted Deliverable Amount (as the case may be) in respect of each Noteholder until such time as the Custodian receives a direction in writing from the relevant Noteholder (a **"Settlement Direction"**) regarding the delivery of the relevant proportion of such Charged Assets, Replaced Charged Assets or Reference Assets (as the case may be), whereupon the Custodian shall notify the Trustee and the Issuer of the Settlement Direction and shall procure that the relevant proportion of Charged Assets, Replaced Charged Assets or Reference Assets (as the case may be) are delivered as soon as reasonably practicable in accordance with the Settlement Direction.

"Settlement Date" means the date specified in, or determined in accordance with the provisions of, the Constituting Instrument or, if such date is not a day on which the Clearing System is open for business, the next following day that is such a day.

"Settlement Disruption Event" means an event beyond the control of the Issuer and the relevant Noteholder as a result of which the Clearing System cannot clear transfers of the Charged Assets comprising the Early Physical Redemption Amount or the Deliverable Amount or the Adjusted Deliverable Amount, as the case may be, in respect of such Noteholder.

Termination Costs and other provisions

- (A) For the purposes of the definitions of **"Early Cash Redemption Amount A"**, **"Early Cash Redemption Amount B"**, **"Adjusted Early Cash Redemption Amount"**, **"Early Physical Redemption Amount"**, **"Deliverable Amount"** and/or **"Adjusted Deliverable Amount"**, the following shall apply:

"Net Unpaid Amounts" shall have the meaning set out in the Master Charged Agreement Terms (which shall, for these purposes, be expressed as a positive amount if payable by the Issuer or a negative amount if payable by the Swap Counterparty) and shall only be payable following termination of the Charged Agreement following the occurrence of a Mandatory Redemption Event.

"Termination Costs" means Termination Costs A or Termination Costs B, as specified as applicable in the Constituting Instrument.

If **"Termination Costs A"** is specified as applicable in the Constituting Instrument:

"Termination Costs A" means, in relation to the redemption of the Notes, the net amount payable upon termination (in whole or in part) of any Charged Agreement entered into in connection with the Notes where the parties thereto have elected **"Market Quotation"** (as such term is defined in the Charged Agreement) to apply (that shall be expressed as a positive amount if payable by the Issuer or a negative amount if payable to the Issuer), determined by the Determination Agent in its sole discretion on or as soon as reasonably practicable after the date of

designation of the relevant Early Redemption Date or any other date designated for redemption on or prior to the Maturity Date.

If "Termination Costs B" is specified as applicable in the Constituting Instrument:

"Termination Costs B" means the net amount payable upon termination (in whole or in part) of the Charged Agreement where the parties thereto have elected "Loss" (as such term is defined in the Charged Agreement) to apply (which shall be expressed as a positive amount if payable by the Issuer or a negative amount if payable by the Swap Counterparty), which amount shall include, without limitation, any cost or loss to the Swap Counterparty in terminating or unwinding any hedging position in relation to any such Charged Agreement and shall be payable following termination of the Charged Agreement for any reason other than the occurrence of a Mandatory Redemption Event. For the avoidance of doubt, in relation to the redemption of the Notes as a result of the occurrence of a Mandatory Redemption Event, Termination Costs B shall not apply and only Net Unpaid Amounts shall be payable.

- (B) Where Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) or any of the amounts described in the definitions of "Early Cash Redemption Amount A", "Early Cash Redemption Amount B", "Adjusted Early Cash Redemption Amount", "Early Physical Redemption Amount", "Deliverable Amount" or "Adjusted Deliverable Amount", as the case may be, are denominated in a currency which is different from the currency in which the Notes are denominated, such Termination Costs (or Net Unpaid Amounts, if Variable Standard 6(e) Termination applies and a Mandatory Redemption Event occurs) or such amounts shall be deemed to refer to the equivalent of such amounts in a currency in which the Notes are denominated as determined by the Determination Agent using an exchange rate determined by the Determination Agent as of the Cut-Off Date or such other date as the Determination Agent may determine in its sole discretion.
- (C) Where Notes have been presented or surrendered for delivery of Early Cash Redemption Amount A, Early Cash Redemption Amount B, Adjusted Cash Redemption Amount, Early Physical Redemption Amount, Deliverable Amount or Adjusted Deliverable Amount (as the case may be), and a Paying Agent has issued a receipt in respect of the same, such receipt shall for all purposes be treated as the Notes in respect of which it was issued and the holder of such receipt as the holder of the Notes represented by it until payment or delivery of the Early Cash Redemption Amount A, Early Cash Redemption Amount B, Adjusted Cash Redemption Amount, Early Physical Redemption Amount, Deliverable Amount or Adjusted Deliverable Amount, as the case may be.
- (D) Pursuant to the Trust Deed, the Trustee shall be deemed to have authorised the release from the security interests created thereby of any Charged Assets to be delivered pursuant to this Condition 7.

In the event of Notes becoming due for redemption under the paragraph headed "Alternative procedures" under Condition 1(b)(3), Conditions 7(b), 7(c), 7(d), 7(e) or following a Non-Call Redemption or Condition 9 and the security interests becoming enforceable in accordance with the provisions of the Trust Deed (i) the Trustee may take such action as is provided in Condition 4(c) and (ii) the Early Redemption Amount may be less than the principal of the Notes being redeemed.

- (E) If it is contemplated that Charged Assets are to be sold under these Conditions, then the Realisation Agent shall be deemed to be instructed by the Issuer to arrange the sale of Charged Assets to such extent necessary in accordance with Condition 4(c).

(h) *Redemption at the option of the Noteholders or the Issuer*

(1) Noteholder option

If this Condition 7(h)(1) is stated by the Constituting Instrument to be applicable, the Issuer shall, subject to compliance with all relevant laws, regulations and directives, at the option of the holder of any Note (the “**Noteholder Option**”), redeem such Note on the Noteholder Optional Redemption Date (as defined below) at its Noteholder Optional Redemption Amount (which shall be the Scheduled Redemption Amount unless otherwise specified in the Constituting Instrument) (such amount being the “**Noteholder Optional Redemption Amount**”), together with interest accrued to, but excluding, the Noteholder Optional Redemption Date.

To exercise such option the holder must deposit the relevant Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed notice of redemption (“**Redemption Notice**”) in the form obtainable from any Paying Agent (in the case of Bearer Notes) or from the Registrar or any Transfer Agent (in the case of Registered Notes) not more than 60 nor less than 30 days prior to the relevant date for redemption (and the Redemption Notice shall set forth the date fixed for redemption of the Notes under this Condition 7(h)(i) (the “**Noteholder Optional Redemption Date**”)) and provided that, in the case of any Note represented by a Global Note or a Global Registered Certificate registered in the name of a nominee for Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, the Noteholder must deliver such Redemption Notice together with an authority to Euroclear or Clearstream, Luxembourg or the relevant Alternative Clearing System (in each case, as appropriate) to debit such Noteholder's account accordingly and provided that, in the case of any Note represented by a Global Registered Certificate registered in the name of any other person, the Noteholder must deliver such Redemption Notice together with an instruction to such person to amend its records accordingly. No Note (or authority) so deposited may be withdrawn (except as provided in the Constituting Instrument) without the prior written consent of the Issuer.

Notwithstanding any provision to the contrary, if at any time prior to the redemption of the Notes pursuant to the exercise of the Noteholder Option, a Mandatory Redemption Event, an Other Early Redemption Event (if applicable), an Early Redemption Following Restructuring (if applicable), a Charged Assets Coupon Deferral Event (if applicable) or a Tax Event occurs, or a termination of the Charged Agreement or a Non-call Redemption (if applicable) occurs, and (in each case other than a Non-call Redemption) the Issuer gives notice of an Early Redemption Date pursuant to the Conditions, then any notice of redemption given pursuant to this Condition 7(h)(1) shall be deemed to be void and the Notes shall be redeemed pursuant to the provisions of the relevant Condition.

(2) Issuer option

If this Condition 7(h)(2) is stated by the Constituting Instrument to be applicable, the Issuer may, on giving the requisite notice (which shall be no less than 5 Business Days or no more than 31 Business Days unless otherwise specified in the Constituting Instrument) (and such notice shall set forth the date fixed for redemption of the Notes under this Condition 7(h)(2) (the “**Issuer Optional Redemption Date**”)) to the Trustee and the Noteholders in accordance with Condition 14, and subject to compliance with all relevant laws, regulations and directives, at the option of the Issuer (the “**Issuer Option**”), redeem all or some of the Notes on the Issuer Optional Redemption Date specified in such notice at their Issuer Optional Redemption Amount (which shall be the Scheduled Redemption Amount unless otherwise specified in the Constituting Instrument) (such amount being the “**Issuer Optional Redemption Amount**”), together with interest accrued to, but excluding, the Issuer Optional Redemption Date.

The Issuer is obliged to exercise its option pursuant to this Condition 7(h)(2) upon receipt of a valid Charged Agreement Option Notice, whereupon the Issuer shall redeem an outstanding principal amount of the Notes equal to the amount in which the notional amount of the Charged Agreement is to terminate, and it shall exercise such option not later than the Business Day immediately following receipt of the Charged Agreement Option Notice,

with the Early Redemption Date being the same date as the Charged Agreement Option Effective Date (as defined below).

For these purposes:

“Charged Agreement Option Notice” means a notice delivered by the Swap Counterparty to the Issuer (with a copy to the Trustee and the Determination Agent) pursuant to the terms of the Charged Agreement requiring the Issuer to redeem the Notes in whole or in part; and

“Charged Agreement Option Effective Date” means, following delivery of a Charged Agreement Option Notice, the date on which the related partial or full termination of the Charged Agreement is to take effect.

Notice given by the Issuer to redeem Note(s) pursuant to this Condition 7(h)(2) may not be withdrawn (save with the prior written consent of the Trustee) and the Issuer shall be bound to redeem the Note(s) in accordance with the notice, this Condition 7(h)(2) and the Constituting Instrument. Following the delivery of a valid Charged Agreement Option Notice, on the Charged Agreement Option Effective Date, the Swap Counterparty will pay to the Issuer the relevant termination amounts to be calculated under the Charged Agreement and the Issuer shall (subject to the terms of the Charged Agreement) deliver (or procure the delivery of) a portion of the Charged Assets equal to the proportion represented by the principal amount of the Notes being redeemed against the aggregate principal amount of the outstanding Notes to the Swap Counterparty, and the notional amount of the Charged Agreement shall be reduced accordingly.

Notwithstanding any provision to the contrary, if at any time prior to the redemption of the Notes pursuant to the exercise of the Issuer Option, a Mandatory Redemption Event, an Other Early Redemption Event (if applicable) or an Early Redemption Following Restructuring (if applicable), a Charged Assets Coupon Deferral Event (if applicable) or a Tax Event occurs, or a termination of the Charged Agreement or a Non-call Redemption (if applicable) occurs, and (in each case other than a Non-call Redemption) the Issuer gives notice of an Early Redemption Date pursuant to the Conditions, then any notice of redemption given pursuant to this Condition 7(h)(2) shall be deemed to be void and the Notes shall be redeemed pursuant to the provisions of the relevant Condition.

In the case of a partial redemption of Notes (if permitted as specified in the Constituting Instrument):

- (A) when the Notes are in definitive form, if a partial redemption is specified in the Constituting Instrument to be effected by selection of whole Notes, the Notes to be redeemed will be selected in the manner indicated in the Constituting Instrument and notice of the Notes called for redemption will be published in accordance with Condition 14 not less than 5 days prior to the date fixed for redemption, or, if a partial redemption of Notes is specified in the Constituting Instrument to be effected by *pro rata* payment, the outstanding principal amount of each Note shall be redeemed in a proportion equal to the proportion which the outstanding principal amount of such Note bears to the aggregate outstanding principal amount of all the Notes at such time; and
- (B) when the Notes are represented by a Global Note or a Global Registered Certificate, if a partial redemption is specified in the Constituting Instrument to be effected by selection of whole Notes, the Notes to be redeemed will be selected in accordance with the rules of Euroclear or Clearstream, Luxembourg or the relevant Alternative Clearing System (in each case, as appropriate) or (in any case where a Global Registered Certificate is registered in the name of a person other than a nominee for Euroclear or Clearstream, Luxembourg or an Alternative Clearing System) in accordance with the rules and procedures established from time to time by such person or, if a partial redemption of Notes is specified in the Constituting Instrument to be effected by *pro rata* payment, each Note shall be redeemed in a proportion equal to the proportion which the outstanding principal amount of such

Note bears to the aggregate outstanding principal amount of all the Notes at such time.

(3) Consequence of exercise of options

As soon as reasonably practicable after the exercise of an option pursuant to this Condition 7(h), the Issuer shall instruct the Realisation Agent to arrange for and administer the sale of the Charged Assets or such part thereof as corresponds to the Notes to be redeemed in accordance with Condition 4(c).

(i) *Purchase*

Unless otherwise provided in the Constituting Instrument, the Issuer may, with the consent of each Swap Counterparty (if any), purchase Notes in the open market or otherwise at any price (provided, in the case of definitive Bearer Notes, that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith). All Notes so purchased and any unmatured Receipts and Coupons and unexchanged Talons appertaining thereto attached to or surrendered with Bearer Notes may, if so specified in the Constituting Instrument, at the option of the Issuer or at the direction of the Swap Counterparty if so specified in the Constituting Instrument, be held by it (and subsequently re-issued or re-sold) or may be cancelled, in which latter case they may not be re-issued or re-sold. On any such purchase of such Notes by the Issuer, there will be a *pro rata* reduction in payments under the Charged Agreement (if any) and, so far as the denominations of the Charged Assets being realised or disposed of will allow, in the aggregate amount of the Charged Assets held by the Issuer, which transactions will leave the Issuer with no net liabilities in respect thereof; provided that any selection of individual assets comprised in the Charged Assets to be realised or disposed of shall be made at the discretion of the Issuer or at the direction of the Swap Counterparty if so specified in the Constituting Instrument. On any subsequent re-sale or re-issue of such Notes which the Issuer has not cancelled, either (i) there will be a *pro rata* increase in payments under the Charged Agreement (if any) and in the amount of the Charged Assets or (ii) a new Charged Agreement will be entered into and new Charged Assets will be acquired by the Issuer.

No interest will be payable with respect to a Note to be purchased pursuant to this Condition 7(i) in respect of the period from the previous date for the payment of interest on the Note, or, if none, the Issue Date to the date of such purchase.

If not all the Notes represented by a Registered Certificate are to be purchased, the Registrar shall forthwith upon the written request of the Noteholder concerned issue a new Registered Certificate in respect of the Notes which are not to be purchased and despatch such Registered Certificate to the Noteholder (at the risk of the Noteholder and to such address as the Noteholder may specify in such request).

When, in connection with the application of this Condition 7(i), it is necessary for the Issuer to sell the Charged Assets or any part thereof in the market, the Issuer shall instruct the Realisation Agent to arrange for and administer such sale in accordance with Condition 4(c).

The Trust Deed contains provisions for the release from the security in favour of the Trustee of the relevant Charged Assets (or part thereof) which correspond to the Series of Notes (or part thereof) to be redeemed by the Issuer pursuant to Condition 7(h) or purchased by the Issuer pursuant to Condition 7(i).

Whilst the Notes are represented by a Global Note or a Global Registered Certificate, the relevant Global Note or Global Registered Certificate will be endorsed to reflect the principal amount of Notes so redeemed or purchased.

(j) *Exchange of Series*

The Noteholders of a Series may together by notice in writing delivered to the Issuer (and copied to the Trustee), with the consent of each Swap Counterparty (if any) and subject to and in accordance with the provisions of the Constituting Instrument, request the Issuer to issue a further Series of Notes (the “**New Series**”) in exchange for that existing Series of Notes (the “**Existing Series**”) on such terms as may be specified in the Constituting Instrument or specified or approved by all such Noteholders. Any Charged Agreement in respect of such Existing Series so exchanged will be terminated and the security for the New Series will be that constituted by the Constituting Instrument in relation to the Existing Series (other than a security interest in respect of any Charged Agreement so terminated) (except that the security for the New Series may be postponed in point of priority to any other security over the assets securing the Existing Series which may have attached to such assets since the creation of the security for the Existing Series) and, if appropriate, over a further Charged Agreement to be entered into in connection with the New Series, all in accordance with the terms of the Constituting Instrument and as previously approved in writing by the Trustee provided that if the Existing Series is rated by any Rating Agency at the request of the Issuer, it may only be exchanged for a New Series if each such Rating Agency shall have confirmed that it will assign the New Series the same rating as that assigned by such Rating Agency to the Existing Series (unless the relevant Rating Agency shall have waived such requirement or the rules of the relevant Rating Agency at the date of such exchange do not so require such similar rating).

If the Existing Series comprises Listed Notes and if it is intended that the New Series be Listed Notes, the Issuer shall notify the relevant stock exchange and any relevant competent authority and produce such Prospectus and produce such information as the rules of such stock exchange or competent authority may require in connection therewith.

If the Noteholders of a Series elect, pursuant to Condition 7(j), to exchange such Series for a New Series, upon termination of any Charged Agreement in respect of the Existing Series so exchanged, a shortfall may be suffered by the Noteholders.

(k) *Redemption by instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 7, each Note which provides for “**Instalment Dates**” and “**Instalment Amounts**” will be partially redeemed on each Instalment Date at the specified Instalment Amount, whereupon the outstanding principal amount of such Note and its Scheduled Redemption Amount (unless specified otherwise in the Constituting Instrument) shall be reduced for all purposes by the Instalment Amount. If the Constituting Instrument requires the Instalment Amounts to be calculated, it will specify the Determination Agent appointed to determine such Instalment Amounts and the provisions of Condition 7(g) in relation to the calculation of Redemption Amounts shall apply *mutatis mutandis* in relation to the calculation of Instalment Amounts.

(l) *Cancellation*

All Notes of any Series which are redeemed (together, in the case of Bearer Notes, with such unmatured Receipts, Coupons and Talons as are attached thereto or are surrendered therewith at the time of such redemption) and all Receipts and Coupons which are paid and Talons which are exchanged shall, unless otherwise permitted by these Conditions or the Constituting Instrument, be cancelled forthwith by the Paying Agent or the Registrar or Transfer Agent, as the case may be, by or through which they are redeemed or paid. Each Paying Agent shall give all relevant details and forward cancelled Notes, Receipts, Coupons and Talons to the Principal Paying Agent or its designated agent. All Notes which are purchased by the Issuer pursuant to Condition 7(i) (together, in the case of Bearer Notes, with such unmatured Receipts, Coupons and Talons as are attached thereto or are surrendered therewith at the time of such purchase) and all Receipts and Coupons which are paid and Talons which are exchanged shall, unless otherwise permitted by the Conditions, be delivered to, and cancelled forthwith by, the Principal Paying Agent (in the case of Bearer Notes, Receipts, Coupons and Talons) or the Registrar or Transfer Agent (in the case of Registered Notes), as the case may be.

Each Transfer Agent shall give all relevant details and forward cancelled Notes to the Registrar or its designated agent.

8. Payments

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes (other than Dual Currency Notes) will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payment of Instalment Amounts other than payment of the last Instalment Amount and provided that each Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(e)(6)) or Coupons (in the case of interest, save as specified in Condition 8(e)(6)) at the specified office of any Paying Agent outside the United States by transfer to an account denominated in the currency in which such payment is due; provided that if the Notes are denominated in Yen, such payments will be made by transfer to a Yen account (in the case of payment to a non-resident of Japan, to a non-resident Yen account) maintained by the payee with, a bank in Tokyo.

No payments of principal, interest or other amounts due in respect of Bearer Notes (or the related Coupons, Talons or Receipts) will be made by mail to an address in the United States or by transfer to an account maintained by the Holder in the United States.

(b) *Registered Notes*

- (1) Payments of principal (which, for the purposes of this Condition 8(b), shall include the final Instalment Amount but not other Instalment Amounts) in respect of Registered Notes (other than Dual Currency Notes) will be made to the person shown on the register against presentation and surrender of the relevant Registered Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 8(a). To the extent that a Noteholder does not present (and, if applicable, surrender) the relevant Registered Certificate at least three Business Days prior to the Maturity Date or other date for redemption (as the case may be) none of the Issuer, the Trustee, the Registrar, the Principal Paying Agent, the Interest Determination Agent, each Swap Counterparty (if any), the Determination Agent (if any), the Custodian or any other person shall be liable in respect of any delay in the payment of the relevant redemption monies to such Noteholder as a consequence thereof.
- (2) Interest (which, for the purposes of this Condition 8(b), shall include all Instalment Amounts other than the final Instalment Amount) on Registered Notes payable on any Interest Payment Date or, as the case may be, any Instalment Date will be paid to the persons shown on the Register on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the relevant Record Date, the payment of 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.
- (3) Payments in Yen in respect of Registered Notes will be made in the manner specified in Condition 8(a).

(c) *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:

- (1) 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 above when due;
- (2) 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
- (3) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(d) *Payments subject to fiscal laws; payments on Global Notes and Global Registered Certificates*

- (1) All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (2) Payments of principal and interest in respect of Bearer Notes when represented by a Global Note and payments of principal in respect of Registered Notes when represented by a Global Registered Certificate will be made against presentation and surrender or, as the case may be, presentation of the Global Note or Global Registered Certificate at the specified office of the Principal Paying Agent or, as the case may be, the Registrar, subject in all cases to any fiscal or other laws, regulations and directives applicable in the place of payment to the Issuer, the Principal Paying Agent or, as the case may be, the Registrar or the bearer or registered owner of the Global Note or Global Registered Certificate or any person (so long as the Global Note or Global Registered Certificate is held on behalf of Euroclear, Clearstream, Luxembourg, DTC or an Alternative Clearing System) shown in the records of Euroclear, Clearstream, Luxembourg or DTC (other than each Clearing System to the extent that it is an account holder with the other Clearing System for the purpose of operating the "bridge" between the Clearing Systems) or such Alternative Clearing System as the holder of a particular principal amount of the Notes. A record of each payment so made will be endorsed on the relevant schedule to the Global Note or Global Registered Certificate by or on behalf of the Principal Paying Agent or, as the case may be, the Registrar which endorsement shall be *prima facie* evidence that such payment has been made.
- (3) The bearer of a Global Note or the registered owner of a Global Registered Certificate shall be the only person entitled to receive payments of principal and interest on the Global Note or Global Registered Certificate and the Issuer will be discharged by payment to the bearer or registered owner of such Global Note or Global Registered Certificate in respect of each amount paid. So long as the relevant Global Note or Global Registered Certificate is held by or on behalf of Euroclear, Clearstream, Luxembourg, DTC or an Alternative Clearing System, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System as the holder of a Note must look solely to Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System, as the case may be, for its share of each payment so made by the Issuer to the bearer or registered owner of the Global Note or Global Registered Certificate subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System, as the case may be. So long as the relevant Global Registered Certificate is registered in the name of a person other than a nominee for Euroclear, Clearstream, Luxembourg, DTC or an Alternative Clearing System, each of the persons shown in the records of such person as the holder of a Note must look solely to such person for its share of each payment so made by the Issuer to such person, subject to the rules and procedures established from time to time by such person. No person other than the bearer of the Global Note or the registered owner of the Global Registered Certificate shall have any entitlement to payments due by the Issuer on the Notes.

(e) *Unmatured Receipts and Coupons and unexchanged Talons*

- (1) Fixed Rate Notes which are Bearer Notes, other than Notes which are specified in the Constituting Instrument to be Long Maturity Notes (being Fixed Rate Notes whose principal amount is less than the aggregate interest payable thereon on the relevant dates for payment of interest under Condition 6(a)) or Variable Coupon Amount Notes, shall be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing 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 (as defined in Condition 7(f)(3)) for the payment of such Redemption Amount (whether or not such Coupon has become void pursuant to Condition 11).

- (2) Subject to the provisions of the Constituting Instrument, upon the due date for redemption of any Floating Rate Note, Long Maturity Note or Variable Coupon Amount Note which is a Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (3) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Bearer Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (4) Upon the due date for redemption of any 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.
- (5) Where any Floating Rate Note, Long Maturity Note or Variable Coupon Amount Note which is a Bearer Note is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, 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.
- (6) If the due date for redemption of any Bearer Note 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. Interest accrued on a Registered Note from its Maturity Date in respect of which the Registered Certificate has been presented for payment of principal shall, save as otherwise provided in the Conditions, be paid in accordance with Condition 8(b). Interest accrued on a Zero Coupon Note from its Maturity Date shall be payable on redemption of such Zero Coupon Note against presentation thereof.

(f) *Non-business days*

Subject as provided in the Constituting Instrument, if any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall be entitled neither 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 on which banks are open for general business and carrying out transactions in the relevant currency in the relevant place of presentation and in the place where payment is to be made and in the cities referred to in the definition of Business Days set out in the applicable Constituting Instrument.

(g) *Dual Currency Notes*

The Constituting Instrument in respect of each Series of Dual Currency Notes shall specify the currency in which each payment in respect of the relevant Notes shall be made, the terms relating to any option relating to the currency in which any payment is to be made and the basis for calculating the amount of any relevant payment and the manner of payment thereof.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a coupon sheet issued in respect of any Note, the Talon forming part of such coupon sheet may be surrendered at the specified office of the Principal Paying Agent or such other Paying Agent as is notified to the Noteholders in exchange for a further coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 11).

9. Events of Default

The Trustee at its discretion may, and if so directed (i) in writing by the holders of at least one-fifth in principal amount of the Notes of any Series then outstanding or (ii) by an Extraordinary Resolution of the Noteholders shall, subject to its being secured and/or indemnified and/or pre-funded to its satisfaction, give notice to the Issuer that the Notes of such Series are, and they shall accordingly immediately become, due

and repayable at their Early Redemption Amount, calculated as provided by Condition 7(g) (or, in the case of Zero Coupon Notes of a Series (unless the Constituting Instrument provides otherwise or does not specify the Amortisation Yield and Day Count Fraction) at their Amortised Face Amount) on the Early Redemption Date, upon the occurrence of any of the following events ("**Events of Default**"):

- (a) if default is made for a period of 14 days or more in the payment of any sum due in respect of such Notes or any of them (save as specifically provided in these Conditions); or
- (b) if the Issuer fails to perform or observe any of its other obligations under such Notes or the relevant Trust Deed and, if such failure is remediable, such failure continues for a period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and, for such purposes, any failure to perform or observe any obligation shall be deemed remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or
- (c) if any order shall be made by any competent court or other authority or any resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms approved by the Trustee.

While the Notes of any Series are represented by one or more Global Notes or Global Registered Certificates, the holder of any such Global Note or Global Registered Certificate (or two or more of them acting together, if more than one) representing one-fifth in principal amount of the Notes of such Series may exercise the right to request the Trustee to declare such Notes due and payable at the relevant amount by request in writing to the Trustee.

The Issuer has covenanted pursuant to the Trust Deed with the Trustee that, for so long as any Note remains outstanding, it shall provide a written confirmation to the Trustee annually that (as far as the Issuer is aware) no Event of Default or Potential Event of Default (each as defined in the Master Definitions) has occurred.

The Issuer has further covenanted in the Trust Deed that it will give notice in writing to the Trustee promptly upon becoming aware of the occurrence of any Event of Default or Potential Event of Default and, at the same time as giving such notice to the Trustee, shall procure that a copy of the same is sent to each Rating Agency which has (at the request of the Issuer) assigned a rating to the Notes.

10. Enforcement and Limited Recourse

Only the Trustee may pursue the remedies available under the Trust Deed, the Conditions and any Additional Charging Instrument to enforce the rights of the Noteholders of a Series or any Swap Counterparty (in their respective capacities as such) in the order of priority specified in the Constituting Instrument. Neither any holder of any Note or Receipt or Coupon (if any) of such Series nor any Swap Counterparty is entitled to proceed directly against the Issuer or the Collateral, unless the Trustee, having become bound to proceed in accordance with the terms of the relevant Trust Deed, any Additional Charging Instrument or the Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. In no circumstances whatsoever (including without limitation after as well as before any court judgment or arbitral award) is the Trustee or the holder of any Note or Receipt or Coupon (if any) of such Series or any Swap Counterparty entitled to proceed against any assets of the Issuer other than the Collateral. After realisation of the security in respect of the Notes of such Series which has become enforceable and distribution of the net proceeds thereof in accordance with Condition 4 and save for lodging a claim in the liquidation of the Issuer initiated by another person or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer, neither the Trustee nor any Noteholder may take any further steps against the Issuer or any of its assets to recover any sum due but still unpaid and/or which may become due and/or otherwise howsoever arising in respect of the Notes or Receipts or Coupons (if any) or in respect of any other claim of whatever nature, nor may any Swap Counterparty with the benefit of the security constituted by the Trust Deed take any further steps against the Issuer or any of its assets to recover any sum still due but unpaid and/or which may become due and/or otherwise howsoever arising in respect of the relevant Charged Agreement in respect of such Series or in respect of any other claim of whatever nature, and, in each case, all claims (including without limitation after as well as before any court judgment or arbitral award) against the Issuer in respect of each of such sums due but unpaid and/or which may become due and/or otherwise howsoever arising or claims asserted shall be extinguished. In particular (but without limitation), none of the Trustee or any Noteholder or any Swap Counterparty shall be

entitled (save as aforesaid) to petition or take any other step for the winding-up of the Issuer in relation to such sums or otherwise, nor shall any of them have any claim in respect of any such sums or on any other account whatsoever over or in respect of any assets of the Issuer other than the Collateral. *References in this Condition 10 to the Issuer shall (for the avoidance of doubt) mean the Cayman Issuer and/or (if applicable) the Japan Branch.*

Such net proceeds may be insufficient to pay all the amounts due to each Swap Counterparty and to pay to the Noteholders amounts equal to the Scheduled Redemption Amount and the interest which would otherwise accrue to the date of redemption. In such event, any shortfall shall be borne by the Noteholders and by each Swap Counterparty (if any) and any other persons entitled to the benefit of the security pursuant to the Constituting Instrument according to the order of priority specified in the Constituting Instrument, and the Early Redemption Amount will reflect such shortfall in the case of the Noteholders. None of the Trustee, the Share Trustee, the Administrator, each Swap Counterparty (if any), the Arranger, the Dealers or any other person has any obligation to any Noteholders for payment of any amount by the Issuer in respect of the Notes or Receipts or Coupons (if any).

11. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts, Coupons and Talons (if any) shall be prescribed and become void unless made within 10 years from the due date for payment.

12. Replacement of Notes, Receipts, Coupons and Talons

If any Bearer Note or Registered Note (in global or definitive form), Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to all applicable laws and stock exchange requirements, at the specified office of the Principal Paying Agent (in the case of Bearer Notes) and the Registrar or any Transfer Agent (in the case of Registered Notes), upon payment by the claimant of the out-of-pocket expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued. In the case of a mutilated or defaced Bearer Note (unless otherwise covered by such indemnity as the Issuer may require) any replacement Bearer Note will only have attached to it Receipts, Coupons and/or Talons corresponding to those attached to the mutilated or defaced Bearer Note surrendered for replacement.

13. Meetings of Noteholders, Modification, Waiver, Authorisation and Substitution

(a) Meetings of Noteholders, modifications and waiver

The Trust Deed provides for the convening of meetings of Noteholders of a Series to consider matters affecting their interests, including the modification by Extraordinary Resolution of the Conditions, the Trust Deed applicable to the Series and/or, if applicable, any Additional Charging Instrument or any agreement or deed constituted or created by the Constituting Instrument applicable to the Series. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a majority in principal amount of the Notes of the relevant Series for the time being outstanding, or, at any adjourned such meeting, two or more persons being or representing Noteholders of the relevant Series, whatever the principal amount of the Notes so held or represented, except that, *inter alia*, the terms of the security and certain terms concerning the amount and currency and the postponement of the due dates of payment of the Notes or the Receipts or Coupons (if any) may be modified only by resolutions passed at a meeting the quorum at which shall be two or more persons holding or representing two-thirds, or, at any adjourned such meeting, not less than one-third, in principal amount of the Notes for the time being outstanding. The holder of a Global Note or Global Registered Certificate representing the whole of a Series will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders. A resolution duly passed at any meeting of the Noteholders will be binding on all Noteholders of the relevant Series, whether or not they were present at such meeting. 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 who for the time being are entitled to receive notice of the meeting shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of Noteholders of such Series. The Trustee may, without consulting the Noteholders, determine that an event which would otherwise be an Event of Default shall not be so treated but only if and insofar as in its opinion the interests of the Noteholders shall not be materially prejudiced thereby

and only with the prior written consent of any Swap Counterparty (which consent may be granted or refused in the discretion of such Swap Counterparty) and provided, if the Notes are rated at the request of the Issuer by any Rating Agency, each such Rating Agency shall have been notified in advance thereof and shall have confirmed to the Trustee that its then current rating of the Notes will not be withdrawn or adversely affected thereby. The Trustee may also agree, without the consent of the Noteholders, but only with the prior written consent of any Swap Counterparty (which consent may be granted or refused in the discretion of such Swap Counterparty) and provided, if the Notes have been rated at the request of the Issuer by any Rating Agency, each such Rating Agency shall have been notified in advance thereof and shall have confirmed to the Trustee that the current rating of the Notes assigned by such Rating Agency will not be withdrawn or adversely affected thereby, to:

- (A) any modification to the Conditions, the Constituting Instrument, the Trust Deed, or any Additional Charging Instrument, the Agency Agreement, any Custody Agreement or any Charged Agreement applicable to the Series or any other agreement or deed constituted or created by the Constituting Instrument applicable to the Series which is of a formal, minor or technical nature or is made to correct a manifest or proven error or is made as a result of any comments raised by the Irish Stock Exchange or the Irish Financial Services Regulatory Authority in connection with an application to list a Series of Notes, and
- (B) any other modification and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Conditions, the Constituting Instrument, the Trust Deed or any Additional Charging Instrument, the Agency Agreement, any Custody Agreement or any Charged Agreement applicable to the Series, or any agreement or deed constituted or created by the Constituting Instrument applicable to the Series and to which the Issuer and/or the Trustee are a party or any accession by or substitution of any party to any such agreement or deed which in each case, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders of that Series and subject as provided by the relevant agreement or deed.

Any such modification, authorisation or waiver shall be binding on the Noteholders of that Series and the Swap Counterparty (if any) and, unless the Trustee agrees otherwise with the Issuer, such modification shall be notified to the Noteholders of that Series in accordance with Condition 14 and the Irish Stock Exchange (for so long as the Notes are listed thereon and the Irish Stock Exchange so requires) as soon as practicable thereafter.

(b) *Authorisation*

The Issuer will not exercise any rights in its capacity as a holder of, or person beneficially entitled to or participating in, the Charged Assets or the property of the Issuer secured pursuant to the Deed of Floating Charge (if any) unless directed in writing to do so by the Trustee and, if such direction is given, the Issuer will act only in accordance with such directions. In particular, the Issuer will not attend or vote at any meeting of holders of, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) of, the Charged Assets or the property of the Issuer secured pursuant to the Deed of Floating Charge (if any) or give any consent, waiver, indulgence, time or notification or make any declaration in relation to such Charged Assets or the property of the Issuer secured pursuant to the Deed of Floating Charge (if any) unless it shall have been so directed in writing by the Trustee. If any such persons aforesaid are at any time requested to give an indemnity to any person in relation to the Charged Assets or the property of the Issuer secured pursuant to the Deed of Floating Charge (if any) to assume obligations not otherwise assumed by them under any of the Charged Assets or the property of the Issuer secured pursuant to the Deed of Floating Charge (if any) to give up, waive or forego any of their rights and/or entitlements under any of the assets secured pursuant to the relevant Trust Deed and/or, if applicable, any Additional Charging Instrument, or agree any composition, compounding or other similar arrangement with respect to any of the Additional Charged Assets or the property of the Issuer secured pursuant to the Deed of Floating Charge (if any) or (in each case) any part thereof, the Issuer will not give such indemnity or otherwise assume such obligations or give up, waive or forego such rights or agree such composition, compounding or other arrangement unless (i) it shall have been so requested by the Trustee and (ii) it shall have been counter-indemnified to its satisfaction.

The Trustee shall not be obliged to give any such direction or request to the Issuer in relation to the Charged Assets or the property of the Issuer secured pursuant to the Deed of Floating Charge (if any) unless it is instructed to do so by any Swap Counterparty or by the holders of at least one-fifth in principal amount of the Notes of the relevant Series or by an Extraordinary Resolution of the Noteholders of such Series and then only if and to the extent that the Trustee is indemnified to its satisfaction against any costs or liabilities which it may incur in doing so and the giving of such direction or request would not cause the Trustee or the Issuer to breach any applicable law, rule, regulation or directive. The Trustee shall be entitled to rely and act on any instruction given to it by any Swap Counterparty or such Noteholders or by Extraordinary Resolution and it shall not be liable to any person for the consequences of acting in accordance with such instruction. The Trustee shall not be responsible for monitoring or enquiring whether any rights have become exercisable by the Issuer in its capacity as the holder of any Charged Assets or the property of the Issuer secured pursuant to the Deed of Floating Charge (if any) and shall not be liable to any person for any failure by the Issuer to exercise those rights.

(c) *Substitution of Issuer*

The provisions of the Trust Deed permit the Trustee to agree, subject to such amendment of the Trust Deed, any Additional Charging Instrument, if applicable, and the other agreements and deeds constituted or created by the relevant Constituting Instrument and to the confirmation of any applicable Rating Agency that its then current rating of any existing Series will not be withdrawn or adversely affected thereby, and such other conditions as the Trustee may require including the transfer of security and subject to the prior written approval of each Swap Counterparty (if any), but without the consent of the Noteholders of any Series, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the relevant Trust Deed, any Additional Charging Instrument (if applicable) and the Notes, Receipts, Coupons and Talons (if any) in relation to any Series. In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders of any Series, but subject to the prior written approval of each Swap Counterparty (if any), to a change of the law governing the Notes, the Receipts, the Coupons, the Talons (if any) and/or the Trust Deed and/or any Additional Charging Instrument and any other agreement or deed constituted or created by the Constituting Instrument with respect to the Series in question, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders of the Series in question.

(d) *Entitlement of the Trustee*

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) the Trustee shall not have regard to the consequences of such exercise for individual Noteholders or of holders of any other notes or bonds, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(e) *Swap Counterparty*

If, in relation to the relevant Series, there is one or more Charged Agreements, the Issuer shall not agree to any amendment or modification of the Conditions, the Trust Deed and/or any Additional Charging Instrument, if applicable, without first obtaining the written consent of the relevant Swap Counterparty, which consent may be granted or refused in the discretion of such Swap Counterparty.

14. Notices

Notices to holders of Registered Notes will be posted to them at their respective addresses in the Register and deemed to have been given on the seventh day after the date of posting. Other notices to Noteholders will be valid if published in a leading daily newspaper (expected to be the *Financial Times*) having general circulation in London and (so long as the Notes are Listed Notes and the rules of any relevant stock exchange or competent authority so require) in any such other newspaper in which publication is so required by the rules of that stock exchange or competent authority or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe

approved by the Trustee. Any such notice (other than to holders of Registered Notes as specified above) 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 first date on which publication is made. Receiptholders, Couponholders and Talonholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

So long as any Notes are represented by Global Notes or Global Registered Certificates notices in respect of those Notes may be given by delivery of the relevant notice to Clearstream, Luxembourg, Euroclear, DTC or the relevant Alternative Clearing System for communication by them to entitled account holders or (in the case of a Global Registered Certificate registered in the name of a person other than a nominee for Euroclear, Clearstream, Luxembourg, or an Alternative Clearing System) to such person for communication by it to those persons entered in the records of such person as being entitled to such notice, in each case, in substitution for publication in a leading daily newspaper with general circulation in London as aforesaid.

15. Indemnification of the Trustee

The Trust Deed provides for the indemnification of the Trustee and for its relief from responsibility for the validity, sufficiency and enforceability (which the Trustee has not investigated) of the security created over the Collateral, including provisions relieving it from taking proceedings to enforce repayment or from taking any action in accordance with the Constituting Instrument, the Deed of Floating Charge (if any) or any Additional Charging Instrument without being first secured and/or indemnified and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, any issuer or guarantor of, or other obligor in respect of, the assets, rights and/or benefits comprising the Charged Assets, any Swap Counterparty, any Agent or any of their respective subsidiaries or associated companies without accounting to the holders of Notes, Receipts or Coupons for any profit resulting therefrom.

The Trust Deed provides that the Trustee is exempted from any liability in respect of any loss, diminution in value or theft of all or any part of the Collateral, from any obligation to insure all or any part of the Collateral (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder) or to procure the same to be insured and from any claim arising from all or any part of the Collateral (or any such document aforesaid) being held in an account with Euroclear, Clearstream, Luxembourg, DTC or an Alternative Clearing System in accordance with that system's rules or otherwise held in safe custody by the Custodian or a bank or other custodian selected by the Trustee or the Custodian.

The Trust Deed provides that the Trustee will be under no obligation or duty to act on any directions of the Noteholders or any Swap Counterparty (save as expressly provided in these Conditions, the Trust Deed and (save as aforesaid), in the event of any conflict between directions given by the Noteholders and by any Swap Counterparty, it shall be entitled to act in accordance only with the directions of the Noteholders unless such Swap Counterparty gives directions to the Trustee in connection with any failure to pay when due any amount at any time owing to such Swap Counterparty in respect of the relevant Charged Agreement or (as the case may be) the Agency Agreement or Custody Agreement the payment or repayment of which is secured pursuant to the Trust Deed, in which case the Trustee shall be entitled to act in accordance only with the directions of any Swap Counterparty (but without prejudice to the provisions concerning enforcement of the security under Condition 4(c) and the Constituting Instrument and to the provisions concerning the application of moneys received by the Trustee in accordance with Condition 4(d) and the Trust Deed).

The Trust Deed provides that the Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any Swap Counterparty or of any obligor under any Charged Assets or the validity or enforceability of any of the obligations of any Swap Counterparty, under any Charged Agreement or of any obligor under the terms of any Charged Asset (including, without limitation, whether the cashflows from any Charged Assets, the Charged Agreement and the Notes are matched).

16. Further Issues

Without prejudice to the issue by the Issuer of a Series of Notes comprising more than one Tranche or class of Notes in the manner contemplated by Condition 3, the Issuer shall be at liberty from time to time without the consent of the Noteholders to:

- (a) create and issue Series of Notes on terms that such Series shall not be consolidated with or form a single series with any other Series of Notes and will not be secured on the

Collateral or underlying assets for or in relation to any such Series and will form a separate Series of Notes; or

- (b) create and issue notes ("**Further Notes**") on terms that such Further Notes shall be consolidated and form a single Series with the Notes of any existing Series (an "**Existing Series**") but so long as confirmation is obtained from any Rating Agency that has, at the request of the Issuer, assigned a rating to the Existing Series that its then current rating of the Notes of the relevant Existing Series will not be withdrawn or adversely affected thereby and provided that:
- (i) the Further Notes together with the Notes of the Existing Series are secured on the Issuer's right, title and interest in and to the Charged Assets for the Existing Series (the "**Original Charged Assets**") and assets (the "**Further Charged Assets**") which are identical to the Original Charged Assets in every material respect and the principal amount of which bears the same proportion to the principal amount of the Further Notes as the proportion which the principal amount of the Original Charged Assets bears to the principal amount of the Notes of such Existing Series;
 - (ii) the Conditions of the Further Notes are identical to the Conditions of the Notes of such Existing Series except in respect of the first amount of interest (if any) in respect thereof;
 - (iii) the Further Notes are constituted by a constituting instrument supplemental to the Constituting Instrument in respect of the Notes of such Existing Series (the "**Further Constituting Instrument**");
 - (iv) if the Issuer has entered into a Charged Agreement (the "**Original Charged Agreement**") in respect of such Existing Series, the Issuer enters into an agreement or agreements supplemental to the Original Charged Agreement (the "**Further Charged Agreement**") extending the provisions of the Original Charged Agreement, *pro rata*, to cover amounts receivable in respect of the Further Charged Assets and the obligations of the Issuer in respect of the Further Notes;
 - (v) the security interests granted by the Issuer in such Further Constituting Instrument and/or any further Additional Charging Instrument executed pursuant to such Further Constituting Instrument are granted to the Trustee (i) for any Swap Counterparty (if there is a Further Charged Agreement) to secure the obligations of the Issuer under both the Original Charged Agreement and the Further Charged Agreement and (ii) for all of the Noteholders of the consolidated Series on the same basis as that applicable to the Noteholders of the Existing Series; and
 - (vi) in the case of an Existing Series which is rated by any Rating Agency at the request of the Issuer each rating (if any) of the Charged Assets and the Further Charged Assets at the date of issue of the Further Notes will be identical to the rating (if any) of the Original Charged Assets at the date of issue of the Notes of the Existing Series.

Upon any issue of Further Notes pursuant to this Condition 16, all references in these Conditions to "**Notes**", "**Charged Assets**", "**Constituting Instrument**" and "**Charged Agreement**" shall be deemed (where the context permits) to be references to the Notes and the Further Notes (including, where the context admits, any Receipts, Coupons or Talons appertaining thereto), the Original Charged Assets and the Further Charged Assets, the Constituting Instrument and the Further Constituting Instrument, and the Original Charged Agreement and the Further Charged Agreement, respectively. The Issuer may not, without the consent of the Noteholders by Extraordinary Resolution, issue any separate Series of Notes (other than Further Notes, as described above) which are secured on the assets comprised in the Collateral for the Notes of this Series except as otherwise specified (and then only to the extent so specified) in the Constituting Instrument relating to the Notes.

Further, if the Notes are rated (at the request of the Issuer) by any Rating Agency or Rating Agencies the Issuer undertakes to the Trustee, the Noteholders and each Swap Counterparty in relation to the Notes that it will promptly notify the Trustee and such Rating Agency or Rating Agencies of each Discrete Series to be created or issued by it or Alternative Investments to be entered into by it, prior to the creation or issue or

entering into thereof and shall, prior to the creation or issue of such Discrete Series or the entering into of such Alternative Investments, obtain written confirmation from such Rating Agency or Rating Agencies that its then current rating of the Notes will not be adversely affected or withdrawn by the relevant Rating Agency or Rating Agencies as a result of the issue or creation of such Discrete Series or the entering into of such Alternative Investments (whether or not such Discrete Series or Alternative Investments are to be rated, at the request of the Issuer, by the relevant Rating Agency or Rating Agencies).

Unless specified to the contrary in the Constituting Instrument, the provisions of Condition 16(b) (i), (ii), (iv), (v), (vi) and (vii) shall apply, *mutatis mutandis*, to any subsequent re-sale or re-issue of the Notes contemplated and permitted by such Constituting Instrument pursuant to Condition 7(i).

17. Taxation

All payments in respect of the Notes, Receipts or Coupons (if any) will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the Registrar or any Transfer Agent or any Paying Agent is required by applicable law to make any such payment in respect of the Notes, Receipts or Coupons (if any) subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer or such Paying Agent, Registrar or Transfer Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, the Swap Counterparty, the Arranger nor any Paying Agent, Registrar or Transfer Agent will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction. Before any payment in respect of the Notes is made without any withholding or deduction, the Issuer (or the Principal Paying Agent or Registrar on its behalf) is entitled to request a Noteholder to provide, and the Noteholder shall be required to provide, the Issuer with such information as the Issuer (or such Agent) considers necessary for it to satisfy itself that any statutory requirements enabling it to pay amounts in respect of the Notes without any such deduction or withholding have been complied with.

18. Governing Law and Submission to Jurisdiction

The Trust Deed, the relevant Constituting Instrument, the Agency Agreement, the Custody Agreement (if any) and the Charged Agreement (if any) and the Notes, the Receipts, the Coupons and the Talons (if any) and all other documents to which, by execution of the Constituting Instrument, the Issuer becomes a party in respect of a Series, and all non contractual obligations and any other matters arising from each of the foregoing are governed by and shall be construed in accordance with English law. Each Additional Charging Instrument (if any) shall be governed by and construed in accordance with the law specified therein. Each Charged Agreement (if any) shall be governed by and construed in accordance with English law, unless otherwise specified in the Constituting Instrument. The Issuer has submitted to the jurisdiction of the English courts for all purposes in connection with the Notes, the Receipts, the Coupons and the Talons (if any), the Trust Deed, the Agency Agreement and the Custody Agreement (if any) and by the Constituting Instrument has appointed an agent in London to accept service of process on its behalf in connection with service of proceedings in the English courts.

Save as specified otherwise in the Constituting Instrument, no person shall have any right to enforce any of the Conditions of the Notes under the Contracts (Rights of Third Parties) Act 1999.

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