

# ELM B.V.

*(a private company with limited liability incorporated under the laws of the Netherlands and having its corporate seat (zetel) in Amsterdam, the Netherlands)*

## Secured Note Programme

Under the Secured Note Programme (the “**Programme**”) for the issue of obligations which, unless specified otherwise in the relevant Series Memorandum or Alternative Memorandum (each as defined below) will be secured in the manner set out below (“**Secured Obligations**”), ELM B.V. (the “**Issuer**”), having acceded to the Programme, may from time to time issue Notes (the “**Notes**”) on the terms set out herein, as supplemented in respect of each issue by a series memorandum (each, a “**Series Memorandum**”). The Issuer may raise finance by other means or enter into other financial transactions under the Programme, including, without limitation, by way of loan or entering into derivative transactions (any such finance by other means being “**Alternative Investments**”) on the terms set out herein, as supplemented in respect of each issue by a Series Memorandum, or, if required in the case of Alternative Investments, an alternative memorandum (an “**Alternative Memorandum**”) as more fully described in “**Overview of the Programme - Alternative Investments**”. As used herein, references to “Notes” shall also be deemed to be references to “Alternative Investments” where relevant. The aggregate nominal amount of Notes and Alternative Investments issued by the Issuer under the Programme will not at any time exceed €15,000,000,000 (or the equivalent in other currencies).

Notes issued under the Programme will be issued in series (each series of Notes, a “**Series**”) and on the Terms and Conditions of the Notes set out herein as supplemented and amended in respect of each issue of Notes by the “**Terms**” as specified in the applicable Series Memorandum (the “**Conditions**”). Each Series will, unless otherwise specified in the relevant Series Memorandum, be secured by (i) a first fixed charge on, and/or an assignment by way of fixed security of or other security interest over, certain specified assets of the Issuer (as more particularly described herein, the “**Charged Assets**”) and all rights and sums derived therefrom, (ii) an assignment by way of fixed security of the Issuer’s rights against the Custodian (as defined herein) with respect to the Charged Assets relating to such Series under the relevant Custody Agreement (as defined herein) and an assignment by way of fixed security over the Issuer’s rights to all funds in respect of the Charged Assets relating to such Series held from time to time by the Custodian, (iii) an assignment by way of fixed security over the Issuer’s rights to all funds held from time to time by the Principal Paying Agent and the other Paying Agents or, as the case may be, the Registrar (each, as defined herein) to meet payments due under the Notes of such Series and (iv) an assignment by way of fixed security of the Issuer’s rights, title and interest under the relevant Agency Agreement (as defined herein) and all sums derived therefrom in respect of the Notes of such Series; and such Series may also be secured by an assignment by way of fixed security over the Issuer’s rights under one or more swap or other hedging agreements (each, as more particularly described herein, a “**Charged Agreement**”), together with such additional security (if any) as may be described in the relevant Series Memorandum (together, the “**Mortgaged Property**”). The obligations of the Issuer under a Charged Agreement to any counterparty under such Charged Agreement (the “**Swap Counterparty**”) may also be secured by certain assets comprised in the Mortgaged Property.

The Notes and the Alternative Investments constitute limited recourse obligations of the Issuer, and claims against the Issuer by Noteholders of a particular Series and, if applicable, the relevant Swap Counterparty, or relevant contracting parties to an Alternative Investment, will be limited to the Mortgaged Property. The priority of claims of Noteholders and the relevant Swap Counterparty is set out in “**Terms and Conditions of the Notes - Enforcement and Limited Recourse**” as supplemented by the relevant Series Memorandum or, in relation to the relevant contracting parties to an Alternative Investment, the Alternative Memorandum. If the net proceeds of the enforcement of the Mortgaged Property for a Series or an Alternative Investment are not sufficient to make all payments due in respect of the Notes of that Series and, if applicable, due to the relevant Swap Counterparty, or are not sufficient to make all payments due in respect of an Alternative Investment no other assets of the Issuer will be available to meet such shortfall and the claims of Noteholders and, if applicable, the Swap Counterparty (in respect of a Series) and the claims of the relevant contracting parties to an Alternative Investment (in respect of an Alternative Investment) in respect of any such shortfall shall be extinguished.

Application will be made to the Irish Stock Exchange (the “**Irish Stock Exchange**”) for certain Notes (and Alternative Investments which are of a type permitted to be admitted to trading under the guidelines of the Irish Stock Exchange from time to time which do not, as of the date of this Programme Memorandum (the “**Programme Memorandum**”), include Derivative Instruments as defined under “**Overview of Programme - Alternative Investments**”) issued under the Programme during the period of 12 months from 05 February 2013 to be admitted to the Official List (the “**Official List**”) and trading on its regulated market. No assurance can be given that such an application to admit Notes to the Official List and to trading on its regulated market will be successful. The Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC. Unlisted Notes or Alternative Investments may also be issued.

The Programme Memorandum has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank only approves this Programme Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Programme Memorandum constitutes a base prospectus for the purposes of the Prospectus Directive. Such approval relates only to Notes or Alternative Investments which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

Notes of any Series or Alternative Investments may be rated by Moody’s Investors Service, Inc. and/or Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. and/or Fitch Ratings Limited (or any other relevant recognised debt rating agency as may be specified in the relevant Series Memorandum or Alternative Memorandum and the relevant Constituting Instrument (as defined herein) (each, a “**Rating Agency**”). The rating of Notes of any Series or Alternative Investments issued or entered into under the Programme will be specified in the relevant Series Memorandum or Alternative Memorandum and the relevant Constituting Instrument (as defined herein). The Issuer will notify any Rating Agency which has assigned a rating to any Series of Notes or Alternative Investments or any class thereof which is outstanding of any further Series of Notes or Alternative Investments to be issued which may be unrated or not rated by such Rating Agency and the Issuer shall obtain from such Rating Agency a confirmation that ratings of existing Series of Notes and existing Alternative Investments, rated by such Rating Agency, will not be adversely affected. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. A suspension, reduction or withdrawal of the rating assigned to the Notes of any Series or Alternative Investments may adversely affect the market price of the Notes of any Series or Alternative Investments.

Notes will be issued in registered form represented by definitive registered certificates and/or a registered certificate in global form. Alternatively, in certain circumstances as more particularly described herein, Notes may be issued in bearer form initially represented by a temporary global Note, a permanent global Note or definitive Notes. Notes in bearer form will be subject to United States tax law requirements and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Section 7701 of the United States Internal Revenue Code). “**Subscription and Sale**” contains further details relating to the selling and transfer restrictions applicable to the Notes.

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**”). Except as set forth in the relevant Series Memorandum, the Notes (a) may not be offered, sold or otherwise transferred at any time within the United States or to the account of any U.S. Person (as defined in Regulation S under the Securities Act), and (b) may be offered, sold or otherwise transferred at any time only to transferees that are Non-United States Persons (as defined by the Commodity Futures Trading Commission).

Particular attention is drawn to the sections entitled “**Risk Factors**” and “**Terms and Conditions - Enforcement and Limited Recourse**”.

**Arranger**  
**UBS Limited**

The date of this Programme Memorandum is 05 February 2013.

The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Programme Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make representations other than those contained in this Programme Memorandum in connection with the issue or sale of, or grant of a participation in, the Notes or Alternative Investments and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or by UBS Limited (the “**Arranger**”). Neither the delivery of this Programme Memorandum 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 or the date upon which this Programme Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Programme Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Programme Memorandum and the offering or sale of, or grant of a participation in, the Notes or Alternative Investments in certain jurisdictions may be restricted by law. Persons into whose possession this Programme Memorandum comes are required by the Issuer, the Arranger and the Trustee to inform themselves about and to observe any such restrictions. This Programme Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Notes or Alternative Investments or the distribution of this Programme Memorandum in any jurisdiction where such action is required.

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

Certain restrictions on offers and sales of the Notes or Alternative Investments and on distribution of this Programme Memorandum are set out in “**Terms and Conditions of the Notes - Form, Denomination and Title**” and “**Subscription and Sale**” and may also be set out in the applicable Series Memorandum or Alternative Memorandum.

Neither the Arranger nor the Trustee has separately verified the information contained herein. Neither the Arranger nor the Trustee makes any representation, express or implied, or accepts any responsibility with respect to the accuracy or completeness of any of the information in this Programme Memorandum. Neither this Programme Memorandum nor any other information supplied in connection with the Programme or any Notes or Alternative Investments is intended to provide the basis of any credit, risk or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or the Trustee that any recipient of this Programme Memorandum or any other information should subscribe or purchase the Notes or Alternative Investments. Each potential subscriber or purchaser of the Notes or Alternative Investments should determine for itself the relevance of the information contained in this Programme Memorandum and its subscription or purchase of Notes or Alternative Investments should be based upon such investigation as it deems necessary. Neither the Arranger nor the Trustee undertakes to review the financial condition or affairs of the Issuer or any other entity whatsoever during the life of the arrangements contemplated by this Programme Memorandum nor to advise any investor or potential investor in the Notes or Alternative Investments of any information coming to the attention of the Arranger or the Trustee.

None of the Trustee, the Swap Counterparty (if any), the Arranger or any person other than the Issuer has any obligation to any Noteholders, Receiptholders or Couponholders (if any) to ensure payment or discharge of principal, interest and/or any other obligations in respect of a Series of Notes. The Notes and the Alternative Investments will be obligations solely of the Issuer and are not guaranteed by or the responsibility of any other entity.

This Programme Memorandum contains references to credit ratings granted by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Service, Inc. ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). Fitch is established in the European Community and is a registered Credit Rating Agency pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit ratings (the "**Regulation**"). S&P and Moody's are not established in the European Community and have not applied for registration pursuant to the Regulation.

References herein to "**U.S.\$**" and "**U.S. dollars**" are to the lawful currency of the United States of America, references to "**Yen**" are to the lawful currency of Japan, and references to "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union.

Under no circumstances shall any reference to final terms within this Programme Memorandum constitute final terms pursuant to Article 5(4) of the Prospectus Directive.

**In connection with any Series of Notes (or Tranche thereof), the Arranger or such other person as may be specified in the applicable Series Memorandum as the "Stabilising Manager" may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time and will be carried out in accordance with applicable laws and regulations.**

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## OVERVIEW OF PROGRAMME

The following overview does not purport to be complete and is qualified in its entirety by the remainder of this Programme Memorandum and, in relation to any particular Series of Notes or Alternative Investments, the relevant Series Memorandum or Alternative Memorandum. The terms and conditions of the Notes specified herein may be supplemented and amended in respect of each Series of the Notes by the Terms as specified in the applicable Series Memorandum. References in this Programme Memorandum to “**Constituting Instrument**” include a reference to any Terms set out in it. The terms and conditions, form of and security for any Alternative Investments will be set out in the relevant Alternative Memorandum.

<b>Issuer:</b>	ELM B.V.
<b>Description:</b>	Secured Note Programme for the issuance of Secured Obligations.
<b>Issuer Limit:</b>	Up to €15,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of Notes, Alternative Investments and other obligations outstanding at any one time in relation to the Issuer (subject to increase as provided in the Master Placing Agreement referred to in “ <b>Subscription and Sale</b> ” below). The Issuer may raise finance by other means or enter into other financial transactions under the Programme including, without limitation, by way of loan or entering into derivative transactions.
<b>Arranger:</b>	UBS Limited and/or such other arranger as is specified in the applicable Series Memorandum or Alternative Memorandum.
<b>Security:</b>	The Notes of each Series will, unless otherwise specified in the relevant Series Memorandum or Constituting Instrument or Charging Instrument, be secured in the manner set out in Condition 4 of the Notes, including (i) a first fixed charge on, and/or an assignment by way of fixed security of or other security interest over, the relevant Charged Assets (as more particularly described below) and all rights and sums derived therefrom, (ii) an assignment by way of fixed security of the Issuer’s rights against the Custodian (as defined below) with respect to the Charged Assets relating to such Series under the relevant Custody Agreement (as defined herein) and an assignment by way of fixed security over the Issuer’s rights to all funds in respect of the Charged Assets relating to such Series held from time to time by the Custodian, (iii) an assignment by way of fixed security over the Issuer’s rights to all funds held from time to time by the Principal Paying Agent and the other Paying Agents or, as the case may be, the Registrar (each as defined below) to meet payments due under the Notes of such Series and (iv) an assignment by way of fixed security of the Issuer’s rights, title and interest under the relevant Agency Agreement (as defined below) and all sums derived therefrom in respect of the Notes of such Series; and such Series may also be secured by an assignment

by way of fixed security of the Issuer's rights under any Charged Agreement (as more particularly described below), together with such additional security (if any) as may be described in the applicable Series Memorandum (together, the "**Mortgaged Property**").

The obligations of the Issuer to the Swap Counterparty under any Charged Agreement in relation to a Series of Notes may also be secured by certain assets comprised in the Mortgaged Property. The relative priority of claims of Noteholders and the relevant Swap Counterparty is described in Condition 4(d) of the Notes.

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

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, and, in the case of a Series of Notes or an Alternative Investment which is rated, the requirements of the Rating Agency, any currency or currencies as agreed between the Issuer and the Arranger.

**Trustee:**

The Law Debenture Trust Corporation p.l.c.

**Issue Agent:**

UBS AG, London Branch or such other person as is specified in the applicable Constituting Instrument.

**Principal Paying Agent:**

UBS AG, London Branch or such other person as is specified in the applicable Constituting Instrument.

**Calculation Agent:**

If a calculation agent for the purposes of determining the rate of interest or for any other purpose is required in relation to a Series of Notes, UBS AG, London Branch or such other person as is specified in the applicable Constituting Instrument.

**Paying Agents:**

The Principal Paying Agent, together with each other person (if any) as may be specified in the applicable Constituting Instrument.

**Registrar and/or Transfer Agent:**

If required in relation to a series of Notes in registered form, the Registrar and/or Transfer Agent will be specified in the applicable Constituting Instrument.

**Swap Counterparty:**

In relation to the Notes of a Series or Alternative Investments where there is a Charged Agreement, the Swap Counterparty will be specified in the applicable Constituting Instrument.

**Custodian:**

In relation to the Charged Assets relating to a Series of Notes, UBS AG, London Branch or such other person as is specified in the applicable Constituting Instrument will

act as such. If so provided in the applicable Constituting Instrument, the Custodian may arrange for the Charged Assets relating to a Series of Notes to be held on behalf of the Custodian by a sub-custodian approved by the Trustee and the Swap Counterparty on the terms set out in the relevant Custody Agreement.

<b>Maturities:</b>	Any maturity as the Issuer and the Arranger may agree from time to time subject to compliance with all relevant laws, regulations and directives.
<b>Issue Price:</b>	Notes may be issued at par or at a discount or premium to par.
<b>Method of Issue:</b>	Notes may be issued on a continuous basis in Series with no minimum size subject to compliance with all relevant laws, regulations and directives, including, without limitation, requirements of the Irish Stock Exchange or any other relevant stock exchange. Each Series may be issued in one or more tranches (each a “ <b>Tranche</b> ”) on the same issue date or on different issue dates. Further Notes (as defined below) may also be issued as part of an existing Series. Notes may be issued on a syndicated or non-syndicated basis.
<b>Form of Notes:</b>	<p>The Notes will be issued in registered or bearer form as described in “<b>Form of the Notes</b>”.</p> <p><i>Notes shall only be issued in bearer form if the Arranger is satisfied that applicable U.S. tax law will be complied with, as confirmed by appropriate U.S. tax advisers.</i></p> <p><i>Unless otherwise provided in the Series Memorandum, it is intended that Registered Notes (as defined herein) will be sold only outside the United States (as defined in Regulation S (“<b>Regulation S</b>”) under the United States Securities Act of 1933, as amended) to non-US persons only in reliance on Regulation S and, accordingly, Registered Notes will not be represented by a restricted global note. The Notes may be offered, sold or otherwise transferred at any time only to transferees that are Non-United States Persons (as defined by the Commodity Futures Trading Commission).</i></p>
<b>Denomination of Notes:</b>	Subject to compliance with all relevant laws, regulations and directives, definitive Notes will be in such denominations as may be specified in the relevant Series Memorandum and will be at least EUR 100,000 or the equivalent thereof in any other currency.
<b>Fixed Rate Notes:</b>	Fixed interest will be payable in arrear on the date or dates and at a rate specified in the applicable Series Memorandum.
<b>Floating Rate Notes:</b>	Floating Rate Notes will bear interest at a rate set separately for each Series by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the applicable Series Memorandum) as adjusted for any applicable spread



and will be payable on the date or dates specified in the applicable Series Memorandum.

**Zero Coupon Notes:**

Zero Coupon Notes may be issued at their principal amount or at a discount to such principal amount and will not bear interest (except as provided in Condition 6(d)).

**Variable Coupon Amount Notes:**

The Series Memorandum issued in respect of each Series of Variable Coupon Amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a debt, equity or commodity index or as otherwise provided in the applicable Series Memorandum.

**Index Linked and Credit Linked Notes:**

The Issuer will make payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index Linked and Credit Linked Notes calculated by reference to such stock or commodity or other index, currency exchange rate or formula as determined by the Issuer as specified in the applicable Series Memorandum.

**Equity Linked Notes:**

The Issuer will make payments of principal in respect of Equity Linked Notes calculated by reference to the value of an Underlying Share and/or a formula as specified in the applicable Series Memorandum.

**Interest Rates:**

Notes may have a maximum interest rate, a minimum interest rate, or both.

**Variable Redemption Amount Notes:**

The Series Memorandum issued in respect of each Series of Variable Redemption Amount Notes will specify the basis for calculating the amounts payable on redemption, which may be by reference to a debt, equity or commodity index or as otherwise provided in the applicable Series Memorandum.

**Other Notes:**

Terms applicable to High Interest Notes, Low Interest Notes, Step-up Notes, Step-down Notes, Dual Currency Notes, Reverse Dual Currency Notes, Optional Dual Currency Notes, Interest Only Notes, Formula-Linked Notes and any other type of Note (including a Series of Notes comprising a combination of two or more of any of the types of Notes mentioned above) which the Issuer and the Arranger may agree to issue under the Programme will be set out in the applicable Series Memorandum.

**Redemption by Instalments:**

The Series Memorandum issued in respect of each Series which is redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Mandatory Redemption:**

If (i) the Charged Assets in respect of a Series or amounts outstanding thereunder become due and repayable, or become capable of being declared due and repayable (in whole or in part), prior to their stated date of maturity or other date or dates for their

repayment or payment for whatever reason, or there is a payment default in respect of such Charged Assets in respect of a Series, or, if the Charged Assets comprise any agreement of the type contemplated in the definition herein of Charged Agreement, and such agreement is, or becomes capable of being, terminated by any party thereto, in each case whether or not by reason of an event of default (howsoever described) thereunder or if there is a payment default in respect of such agreement (and references above to Charged Assets shall be construed as references to the Charged Assets whether or not delivered by the Transferor (as defined in Condition 4(g)(1)) to the Issuer prior to the occurrence of the relevant event described above) and/or (ii) any other event as may be specified as an **“Additional Mandatory Redemption Event”** in the applicable Series Memorandum has occurred, the security for the Notes shall become enforceable and the Notes shall be redeemed in full unless otherwise stated in the Series Memorandum (always subject as provided in **“Limited Recourse”** below).

**Optional Redemption:**

The Series Memorandum issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer or the Noteholders (either in whole or in part) and, if so, the terms applicable to such redemption.

**Early Redemption:**

Except as provided in **“Redemption by Instalments”**, **“Mandatory Redemption”** and **“Optional Redemption”** above, Notes will be redeemable prior to maturity only (i) for taxation reasons, or (ii) upon termination of the relevant Charged Agreement (if any) on the date of such termination, or (iii) in such circumstances as are specified in Condition 9 of the Notes.

**Status of Notes:**

The Notes of each Series will be limited recourse obligations of the Issuer ranking *pari passu* and without preference among themselves (save in the case of a Series comprising more than one class of Note, in which case the Notes of each such class will rank *pari passu* and without preference among themselves but not, save to the extent specified in the applicable Series Memorandum, with Notes of another class comprised in such Series; in such a case, the ranking and preference of each class of Notes will be as specified in the relevant Series Memorandum) (see also **“Security”** above).

**Charged Assets:**

The Charged Assets (if any) are those which are specified as such in the relevant Series Memorandum or Alternative Memorandum and which may comprise, without limitation, (i) debt securities or negotiable instruments (including, without limitation, bonds, commercial paper, notes, debentures, promissory notes, certificates of deposit or bills of exchange) of any form, denomination, type and issuer, (ii) shares, stock or other equity securities of any form, denomination, type and

issuer, (iii) the benefit of loans, evidences of indebtedness or other rights whatsoever, contractual or otherwise (including, without limitation, sub-participation, documentary or standby letters of credit or swap, over-the-counter or exchange traded derivative contracts, option, exchange or other arrangements of the type contemplated in the description of Charged Agreement below) assigned or transferred to or otherwise vested in, or entered into by, the Issuer, (iv) cash, or (v) any other assets all as may be more particularly specified in the applicable Series Memorandum or Alternative Memorandum. The Charged Assets in relation to a Series of Notes or Alternative Investments may comprise a pool or portfolio of one or more of any of the foregoing.

In the event that the relevant Transferor (as defined in Condition 4(g)(1)) does not deliver the Charged Assets to the Issuer on the Issue Date, the Issuer will (to the extent of its available funds) deposit the Cash Collateral with the Custodian. The Transferor will have until 11.00 a.m. (London time) on the Delivery Cut-off Date (as defined in Condition 4(g)(3)) to deliver the Charged Assets to the Issuer.

#### **Charged Agreements:**

Each Charged Agreement (if any) will comprise those agreements which are specified as such in the relevant Series Memorandum or Alternative Memorandum. Any such agreement may comprise (i) an interest rate and/or cross-currency swap transaction, total return swap, basis swap, forward rate agreement, 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, currency option, forward purchase or sale agreement, credit default swap, credit default option, over-the-counter or exchange traded derivative contract or any other transaction providing for the payment of money and/or the delivery of securities or other assets (present or future, actual or contingent) (including any option with respect to any of the foregoing transactions) and any combination of the foregoing transactions entered into in connection with a particular Series and/or (ii) any guarantee or other credit support document in respect of the obligations of the Swap Counterparty under such swap agreement given by any entity. The Series Memorandum or Alternative Memorandum for any Series may, subject in the case of a rated Series of Notes or Alternative Investments to the requirements of the Rating Agency, require the Swap Counterparty to any Charged Agreement with the Issuer to deposit security, collateral or margin, or to provide a guarantee, in respect of its obligations under such Charged Agreement in the circumstances specified in such Series Memorandum or Alternative Memorandum. However, in the absence of such a requirement no such security,

collateral, margin or guarantee will be made or provided.

**Securities Lending Option:**

If so specified in the applicable Series Memorandum or Alternative Memorandum in relation to a Series of Notes or Alternative Investments, the Securities Lending Counterparty may, pursuant to a Securities Lending Agreement (the “**Securities Lending Agreement**”) dated the Issue Date of the Notes of the relevant Series or Alternative Investments, require the Issuer to deliver, or procure the delivery of, some or all of the Charged Assets which comprise securities in relation to such Series of Notes or Alternative Investment so that full title to such Charged Assets shall vest in the Securities Lending Counterparty subject to any obligation to redeliver such Charged Assets (or assets equivalent thereto or the fair market value thereof in cash) on the Maturity Date of the Notes of that Series or Alternative Investments or on such other date or dates as may be specified in the relevant Securities Lending Agreement. The provisions relating to any Securities Lending Agreement will be set out more fully in the applicable Series Memorandum or Alternative Memorandum.

If, in relation to any Series to which a Rating Agency has assigned a rating at the request of the Issuer and a Securities Lending Agreement is entered into, the Issuer will notify each such Rating Agency when a Purchase Transaction (as defined in the Securities Lending Agreement) is to be entered into under the Securities Lending Agreement and each such Rating Agency shall, as a condition to such Purchase Transaction being entered into, provide written confirmation to the Issuer and the Trustee that the rating assigned by it to such Series will not be adversely affected.

**Replacement and/or  
Substitution of Charged Assets:**

If so specified in the applicable Series Memorandum or Alternative Memorandum in relation to a Series, the Swap Counterparty may, in the manner specified in the relevant Series Memorandum or Alternative Memorandum, request that there be substituted for any of the securities or other assets for the time being forming all or part of the Charged Assets in relation to that Series of Notes or Alternative Investment (“**Replaced Assets**”) other securities or assets of a type or types (or combination of such type or types) having a maturity date or maturity dates (as the case may be) and having a market value or nominal value (as the case may be) (a “**Replacement Value**”) and other features (if any) as specified in the relevant Series Memorandum or Alternative Memorandum (“**Replacement Assets**”).

In addition, if the securities or other assets which comprise all or part of the Charged Assets for a Series of Notes have a maturity date which falls prior to the maturity date or other date for redemption of the Notes of such Series, and there is no provision requiring early redemption in such event, then the proceeds of

redemption received upon maturity of such Charged Assets shall, in the manner specified in the relevant Series Memorandum, be applied on behalf of the Issuer either:

- (i) in the purchase of further securities and/or other assets of a type or types (or combination of such type or types), having a maturity date or maturity dates and having a market value or nominal value (as the case may be) (a “**Substitute Value**”) specified in the applicable Series Memorandum (“**Substitute Assets**”); and/or
- (ii) by crediting such proceeds of redemption to an interest bearing deposit account in the name of the Custodian (the “**Deposit Account**”) opened by the Custodian with a bank or other financial institution specified in the relevant Series Memorandum on terms that, pending application of the funds standing to the credit of such Deposit Account in the purchase of Substitute Assets, such funds shall be guaranteed to earn a minimum rate of interest as specified in the relevant Series Memorandum. Funds credited to the Deposit Account from time to time (including capitalised interest) shall, in any event, be repayable to the Issuer on the maturity date or other date for redemption of the Notes of the relevant Series as specified in the relevant Series Memorandum.

The Issuer will notify the Rating Agency where the facility to replace Replaced Assets with Replacement Assets is specified in the applicable Series Memorandum or Alternative Memorandum in relation to a Series of Notes or an Alternative Investment and the Rating Agency shall provide written confirmation to the Issuer and the Trustee that the ratings of existing Series of Notes and existing Alternative Investments, rated by the Rating Agency, will not be adversely affected.

#### **New Series:**

The holders of an existing Series of Notes (the “**Existing Series**”) may, with the consent of any relevant Swap Counterparty and if so specified in the relevant Series Memorandum, jointly elect to exchange that Existing Series for a new Series of Notes (the “**New Series**”) to be issued by the Issuer. 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 (as defined in the Terms and Conditions of the Notes below) in relation to the Existing Series (other than the security interest in any Charged Agreement so terminated) and, if appropriate, on further Charged Agreement(s) to be entered into in connection with the New Series, all as specified in the relevant Series Memorandum and as approved in writing by the Trustee provided that if the Existing Series is rated on a solicited basis by the Rating

Agency, it may only be exchanged for a New Series if the Rating Agency shall have confirmed that it will assign the New Series the same rating or better than the Existing Series (unless the Rating Agency shall have waived such requirement or its rules at the date of such exchange do not so require such similar rating).

**Purchase:**

Unless the Series Memorandum or Alternative Memorandum in respect of the relevant Series of Notes or the relevant Alternative Investment provides otherwise, all or part of the Notes of that Series or an Alternative Investment may be purchased by the Issuer. On such a purchase, any relevant Charged Agreement (or part thereof in the case of a partial purchase) will be terminated and the Swap Counterparty will make any payment due from it to the Issuer or, as the case may be, the Issuer will make any payment due to the Swap Counterparty, in each case pursuant to the termination of such Charged Agreement (or part thereof in the case of a partial purchase), unless the payee shall have waived its rights in writing to the making of any such payment or agreed in writing that such payment shall not be required to be made.

**Collection of Payments:**

Payments of interest and principal (and any other moneys or assets received) in respect of the Charged Assets will be credited to the account of or otherwise paid or delivered to the Custodian specified in the Series Memorandum or Alternative Memorandum, save as otherwise specified therein. The Custodian will apply the amount of such moneys or assets which represents the obligations of the Issuer under any Charged Agreement to the account of the Swap Counterparty designated for such purpose (which shall initially be the account (if any) specified in the Series Memorandum or Alternative Memorandum as the Swap Counterparty's Account) or otherwise as specified in the relevant Charged Agreement, save as otherwise specified in the relevant Series Memorandum. All moneys or assets representing the obligations of the Swap Counterparty under any Charged Agreement or, in the event that there is no Charged Agreement, all moneys or assets collected by the Custodian in respect of the Charged Assets as aforesaid shall be applied in payment and/or delivery to the Principal Paying Agent or the Registrar, as the case may be, for payment and/or delivery in respect of the Notes or Alternative Investment, save as otherwise specified in the relevant Series Memorandum and subject as provided in Condition 4.

**Negative Pledge:**

None.

**Restrictions:**

So long as any of the Notes or Alternative Investments remain outstanding, the Issuer will not, without the prior written consent of the Trustee, engage in any business (other than transactions contemplated by this Programme Memorandum) or declare any dividends

(other than from the Issuer Dutch Account to the shareholder of the Issuer) or have any subsidiaries.

**Indebtedness:**

The Issuer may incur indebtedness for borrowed money, by or in connection with the issue of Notes or Alternative Investments for the purposes of financing the acquisition of Charged Assets as permitted by this Programme Memorandum. Such Charged Assets may comprise solely a derivative transaction. In addition, the Issuer may incur indebtedness for borrowed money for the purposes of financing the acquisition of any asset, right or thing or for making payments under any obligation whatsoever where it is stated that there is no Charged Asset in the Terms of the relevant Notes or Alternative Investments, provided that the obligations of the Issuer with respect to the relevant Notes, Receipts and Coupons (if any) of the Series or the Alternative Investments concerned are limited recourse obligations, as described below.

**Cross Default:**

None.

**Taxation:**

Payments of principal and interest in respect of the Notes, Receipts or Coupons (if any) will be made without deduction for or on account of withholding taxes, except as provided in Condition 17 of the Notes.

**Events of Default:**

The Events of Default which apply to the Notes are set out in Condition 9 of the Notes.

**Limited Recourse:**

The obligations of the Issuer with respect to the Notes, Receipts and Coupons (if any) of a Series or the Alternative Investments are limited recourse obligations. If the net proceeds of the security (if any) for any Series of Notes or Alternative Investments, having become enforceable in accordance with the Conditions of the Notes of such Series or such Alternative Investments, or, in the case that there is no security, the moneys made available to the Issuer and by the Issuer in respect of the Series are not sufficient to make all payments due in respect of the Notes, Receipts and Coupons (if any) of such Series or the Alternative Investments and for the Issuer to meet its obligations (if any) in respect of the termination of any Charged Agreement in respect of that Series of Notes or Alternative Investment, the other assets of the Issuer (including, without limitation, assets securing any other Series of Notes or Alternative Investments) will not be available for payment of any shortfall arising therefrom. Any such shortfall shall, unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum, be borne by the Noteholders, the Receiptholders and the Couponholders (if any) and by the Swap Counterparty (if any) in the order of priority specified in the applicable Series Memorandum or Alternative Memorandum. Claims in respect of any shortfall remaining after realisation of the security in relation to such Series and application of the proceeds of such enforcement in

accordance with the Master Trust Terms in relation to such Series and the Conditions of the Notes of that Series or the Alternative Investments shall be extinguished and the Trustee, the Noteholders, the Couponholders (if any) and the Swap Counterparty (if any) shall have no further claims against the Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding-up of the Issuer as a consequence of such shortfall. Any inability by the Issuer to make any payments in respect of such shortfall shall not constitute an Event of Default with respect to the Notes or any Notes of any other Series or the Alternative Investments nor entitle the Swap Counterparty to terminate the remainder of the Charged Agreements.

**Other provisions:**

The Constituting Instrument may include provisions which complete, amend, supplement or vary the terms and conditions set out herein as they apply to the Notes or may specify one or more other documents as doing so. In particular, such provisions may include credit related features which may include defined terms such as “**Reference Security**”, “**Reference Entity**” and “**Credit Event**”. References in this Programme Memorandum to such terms are to those terms as defined in the Constituting Instrument.

**Admission to Trading:**

Application will be made to the Irish Stock Exchange for certain Notes or Alternative Investments issued during the period of twelve months from the date of this Programme Memorandum to be admitted to the Official List and trading on its regulated market. In addition, application may be made for certain series of Notes or Alternative Investments to be admitted to trading on any other exchange. Unlisted Notes or Alternative Investments may also be issued under the Programme.

**Governing Law:**

English law.

**Selling Restrictions:**

There are restrictions on the offer or sale of Notes and the distribution of offering material - see “**Subscription and Sale**” below. The applicable Series Memorandum or Alternative Memorandum in relation to the Notes of a particular Series or Tranche or in relation to Alternative Investments may contain additional or other restrictions on the offer or sale of, or grant of a participation in, Notes of the relevant Series or Tranche or the relevant Alternative Investments.

**Alternative Investments:**

The Issuer may from time to time incur secured (or, if so specified in the relevant Alternative Memorandum, unsecured), limited recourse obligations in a form other than Notes. Alternative Investments may take the form of limited recourse asset-backed debt instruments in non-standard form or governed by laws other than the laws of England, limited recourse asset-backed indebtedness incurred under loan or facility agreements, including agreements governed by laws other than the laws of England, derivative transactions (including, without



limitation, buy-sell back transactions, sale and repurchase transactions, forward and foreign exchange transactions or swaps, options or futures transactions) (“**Derivative Instruments**”) or such other form as may be determined by the Issuer and the Arranger in respect of such Alternative Investment and (unless otherwise specified in the relevant Alternative Memorandum) will be secured in the manner described under Condition 4 of the Notes, *mutatis mutandis*, or in such other manner as may be determined by the Issuer and the Arranger in respect of such Alternative Investment. The terms and conditions and form of, and security (if any) for, each Alternative Investment will be as set out in the relevant Alternative Memorandum. Alternative Investments will only be admitted to trading on the regulated market of the Irish Stock Exchange or any other exchange to the extent permissible under the rules of the relevant exchange. As of the date of this Programme Memorandum, the guidelines of the Irish Stock Exchange do not permit the admission to trading of Derivative Instruments.

## RISK FACTORS

The purchase of any Notes or Alternative Investments involves substantial risks. Each prospective purchaser of Notes or Alternative Investments should be familiar with instruments having characteristics similar to the Notes or Alternative Investments and should fully understand the terms of the Notes or Alternative Investments and the nature and extent of its exposure to risk of loss.

Before making an investment decision prospective purchasers of the Notes or Alternative Investments should conduct such independent investigation and analysis regarding the Issuer, the Notes or Alternative Investments, the Swap Counterparty under a Charged Agreement and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes or Alternative Investments. However as part of such independent investigation and analysis, prospective purchasers of Notes or Alternative Investments should consider carefully all the information set forth in this Programme Memorandum, in the applicable Series Memorandum or Alternative Memorandum and the considerations set out below.

Investment in the Notes or Alternative Investments is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Programme Memorandum and in the applicable Series Memorandum or Alternative Memorandum and the merits and risks of an investment in the Notes or Alternative Investments in the context of the investor's own financial circumstances and investment objectives.

Investment in the Notes or Alternative Investments (or a participation therein) is only suitable for investors who:

- (1) are capable of bearing the economic risk of an investment in the Notes or Alternative Investments (or a participation therein) for an indefinite period of time;
- (2) are acquiring an interest in the Notes or Alternative Investments (or a participation therein) for their own account for investment, not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (3) recognise that it may not be possible to make any transfer of the Notes or Alternative Investments (or a participation therein) for a substantial period of time, if at all.

The applicable Series Memorandum or Alternative Memorandum in connection with a Series of Notes or Alternative Investments may also contain further paragraphs headed "Risk Factors" and/or "Other Investment Considerations" and particular attention is drawn to those sections, if applicable.

Each of the Issuer and the Arranger may, in its discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

**Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment. Attention is drawn, in particular, to the italicised paragraphs set out in the sections entitled "Terms and Conditions of the Notes – Security" and "Terms and Conditions of the Notes – Enforcement and Limited Recourse".**

Bearer Notes issued in new global note form are intended to be held in a manner which will allow Eurosystem eligibility; however, prospective investors are advised that this does not automatically

mean that the Notes will be recognised as eligible collateral by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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

## **SUPPLEMENTARY INFORMATION**

With respect to any Notes admitted to trading on the regulated market of the Irish Stock Exchange (and any Alternative Investments which are of a type permitted to be admitted to trading under the guidelines of the Irish Stock Exchange from time to time) the Issuer has agreed to comply with any undertakings given by it from time to time to the Irish Stock Exchange in connection with such Notes admitted to trading and/or Alternative Investments admitted to trading and, without prejudice to the generality of the foregoing, the Issuer will, so long as any Note or Alternative Investment remains outstanding and admitted to trading on the regulated market of such exchange, in the event of any material adverse change in the financial condition of the Issuer which is not reflected in this Programme Memorandum, publish a new programme memorandum or take such other action as may be required by the guidelines of the Irish Stock Exchange for use in connection with any subsequent issue of the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange.

If terms of the Programme are modified or amended in a manner which would make this Programme Memorandum, as so modified or amended, inaccurate or misleading, a new programme memorandum will be prepared.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The audited financial statements of the Issuer for the financial year ending on 31 December 2010 and 31 December 2011, which have been filed with the Irish Stock Exchange, shall be incorporated in, and form part of, this Programme Memorandum.

The audited financial statements of the Issuer in respect of the financial year ending on 31 December 2010 and 31 December 2011 are available at the following website:

<http://www.elm-bv.nl/>

## FORM OF THE NOTES

The Notes will comprise Notes in registered form ("**Registered Notes**") or the Notes may alternatively comprise Notes in bearer form ("**Bearer Notes**") or Notes in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**"). Unless otherwise specified in the applicable Constituting Instrument, Bearer Notes and Exchangeable Bearer Notes will be D Notes (as defined below). Unless the context otherwise requires, references herein to Bearer Notes shall include Exchangeable Bearer Notes.

*Notes shall only be issued in bearer form if the Arranger is satisfied that applicable U.S. tax law will be complied with, as confirmed by appropriate U.S. tax advisers.*

Bearer Notes and Exchangeable Bearer Notes which are being issued pursuant to Section 1.163-5(c)(2)(i)(D) of the Treasury Regulations under the United States Internal Revenue Code ("**D Notes**") will initially be represented by one or more Notes in temporary global Note form (a "**Temporary Global Note**"). Such Temporary Global Note will be held by a common safekeeper (if the Temporary Global Note is in new global note ("**NGN**") form) or a common depository (if the Temporary Global Note is not in NGN form) on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**", which expression shall include, where the context so permits, any successor in business of Euroclear) and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**", which expression shall include, where the context so permits, any successor in business of Clearstream, Luxembourg), or in any clearing system specified in the applicable Constituting Instrument. Interests in the Temporary Global Note may be exchanged for interests in a permanent global Note (a "**Permanent Global Note**"), or, if so provided in the relevant Constituting Instrument for definitive Bearer Notes, upon certification of non-U.S. beneficial ownership, not earlier than the first day (the "**Exchange Date**") following the expiry of 40 days after the original issue date of the Notes (the "**40-Day Restricted Period**"). No interest shall be payable in respect of a Temporary Global Note unless:

- (1) 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 of definitive Bearer Notes is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date; or
- (2) a payment of interest falls due prior to the Exchange Date, in which case such payment shall be made in respect of the Temporary Global Note upon certification of non-U.S. beneficial ownership.

Bearer Notes in NGN form are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with one of the international central securities depositories as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Bearer Notes and Exchangeable Bearer Notes issued pursuant to Section 1.163-5(c)(2)(i)(C) of the Treasury Regulations under the United States Internal Revenue Code ("**C Notes**") will be represented by a Permanent Global Note or by definitive Bearer Notes. The applicable Constituting Instrument relating to each Series will state if the Notes of such Series or Tranche are C Notes.

Each Permanent Global Note will, if so provided in the relevant Constituting Instrument, be exchangeable, in whole but not in part, for definitive Bearer Notes either:

- (1) on request from the holder thereof (or all of the holders acting together, if more than one) for definitive Bearer Notes upon not less than 60 days' prior written notice to the Issuer and the Trustee given (in the case of D Notes) not earlier than the relevant Exchange Date; or
- (2) if the Issuer would suffer a material disadvantage as a result of 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
- (3) at the option of the Trustee or the holder (or all of the holders acting together, if more than one) if:
  - (a) an Event of Default under Condition 9 of the Notes occurs and is continuing and payment is not made on due presentation of the Permanent Global Note for payment; or
  - (b) either Euroclear or Clearstream, Luxembourg or any other clearing system for 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 relevant Constituting Instrument.

Registered Notes will be represented either by one or more definitive certificates (each a **"Registered Certificate"**) registered in the name of the person(s) entitled thereto or by a global certificate (a **"Global Registered Certificate"**), which will be either deposited with and registered in the name of a Common Depositary (or its nominee) on behalf of Euroclear and Clearstream, Luxembourg or any clearing system specified in the applicable Constituting Instrument or, if the Global Registered Certificate is held under the New Safekeeping Structure, deposited with and registered in the name of a Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg. Definitive Exchangeable Bearer Notes are exchangeable for definitive Registered Notes only if and to the extent so specified in the relevant Series Memorandum. Definitive Registered Notes will not be exchangeable for Bearer Notes or an interest therein.

The form of any Alternative Investment will be specified in the applicable Alternative Memorandum.

## GENERAL INFORMATION

1. ELM B.V. (the “**Issuer**”) has obtained all consents, approvals and authorisations (if any) which are necessary in the Netherlands at the date of this Programme Memorandum in connection with the Programme. The establishment of the Programme was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 23 June 2004 and each issue of Notes or Alternative Investments by the Issuer will be authorised pursuant to a resolution of the Board of Directors of the Issuer. The issue of this Programme Memorandum was authorised by a resolution of the Board of Directors of the Issuer passed on 04 February 2013.
2. There are no legal, litigation, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of the Issuer’s incorporation a significant effect on the Issuer’s financial position or profitability.
3. There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2011, being the date of the Issuer’s last published audited financial statements.
4. For so long as the Programme remains in effect or any Notes or Alternative Investments remain outstanding, the following documents will be available in physical form from the date hereof during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at and collection of copies from the registered office of the Trustee and free of charge from the registered office of the Issuer and the specified offices of the Paying Agents, the Registrar and the Transfer Agents:
  - (1) the Master Documents, which may be incorporated by reference by the relevant Constituting Instrument so as to constitute any Trust Deed, Agency Agreement, Custody Agreement, Placing Agreement, Charged Assets Sale Agreement, Charged Agreement and Securities Lending Agreement with respect to a Series (to the extent not otherwise amended, modified and/or supplemented by the relevant Constituting Instrument);
  - (2) any deed or agreement (other than the constituting instrument for each Series of Notes or Alternative Investments) supplemental to the Master Documents;
  - (3) this Programme Memorandum;
  - (4) the Articles of Association of the Issuer;
  - (5) the audited financial statements of the Issuer for the financial year ending on 31 December 2010 and 31 December 2011;
  - (6) the Constituting Instrument and, if applicable, the Charging Instrument relating to each Series of Notes or Alternative Investments; and
  - (7) the Series Memorandum or Alternative Memorandum relating to each Series of Notes or Alternative Investments.
5. The power of appointing a new Trustee in respect of the Notes shall be vested in the Issuer but no person shall be so appointed who shall not have previously been approved by an extraordinary resolution of the Noteholders and by the Swap Counterparty (if any) and, in the case of Notes which are rated, by each relevant Rating Agency. A trust corporation shall at all times be Trustee in respect of the Notes and may be sole Trustee.



Any appointment of a new Trustee shall as soon as practicable thereafter be notified by the Issuer to the Noteholders in accordance with the Conditions and to each Rating Agency (if any).

The Trustee may retire at any time upon giving not less than 60 days' notice in writing to the Issuer without assigning any reason and without being responsible for any costs, losses or liabilities occasioned by such retirement and the relevant Noteholders and/or any Swap Counterparty (but subject to the consent of the relevant Noteholders) shall have power (exercisable in the case of the Noteholders by extraordinary resolution) to remove the Trustee provided that the retirement or removal of any sole Trustee or sole trust corporation shall not become effective until a trust corporation is appointed as successor Trustee.

6. Each Bearer Note, Permanent Global Note representing a D Note, Receipt, Coupon and Talon (if any) will, if such Note (or the Note to which any such Receipt, Coupon or Talon is attached, as the case may be) represents D Notes or is a D Note, bear a legend to the effect that any U.S. person holding the same will be subject to limitations under the United States income tax laws including those in Sections 165(j) and 1287(a) of the United States Internal Revenue Code of 1986, as amended.

*Notes shall only be issued in bearer form if the Arranger is satisfied that applicable U.S. tax law will be complied with, as confirmed by appropriate U.S. tax advisers.*

7. Save as disclosed herein, there has been no significant change in the financial or trading position of the Issuer since the date of its incorporation.
8. Any Noteholder wishing to obtain information in respect of any redenomination or renominatisation of any Notes denominated in euro may contact the Principal Paying Agent or any Paying Agent during normal business hours.
9. Legal opinions relating to each Series of Notes or Alternative Investments will be obtained with respect to English law and the law of the place of incorporation or organisation of the Issuer, but it is not (unless otherwise specified in the relevant Series Memorandum or Alternative Memorandum or as may be required by the requirements of the Rating Agency with respect to its rating of a particular Series of Notes or Alternative Investments) intended that such opinions be obtained with respect to any other applicable laws, including the laws of the country of incorporation or organisation of the relevant obligor(s) of or under any of the Charged Assets or Reference Security in respect of such Series of Notes or Alternative Investment or with respect to the laws of the place of incorporation or principal place of business of any Reference Entity, the laws of the country in which any such Charged Assets or Reference Security are situated or the laws of the country which are expressed to govern any such Charged Assets which, depending upon the circumstances, may affect, *inter alia*, the validity and legal and binding effect of the Charged Assets or Reference Security and the effectiveness and ranking of the security for the Notes or the Alternative Investments.
10. The Arranger shall be entitled to charge, and be paid, a commission on subscription for or acquisition of the Notes of a Series or any Alternative Investments (or a participation therein) or on a sale or transfer of the Notes of a Series or Alternative Investments (or a participation therein) as may be more particularly specified in the relevant Constituting Instrument. Any such commission may be deducted from the subscription proceeds or, as the case may be, from the proceeds of sale of the Notes prior to the Arranger accounting for the same to the Issuer. In addition, it or an affiliate of it may be the Swap Counterparty under which it may make substantial profits.

11. Notes in global form will be accepted for clearance through Euroclear and Clearstream, Luxembourg (unless otherwise specified in the relevant Constituting Instrument) or through any other clearing system specified in the applicable Series Memorandum, as an alternative or in addition to clearance through Euroclear and Clearstream, Luxembourg. The appropriate code or codes for each Series allocated by Euroclear and Clearstream, Luxembourg (and/or any such other clearing system) will be contained in the relevant Constituting Instrument.
12. The Issuer will during the life of this Programme maintain a paying agent having a specified office in London.
13. The Issuer is a company incorporated with limited liability in the Netherlands. No director of the Issuer is a resident of the United States, and all or a substantial portion of the assets of the Issuer and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in the United States courts predicated upon the civil liability provisions of the federal securities laws of the United States.
14. Unless specifically indicated in the Series Memorandum in relation to a particular issue of Notes, the Issuer does not intend to provide post-issuance transaction information.
15. The Master Definitions (as defined below) ascribe meanings to the following terms: Master Conditions, Master Trust Terms, Master Agency Terms, Master Custody Terms, Master Charged Assets Sale Terms, Master Placing Terms, Master Swap Terms and Master Securities Lending Terms.  
  
“**Master Definitions**” means, in respect of a Series of Notes, the Master Definitions in the form signed for the purposes of identification by or on behalf of UBS Limited incorporated by reference into the relevant Constituting Instrument.
16. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on its regulated market for the purposes of the Prospectus Directive.
17. ELM B.V. is the only issuer that is entitled to issue Notes under this Programme Memorandum.
18. The language of the base prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions (the “**Master Conditions**”) which will be applied to each Series or Tranche of Notes by the relevant Constituting Instrument (as defined below), subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Constituting Instrument and save for the italicised text, will be incorporated into the Trust Deed constituting the Series or Tranche of Notes and will be incorporated by reference into each Global Note and each definitive Note (if any) (in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the Arranger at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto the following text of the terms and conditions) issued in exchange for the Global Note(s) representing each Series or Tranche available as Bearer Notes (each such capitalised term as defined herein). The relevant Series Memorandum will indicate those provisions of these terms and conditions and the amendments, variations and the supplementary provisions to such terms and conditions which are, in each case, applicable to the Notes of such Series or Tranche. References in the Conditions to “**Notes**” are to the Notes of one Series only, not to all Notes which may be issued under the Programme. Notes shall only be issued in bearer form if the Arranger is satisfied that applicable U.S. tax law will be complied with, as confirmed by appropriate U.S. tax advisers.*

The Notes of the Series (as defined below) of which this Note forms a part (in these terms and conditions, the “**Notes**”) are 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 ELM B.V. (the “**Issuer**”), the persons, 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 Master Trust Terms referred to below) and 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. By executing the Constituting Instrument, the Issuer has entered into a custody agreement in respect of the Notes (the “**Custody Agreement**”) with the “**Custodian**” (as defined in the Constituting Instrument), the Trustee and the Swap Counterparty on the terms (as amended, modified and/or supplemented by the relevant Constituting Instrument) set out in the master custody terms (the “**Master Custody Terms**”) as specified in the Constituting Instrument. 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 “**Calculation Agent**”, the “**Swap Counterparty**”, 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 the Swap Counterparty, on the terms (save as amended, modified and/or supplemented by the relevant Constituting Instrument) set out in the master agency terms (the “**Master Agency Terms**”) as specified in the Constituting Instrument.

Statements in these terms and conditions are summaries of, and subject to, the detailed provisions appearing in the Master Trust Terms and, if it is stated in the Constituting Instrument that the Notes are issued with the benefit of an additional instrument (the “**Charging Instrument**”) creating security interests over the Charged Assets (as defined in Condition 4(a)), the Charging Instrument. Copies of the Master Documents (as defined in the Master Definitions specified in the Constituting Instrument), the Constituting Instrument and, if applicable, the Charging Instrument are available for inspection at the registered office of the Trustee and at the specified offices of the Paying Agents, the Registrar and the Transfer Agents (in each case, if any) named in the Constituting Instrument. In respect of the Notes, references herein to the

**“Issue Agent”**, to the **“Principal Paying Agent”** or to the **“Registrar”** shall include, respectively, any successor Issue Agent, Principal Paying Agent or Registrar and references herein to the **“Paying Agents”**, to the **“Transfer Agents”** or to the **“Custodian”** shall include, respectively, any successor or additional Paying Agents, Transfer Agents 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 herein to **“Agents”** are to the Issue Agent, the Principal Paying Agent, the other Paying Agents, the Calculation Agent, the Registrar, the Transfer Agents, the Custodian and each other agent appointed in accordance with the Agency Agreement or, as the case may be, the Custody Agreement, as applicable. The Noteholders (as defined below) 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 Master Trust Terms (as amended, modified and/or supplemented by the relevant Constituting Instrument), the relevant Constituting Instrument and, if applicable, the Charging Instrument and to have notice of those provisions of the Custody Agreement, the Agency Agreement and the Charged Agreement (as defined in Condition 4(b)) applicable to them.

The Constituting Instrument will state whether the Issuer has entered into a Charged Agreement with respect to a Series, in the absence of which the following terms and conditions shall be construed as if references to the Swap Counterparty and the Charged Agreement were not applicable. The Constituting Instrument will describe the Charged Assets, in the absence of which the following terms and conditions will be construed as if references to the Charged Assets were not applicable.

References in these terms and 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 and (iii) unless the relevant Constituting Instrument provides otherwise, a **“Series”** shall be construed as a reference to Notes which are denominated in the same currency (or, in the case of Dual Currency Notes, which have identical provisions relating to the currency in which payments are or may be made in respect thereof), have the same issue date, the same maturity date and bear interest (if any) on the same basis or at the same rate (except in respect of the first payment of interest) and on terms otherwise identical, (iv) a **“Tranche”** shall be construed as a reference to a tranche of Notes which form part of the same Series as Notes comprised in another Tranche and (v) references to the **“Constituting Instrument”** include a reference to the **“Terms”** that may be set out therein or scheduled thereto, which Terms may complete, amend, supplement or vary these terms and conditions.

The Master Definitions specified in the Constituting Instrument will apply for the purposes of interpretation of these terms and conditions and the Terms except as expressly provided therein or the context otherwise requires.

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

### (a) *Bearer Notes*

*Notes shall only be issued in bearer form if the Arranger is satisfied that applicable U.S. tax law will be complied with, as confirmed by appropriate U.S. tax advisers.*

- (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 (a "**U.S. Person**") (as defined in Section 7701 of the United States Internal Revenue Code).

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 United States Internal Revenue Code of 1986, as amended ("**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 United States Internal Revenue Code of 1986, as amended ("**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. Bearer Notes may be issued in new global note ("**NGN**") form. A Temporary Global Note and/or a Permanent Global Note, as the case may be, will be delivered to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**", which expression shall include, where the context so permits, any successor in business of Euroclear) and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**", which expression shall include, where the context so permits, any successor in business of Clearstream, Luxembourg) (if in NGN form) or a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg (if not in NGN form). Except in relation to Notes indicated as being in NGN form in the applicable Constituting Instrument, 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 Series Memorandum 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. 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 if the Temporary Global Note is not in NGN form) 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 if the Permanent Global Note is not issued in NGN form). 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 Trustee or the holder thereof (or all of the holders acting together, if more than one) for definitive Bearer Notes upon not less than 60 days' prior written notice to the Issuer and the Trustee 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, (iii) at the option of the Trustee or 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 Permanent Global Note for payment, (iv) 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 the Issuer, the Trustee and the Paying Agents shall not be required to obtain any proof thereof or as to the identity of such bearer.

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 by a Common Safekeeper (if the Bearer Notes are in NGN form) or a Common Depositary (if the Bearer Notes are not in NGN form) 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 (a) any certificate or other document issued by Euroclear or Clearstream, Luxembourg or such Alternative Clearing System, or (b) a print out generated by accessing the EUCLID or CreationOnline systems (or any successor systems), as to the principal amount of the Notes standing to the account of

any person (an “**Accountholder**”) 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 Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any record and/or document and/or evidence and/or information and/or certification to such effect purporting to be issued or given by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.

*Each Accountholder must look solely to its Clearing System for such Accountholder's share of each payment or distribution of any other entitlement made by the Issuer to the holder of the Global Notes and in relation to all other rights arising under the Global Notes. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Notes will be determined by the respective rules and procedures of their Clearing System. Accountholders shall have no claim directly against the Issuer, the Trustee or any other person (other than their Clearing System) in respect of payments or distributions of other entitlements due under the Global Notes which are made by the Issuer to the holder of the Global Notes and such obligations of the Issuer shall be discharged thereby.*

*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.”*

The sections of the U.S. Internal Revenue 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.

*(b) Registered Notes*

- (1) 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 (“**Registered Notes**”), such Registered Notes shall be in an Authorised Denomination or an integral multiple thereof as specified in the Constituting Instrument. Registered Notes will be represented either by one or more definitive certificates (each, a “**Registered Certificate**”) registered in the name of the person(s) entitled thereto or by a global registered certificate (a “**Global Registered Certificate**”), which will be either deposited with and registered in the name of a Common Depositary (or its nominee) on behalf of Euroclear and Clearstream, Luxembourg or the relevant Alternative Clearing System (each, a “**Clearing System**”) or, if the Global Registered Certificate is held under the New Safekeeping Structure, deposited with and registered in the name of a Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg. The principal amount of each Registered Note in definitive form will be specified on the face of the Registered Certificate and the principal amount of the Notes represented by a Global Registered Certificate will be specified on the face of the Global Registered Certificate. 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) 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 Trustee or of the holder thereof (or all of the holders acting together, if more than one) for Registered Certificates 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 Trustee or of the holder (or all of the holders acting together, if more than one) (a) 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, (b) 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 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 (a) any certificate or other document issued by Euroclear or Clearstream, Luxembourg or such Alternative Clearing System, or (b) a print out generated by accessing the EUCLID or CreationOnline systems (or any successor systems) as to the principal amount of the Notes standing to the account of an Accountholder 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 Accountholder must look solely to its Clearing System for such Accountholder’s share of each payment or distribution of any other entitlement made by the Issuer to the registered holder of the Registered Notes represented by the Global Registered Certificate and in relation to all other rights arising under the Global Registered Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights*



*arising under the Global Registered Certificate will be determined by the respective rules and procedures of their Clearing System. Accountholders shall have no claim directly against the Issuer, the Trustee or any other person (other than their Clearing System) in respect of payments or distributions of other entitlements due under the Global Registered Certificate which are made by the Issuer to the registered holder of the Registered Notes represented by the Global Registered Certificate and such obligations of the Issuer shall be discharged thereby.*

Subject to the restrictions (if any) referred to in the Constituting Instrument, Registered Notes 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 such a transfer, or 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 the transfer of Registered Notes 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.

*Unless otherwise provided in the Constituting Instrument, it is intended that Registered Notes will be sold only outside the United States (as defined in Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended) to non-US persons only in reliance on Regulation S and, accordingly, Registered Notes will not be represented by a restricted global note. The Notes may be offered, sold or otherwise transferred at any time only to transferees that are Non-United States Persons (as defined by the Commodity Futures Trading Commission).*

(c) *Authorised Denomination*

Authorised Denomination means the denomination or denominations specified 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 High Interest Note, or such other type of Note, in each case as is 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 terms and conditions shall

include Reverse Dual Currency Notes, Optional Dual Currency Notes and other 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.

### **(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**

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.

**4. Security**

(a) *Security*

Unless otherwise specified in the Constituting Instrument and/or the Charging Instrument, if applicable, any and all security granted by the Issuer in respect of any Series shall be granted in favour of the Trustee, who shall hold such security on trust for the Swap Counterparty, if there is a Charged Agreement in respect of the Series, the Noteholders and Receiptholders or Couponholders (if any) and such other persons as may be specified in the Constituting Instrument and/or the 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 the Charging Instrument, if applicable.

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 the Charging Instrument, if applicable, secured by (i) a first fixed charge on, and/or by an assignment by way of first fixed security of or other 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) such security interests to take the form of a first fixed charge over (unless otherwise specified in the applicable Series Memorandum), any account (each an “**Account**”) in which any Charged Assets are deposited and all present and future Charged Assets deposited in such Account or represented by such Account from time to time, together with the debts and/or other interests represented thereby, all related interests and all proceeds of such Charged Assets (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, over-the-counter or exchange traded derivative contract, 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 Terms (the “**Charged Assets**”) and all rights and all sums (“**Proceeds**”) derived therefrom), (ii) an assignment by way of fixed security of the Issuer’s rights against the Custodian with respect to the Charged Assets under the Custody Agreement and an assignment by way of fixed security over the Issuer’s rights to all funds in respect of the Charged Assets held from time to time by the Custodian, (iii) an assignment by way of fixed security over the Issuer’s rights to all funds held from time to time by the Principal Paying Agent and the other Paying Agents or, as the case may be, the Registrar to meet payments due under the Notes, the Receipts and the Coupons (if any), (iv) an assignment by way of fixed security of all of the Issuer’s rights, title and interest under the Agency Agreement and all sums derived therefrom, and (v) such other security interest (if any) as may be specified in the applicable Constituting Instrument.

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 by way of fixed security of the Issuer’s rights, title, benefit and interest in, to and under the Charged Agreement (as defined in Condition 4(b)). 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 “**Mortgaged Property**”.

The Issuer’s obligations to the Swap Counterparty under the Charged Agreement (as defined in Condition 4(b)) are, unless otherwise specified in the Constituting Instrument, secured as provided in (i) to (v) of the third paragraph 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 the 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.

If so specified in the applicable Constituting Instrument, the Securities Lending Counterparty may, pursuant to a Securities Lending Agreement (the “**Securities Lending Agreement**”) dated the Issue Date require the Issuer to deliver, or procure the delivery of, some or all of the Charged Assets which comprise securities on terms that full title to such Charged Assets shall vest in the Securities Lending Counterparty, subject to an obligation to redeliver such Charged Assets (or assets equivalent thereto or the fair market value thereof in cash) on the Maturity Date or on such other date or dates as may be specified in the relevant Securities Lending Agreement. In such case the rights of the Issuer under the Securities Lending Agreement shall form part of the Mortgaged Property in relation to the Notes.

If the Notes are rated and a Securities Lending Agreement has been entered into, the Issuer will notify each Rating Agency when a Purchase Transaction (as defined in the Securities Lending Agreement) is to be entered into under the Securities Lending Agreement and each Rating Agency shall, as a condition to such Purchase Transaction being entered into, provide written confirmation to the Issuer and the Trustee that the rating assigned by it to the Notes will not be adversely affected. As used herein, “**Rating Agency**” means any recognised credit rating agency, including, without limitation, Standard & Poor’s Rating Services, a Division of The McGraw-Hill Companies, Inc.,

Moody's Investors Service Ltd and Fitch Ratings Limited (or any successor to their respective credit rating businesses) which assigns a rating to the Notes at the request of the Issuer and "rated" and "rating" shall be construed accordingly.

***Any security over the Mortgaged Property in respect of a Series will be taken under English law only pursuant to the relevant Constituting Instrument (unless otherwise specified in such Constituting Instrument or, if applicable, taken additionally or separately under a Charging Instrument in respect of that Series) and (unless and until the security constituted by the Constituting Instrument and/or, if applicable, any Charging Instrument in respect of such Series becomes enforceable and then, in the case of steps to be taken by the Issuer, only in accordance with the directions of the Trustee) neither the Issuer nor the Trustee is required to perfect the Issuer's title to any of the Mortgaged Property with respect to the Notes, or to take, other than as aforementioned, or perfect any security interest over or with respect to the Mortgaged Property in accordance with the requirements of any applicable laws (but the Issuer will so perfect such title and any such security interest to the extent that a Rating Agency so requires in connection with a rating of a particular Series of Notes at the request of the Issuer). In the event that the security constituted by the relevant Constituting Instrument and/or, if applicable, any Charging Instrument becomes enforceable, the Trustee shall not be obliged to perfect any such security interest (to the extent that at such time such security interest is not so perfected) but may do so or may require the Issuer to do so in order to facilitate the realisation of the Mortgaged Property provided that such action is, in the opinion of the Trustee, possible and practicable under applicable laws and the Trustee is indemnified to its satisfaction. Furthermore, the Trustee shall not have any obligation to monitor compliance by the Custodian with any of its obligations under the Custody Agreement.***

***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 and the security therefor will become enforceable in accordance with and 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 (and the Swap Counterparty (if any) in writing or the holders of one-fifth in principal amount of the Notes then outstanding in writing or an Extraordinary Resolution of the Noteholders may direct the Trustee to give such notice), the Notes will become repayable in accordance with Condition 9 and the security therefor will become enforceable in accordance with the Master Trust Terms (as amended, modified and/or supplemented by the relevant Constituting Instrument) and/or any Charging Instrument and subject to the provisions of Condition 10.***

***On any such enforcement, the net proceeds thereof may be insufficient to pay amounts due to the Swap Counterparty under the Charged Agreement and amounts due on repayment to the Noteholders whether in accordance with the order of priority specified in the Constituting Instrument or at all.***

(1) General

The Issuer has, unless otherwise specified in the Constituting Instrument, entered into one or more agreements which may comprise an interest rate swap and/or cross-currency swap transaction, total return swap, basis swap, forward rate agreement, 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, currency option, forward purchase or sale agreement, credit default swap, credit default option, over-the-counter or exchange traded derivative contract, or any other transaction providing for the payment of money and/or the delivery of securities or other assets (present or future, actual or contingent) (including any option with respect to any of the foregoing transactions) and any combination of any of the foregoing transactions and/or any guarantee or other credit support document in respect of the obligations of the Swap Counterparty under such swap agreement given by any entity (any such agreement entered into with respect to a Series, as the same may be amended or supplemented from time to time in accordance with the provisions of the Constituting Instrument, the “**Charged Agreement**”) with the Swap Counterparty under which the 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 will, if so provided in the relevant Charged Agreement, make certain payments and/or deliveries of securities or other assets to the Swap Counterparty on receipt thereof by the Issuer out of sums or deliveries received by the Issuer on the Charged Assets all as more particularly described in the Constituting Instrument. The Charged Agreement may, subject in the case of a rated Series to the requirements of each Rating Agency, contain provisions requiring the 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. The Charged Agreement will, unless otherwise specified in the relevant Constituting Instrument, terminate on the Maturity Date (as defined in Condition 7(a)) unless terminated earlier in accordance with the terms thereof. The Charged Agreement will terminate if the Notes are redeemed pursuant to Condition 7(b) or Condition 7(c) or if the holders elect to exchange the Notes pursuant to Condition 7(h) and will be partially or wholly terminated in the event of a partial redemption pursuant to Condition 7(f) or a purchase pursuant to Condition 7(g). In the event of an early termination, either party to the Charged Agreement may be liable to make a termination payment to the other in respect of any loss which that other party may have suffered as a result of such termination, as provided in such Charged Agreement.

***To the extent that a Swap Counterparty fails to make payments due to the Issuer under the Charged Agreement (if any) 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 and the security therefor will become enforceable in accordance with and subject to the provisions of Condition 4(c).***

***The Master Trust Terms provide that the Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any Swap Counterparty or any guarantor thereof, the validity or enforceability of any of the 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 the Charged Agreement is provided in the section herein entitled "Description of the Charged Agreement".***

***Upon enforcement in respect of the Mortgaged Property, the net proceeds thereof may be less than the claims of the Swap Counterparty (if any) and the Noteholders and the holders of Receipts and/or Coupons (if any). The claims of the Swap Counterparty and of the Noteholders, Receiptholders and Couponholders will be satisfied in the order of priority specified in the Constituting Instrument. Such net proceeds may be insufficient to pay all amounts due to the Swap Counterparty (if any) and the Noteholders, Receiptholders and Couponholders (if any). Any other assets of the Issuer (including, without limitation, assets securing any other Series of Notes) are not available to make up any shortfall, all claims in respect of which shall be extinguished and the Trustee, the Noteholders, the Couponholders (if any) and the Swap Counterparty (if any) shall have no further claims against the Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding-up of the Issuer as a consequence of such shortfall.***

(2) Maintenance of Rating

If an issue of the Notes is rated, the Charged Agreement (if any) will provide, amongst other things, that, if the Swap Counterparty has its long term debt rating lowered by a Rating Agency (a "**Rating Event**") and at such time the Notes are then rated by such Rating Agency, the Swap Counterparty may, if such Rating Agency has confirmed that the rating of the Notes by it will be adversely affected by such Rating Event, at its option at any time while such circumstance is continuing:

- (i) transfer all its rights and obligations under the Charged Agreement to another entity acceptable to such Rating Agency such that the rating assigned by such Rating Agency to the Notes immediately following such transfer shall be at least as high as the rating of the Notes immediately prior to the Rating Event;
- (ii) obtain a guarantee of its rights and obligations under the Charged Agreement from another entity acceptable to such Rating Agency such that the rating assigned by such Rating Agency to the Notes immediately following the giving of such guarantee shall be at least as high as the rating of the Notes immediately prior to the Rating Event; or
- (iii) transfer all of its rights and obligations under the Charged Agreement to an entity not falling within (i) above but whose obligations under the Charged Agreement are guaranteed by an entity falling within (ii) above.

Any transfer of the rights and obligations of the Swap Counterparty or any guarantee of the obligations of the Swap Counterparty (or of any transferee of the rights and obligations of the Swap Counterparty) in respect of the Charged Agreement will be subject to:

- (i) the Trustee being satisfied that such rights and obligations have been effectively transferred and/or guaranteed, as the case may be, by the transferee and/or guarantor selected by the Swap Counterparty and that all the Issuer's right, title, benefit and interest in, to, under and in respect of the Charged Agreement following any such assignment and transfer and/or guarantee in respect of the obligations of the Swap Counterparty (or, as the case may be, any transferee to whom the obligations of the Swap Counterparty are transferred), are effectively secured in favour of the Trustee for the benefit of the Noteholders, the Receiptholders and Couponholders (and the holders of any Further Notes, and the Receipts and the Coupons (if any) appertaining thereto, issued in accordance with

Condition 16 and consolidated and forming a single series with the Notes of this Series), in each case in form and substance satisfactory to the Trustee; and

- (ii) the Trustee having received confirmation from each Rating Agency that its then current rating of the Notes will not be adversely affected by any transfer and/or guarantee as is referred to above.

(c) *Realisation of the Mortgaged Property upon redemption under Condition 7(b) or 7(c) or 9*

In the event of the security constituted under the relevant Constituting Instrument (or, if applicable, the Charging Instrument) becoming enforceable as provided in Conditions 7(b) and 7(c), Condition 9 or the Terms, the Trustee shall have the right to and may in the case of (a) below and shall in the case of (b) below enforce its rights under the Constituting Instrument and/or if applicable, the Charging Instrument in relation to the Mortgaged Property (a) at its discretion or (b) if sums are due but unpaid to the Swap Counterparty, if so directed in writing by the Swap Counterparty under the Charged Agreement (if any) in respect of a Series or if so directed by the holders of at least one-fifth in aggregate principal amount of the Notes then outstanding or by an Extraordinary Resolution of the Noteholders, (whichever shall be the first request or direction to be given) 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, Receiptholders or Couponholders (if any) or the Swap Counterparty (if any), provided that the Trustee shall not be required to take any such action unless first indemnified to its satisfaction and subject as provided in Condition 9. On the happening of any such event, the Charged Agreement(s) (or part thereof) (if any) will terminate in accordance with its/their terms.

***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 the Swap Counterparty and to the Noteholders and Receiptholders or Couponholders (if any). In such event the Issuer shall be under no obligation to pay, and the other assets securing other Series of Notes will not be available for payment of, any shortfall arising therefrom. Any such shortfall shall, unless otherwise specified in the Constituting Instrument, be borne by the Noteholders and Receiptholders or Couponholders (if any) and by the Swap Counterparty according to the order of priority specified in the Constituting Instrument and any remaining claims shall be extinguished.***

(d) *Application*

After meeting the expenses and remuneration and any other amounts due to the Trustee including in respect of liabilities incurred, or to any receiver appointed pursuant to the relevant Constituting Instrument including in respect of liabilities incurred, and/or, if applicable, the Charging Instrument in each case in respect of the Notes, and subject as provided in such Constituting Instrument and/or, if applicable, the Charging Instrument, the net proceeds of the enforcement of the security constituted under the relevant Constituting Instrument and/or, if applicable, the Charging Instrument will be applied, after (i) the payment to the Issuer of the Series Minimum Profit (to the extent not already received by the Issuer) and (ii) meeting the claims (if any) of the relevant Transferor (as defined in Condition 4(g)(1)) in respect of the Undelivered Charged Assets, in the manner set out under sub-paragraph (1) below (“**Swap Counterparty Priority**”) unless either “**Pari Passu Ranking**”, “**Noteholder Priority**” or “**Noteholder-only Security**” is specified in the relevant Constituting Instrument as being applicable instead, in which case they will be applied in the manner set out in the corresponding paragraph. For the purposes of this Condition 4(d):



(1) **“Swap Counterparty Priority”** means:

- (i) first, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement (or, as the case may be, each Swap Counterparty *pari passu* and rateably under each Charged Agreement) (excluding the claims (if any) of the Swap Counterparty as Transferor in respect of the Undelivered Charged Assets);
- (ii) secondly, in meeting the claims (if any) of the Noteholders, the Receiptholders and the Couponholders (if any) (which, for this purpose, shall include any claim of the Principal Paying Agent or, as the case may be, the Registrar for reimbursement in respect of payment of principal and interest made to the Noteholders, the Receiptholders and/or, as the case may be, Couponholders (if any)) *pari passu* and rateably; and
- (iii) thirdly, in payment of the balance (if any) to the Issuer;

(2) **“Pari Passu Ranking”** means:

- (i) first, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement (or, as the case may be, each Swap Counterparty under each Charged Agreement) (excluding the claims (if any) of the Swap Counterparty as Transferor in respect of the Undelivered Charged Assets) and the Noteholders, the Receiptholders and the Couponholders (if any) (which, for this purpose, shall include any claim of the Principal Paying Agent or, as the case may be, the Registrar for reimbursement in respect of payment of principal and interest made to the Noteholders, the Receiptholders and/or, as the case may be, Couponholders (if any)) *pari passu* and rateably; and
- (ii) secondly, in payment of the balance (if any) to the Issuer;

(3) **“Noteholder Priority”** means:

- (i) first, in meeting the claims (if any) of the Noteholders, the Receiptholders and the Couponholders (if any) (which, for this purpose shall include any claim of the Principal Paying Agent or, as the case may be, the Registrar for reimbursement in respect of payment of principal and interest made to the Noteholders, the Receiptholders and/or, as the case may be, Couponholders (if any)) *pari passu* and rateably;
- (ii) secondly, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement (or, as the case may be, each Swap Counterparty *pari passu* and rateably under each Charged Agreement) (excluding the claims (if any) of the Swap Counterparty as Transferor in respect of the Undelivered Charged Assets); and
- (iii) thirdly, in payment of the balance (if any) to the Issuer; and

(4) **“Noteholder-only Security”** means:

- (i) first, in meeting the claims (if any) of the Noteholders, the Receiptholders and the Couponholders (if any) (which, for this purpose shall include any claim of the Principal Paying Agent or, as the case may be, the Registrar for reimbursement in respect of payment of principal and interest made to the Noteholders, the Receiptholders and/or, as the case may be, Couponholders (if any)) *pari passu* and rateably; and

(ii) secondly, in payment of the balance (if any) to the Issuer,

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

- (5) **“Undelivered Charged Assets”** means any Charged Assets which are required to be delivered by a Transferor (as defined in Condition 4(g)(1)) to the Issuer or the Custodian on behalf of the Issuer but which have not been so delivered prior to 11.00 a.m. (London time) on the Delivery Cut-off Date (as defined in Condition 7(g)(3)).
- (e) *Shortfall after Application of Proceeds*

If the net proceeds of the security constituted by the relevant Constituting Instrument and/or, if applicable, the Charging Instrument for any Series of the Notes, such security having been enforced under Condition 4(c), are not sufficient, after meeting the expenses and remuneration and any other amounts due to the Trustee and after meeting the claims (if any) of the relevant Transferor in respect of the Undelivered Charged Assets referred to in Condition 4(d), 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 the Charged Agreement (if any) in respect of that Series, the other assets of the Issuer (including, without limitation, assets securing any other Series of Notes) will not be available for payment of any shortfall arising therefrom. Any such shortfall shall, unless otherwise provided in the Constituting Instrument and/or the Charging Instrument, if applicable, be borne by the Noteholders and Receiptholders and Couponholders (if any) and by the Swap Counterparty in the reverse order of priority specified in the Constituting Instrument. Claims 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 Constituting Instrument and Condition 4(d) shall be extinguished and failure to make any payment in respect of any such shortfall 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, neither the Trustee nor any Noteholder, Receiptholder or Couponholder (if any) nor the Swap Counterparty (if any) 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, nor shall any of them have any claim in respect of any unpaid sums or on any account whatsoever over or in respect of any assets of the Issuer which 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 by the relevant Constituting Instrument, whether against loss of such security by theft or fire, in respect of fraud or forgery or against any other risk whatsoever.***

(f) *Replacement and/or Substitution of Charged Assets*

- (1) If so specified in relation to the Notes of a Series in the Constituting Instrument, the Swap Counterparty (if any) may, subject to and in accordance with the provisions of the Constituting Instrument, by notice in writing to the Issuer (a **"Replacement Notice"**) in, or substantially in, the form set out in the Master Trust Terms, require that any securities or other assets for the time being comprising all or part of the Charged Assets in relation to that series of Notes (hereinafter referred to as the **"Replaced Assets"**) be replaced (a **"Replacement"**) by other securities or assets of a type or types (or combination thereof), having a maturity date or dates and other features (if any) specified in the Constituting Instrument and having a market value or nominal value (as the case may be) (a **"Replacement Value"**) calculated and determined by the Swap Counterparty (if any) in accordance with the Constituting Instrument (**"Replacement Assets"**) provided, however, that:
- (i) no such Replacement nor any Replacement Assets shall (aa) render the Issuer liable to taxation outside its jurisdiction of incorporation, (bb) result in the contravention by the Issuer of any applicable law or regulation, (cc) require the Issuer to make any filing or declaration under any applicable law or regulation or (dd) give rise (save as provided for in this Condition 4(f)(1)) to any obligation or liability on the Issuer's part to take any action, or to make any payment, other than with the Issuer's express agreement unless the Issuer shall have first been indemnified and/or secured to its satisfaction against such obligation or liability and the Trustee shall not be obliged to execute any document or do any other act or thing unless it shall have received such certificates, opinions and documents (if any) in form and substance satisfactory to it that it shall require, including, without limitation, if the Notes are rated, confirmation from each Rating Agency that its current rating of Notes will not be adversely affected by such Replacement or Replacement Assets;
  - (ii) upon any release of the Replaced Assets from the security created by the relevant Constituting Instrument and/or Charging Instrument, any Replacement Assets being substituted for the Replaced Assets are expressed to be delivered, transferred or (as the case may be) assigned to the Issuer on the same terms, *mutatis mutandis*, as the Replaced Assets or otherwise as the Trustee and the Swap Counterparty (if any) may approve in writing;
  - (iii) upon any release of the Replaced Assets from the security created by the relevant Constituting Instrument and/or Charging Instrument, any such Replacement Assets being substituted for the Replaced Assets are subject to the charge or other security interest created by the relevant Constituting Instrument and/or Charging Instrument and/or any further security documents required by the Trustee; and
  - (iv) such other conditions as may be specified in the Constituting Instrument are satisfied.

Upon receipt of a Replacement Notice, the Issuer shall forthwith notify the Trustee, the Principal Paying Agent (in the case of Bearer Notes), the Registrar (in the case of Registered Notes), the Custodian and, in accordance with Condition 14, the Noteholders. The Trustee shall not be liable to the Issuer, the Swap Counterparty or the Noteholders and the Issuer shall not be liable to the Trustee, the Swap Counterparty or the Noteholders for any loss arising from any arrangement referred to in the Replacement Notice or otherwise from the operation of this Condition 4(f)(1). Amendments consequential upon any Replacement may be required to be made to the provisions of the

Charged Agreement (if any) relating to the Notes to reflect the change in the composition of the Charged Assets. The provisions relating to the right of the Swap Counterparty to request a Replacement will be more particularly described in the Constituting Instrument. The Replacement Value determined pursuant to the provisions of the relevant Constituting Instrument shall be binding on the Issuer, the Trustee and the Noteholders and no liability to the Issuer, the Trustee or the Noteholders or any other person shall attach to the Swap Counterparty or the Issuer in connection therewith.

The Master Trust Terms provide that, in connection with any Replacement, the Trustee shall receive a certificate from the Swap Counterparty confirming that all the conditions and requirements in relation to the Replacement have been met, and it may rely absolutely upon such certificate for all purposes and, for the avoidance of doubt, it need make no further enquiry of any nature. By subscription for or acquisition of any Note, each Noteholder accepts and is bound by this provision absolutely.

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

- (2) If securities and/or other assets which comprise all or part of the Charged Assets for the time being for a Series of Notes have a final maturity date which falls prior to the maturity date or other date for final redemption of the Notes of such Series ("**Maturing Assets**") and the Notes are not required to be redeemed in that event, then subject to and in accordance with the relevant Constituting Instrument and subject to written confirmation from each Rating Agency to the Issuer and the Trustee that the ratings of existing Series of Notes and existing Alternative Investments rated by such Rating Agency will not be adversely affected, the proceeds of redemption received upon maturity of such Maturing Assets shall be applied by the Custodian on behalf of the Issuer either:
- (i) in the purchase of further securities and/or other assets of a type or types (or combination thereof) identified by the Swap Counterparty and having a maturity date or dates and other features (if any) specified in the Constituting Instrument (if any) and having a market value or nominal value (as the case may be) (a "**Substitute Value**") calculated and determined by the Swap Counterparty in accordance with the Constituting Instrument (if any) ("**Substitute Assets**"); and/or (as determined by the Custodian); or
  - (ii) by crediting such proceeds of redemption to an interest bearing account in the name of the Custodian (the "**Deposit Account**") and which shall be opened by the Custodian with a bank or other financial institution specified in the Constituting Instrument (if any) on terms that, pending application of the funds standing to the credit of such Deposit Account in the purchase of Substitute Assets, such funds shall be guaranteed to earn a minimum rate of interest as specified in the Constituting Instrument (if any). In respect of a rated Series, any requirements of the relevant Rating Agency or Rating Agencies relating to such bank or financial institution (such as any minimum rating requirement) shall be set out in the Constituting Instrument. Funds credited to the Deposit Account from time to time (including capitalised interest) shall be debited from the Deposit Account on or before the Maturity Date or other date for redemption of the Notes to be applied by the Issuer in connection with such redemption or in making payment under the Charged Agreement as the case may require or as specified in the Constituting Instrument.

The net proceeds of redemption of Maturing Assets the maturity date of which falls prior to the maturity date or other date for redemption of the Notes and funds standing to the

credit of the Deposit Account may be applied by the Custodian on behalf of the Issuer in or towards purchase of Substitute Assets from time to time, subject to and in accordance with the provisions of the Constituting Instrument as specified in the relevant Substitution Notice (as defined below). In connection therewith, the Swap Counterparty shall at the times and on the dates specified in the Constituting Instrument determine the availability of Substitute Assets for the purposes of this Condition 4(f)(2), calculate and determine the Substitute Value thereof and the date on which such Substitute Assets fall to be purchased and the applicable purchase price therefor subject to and in accordance with the Constituting Instrument and shall forthwith (and in any event on or before the date and/or time specified in the Constituting Instrument) give a notice to the Issuer (a **"Substitution Notice"**) in, or substantially in, the form set out in the Master Trust Terms, specifying, among other things, the details of any Substitute Assets, the applicable Substitute Value thereof, the purchase price thereof and the date on which such purchase price falls to be paid. Upon receipt of a Substitution Notice, the Issuer shall forthwith notify the Trustee, the Principal Paying Agent (in the case of Bearer Notes), the Registrar (in the case of Registered Notes), the Custodian, the Swap Counterparty (if any), and, in accordance with Condition 14, the Noteholders, and a Substitution Notice, once given by the Swap Counterparty, shall be conclusive and binding on the Issuer, and on such other persons so notified by the Issuer (save in the case of manifest error). Subject to and in accordance with the provisions of the Constituting Instrument, the Substitute Assets specified in such Substitution Notice shall be purchased by the Custodian on behalf of the Issuer on the date specified in such Substitution Notice at the price specified in such Substitution Notice either by applying the net proceeds of redemption upon maturity of any Maturing Assets, as aforesaid, and/or, as the case may be, by applying funds standing to the credit of the Deposit Account in or towards making such purchase (provided, however, that no purchase of Substitute Assets shall occur to the extent that the purchase price therefor and any costs, expenses and taxes (including stamp duty) payable in connection with the substitution (the **"Substitution Costs"**) exceeds (and the Swap Counterparty shall be entitled to, and shall, deduct any Substitution Cost from) the net proceeds of redemption upon maturity of any Maturing Assets, as aforesaid, and funds (if any) standing to the credit of the Deposit Account available on the relevant date for purchase thereof). Notwithstanding the foregoing, a Substitution may only be made if:

- (a) such Substitution and any Substitute Assets do not (aa) render the Issuer liable to taxation outside its jurisdiction of incorporation, (bb) result in the contravention by the Issuer of any applicable law or regulation, (cc) require the Issuer to make any filing or declaration under any applicable law or regulation and (dd) give rise (save as provided for in this Condition 4(f)(2)) to any obligation or liability on the Issuer's part to take any action, or to make any payment, other than with the Issuer's express agreement unless the Issuer shall have first been indemnified and/or secured to its satisfaction against such liability and the Trustee shall not be obliged to execute any document or do any other act or thing unless it shall have received such certificates, opinions and documents (if any) in form and substance satisfactory to it that it shall require including, without limitation, confirmation from each Rating Agency (if any) that its current rating of the Notes will not be adversely affected by such Substitution or Substitute Assets; and
- (b) any Substitute Assets are expressed to be delivered, transferred or (as the case may be) assigned to the Issuer on the same terms, mutatis mutandis, as the Maturing Assets or otherwise as the Trustee and the Swap Counterparty (if any) may approve.

Any Substitute Assets purchased pursuant to the foregoing provisions of this Condition 4(f)(2) shall be subject to the charge and/or other security created by the relevant Constituting Instrument and/or Charging Instrument and subject to such other conditions

as may be specified in the relevant Constituting Instrument. In addition, amendments consequential upon any purchase of Substitute Assets and/or the crediting of funds to the Deposit Account may be required to be made to the provisions of the Charged Agreement to reflect the change in the composition of the Charged Assets which amendments shall be specified by the Swap Counterparty in the relevant Substitution Notice.

All determinations of the availability of Substitute Assets, and all determinations and calculations of the Substitute Value thereof, the purchase price and applicable date for purchase thereof and/or amendments (if any) required to be made to the Charged Agreement (if any) consequential upon any purchase of Substitute Assets or crediting of funds to the Deposit Account shall be made by the Swap Counterparty (if any) (and if there is no Swap Counterparty such determinations and calculations shall be made by the Calculation Agent) in accordance with the relevant Constituting Instrument and all such determinations and calculations shall be binding on the Issuer, the Trustee, the Noteholders, the Swap Counterparty (if any) and all other persons (in the absence of manifest error). The Trustee shall not be liable to the Issuer, the Swap Counterparty (if any) or the Noteholders nor shall the Issuer be liable to the Trustee, any Noteholder or the Swap Counterparty (if any) for any loss arising from any arrangement referred to in any Substitution Notice or for the purchase price of the Substitute Assets or otherwise from the operation of this Condition 4(f)(2). The purchase of Substitute Assets pursuant to the provisions of this Condition 4(f)(2) is herein referred to as “**Substitution**”.

The Master Trust Terms provide that, in connection with any Substitution, the Trustee shall receive a certificate from the Swap Counterparty describing the Substitution and confirming that the Substitution is not materially prejudicial to the interests of the Noteholders, and it may rely absolutely upon such certificate for all purposes and, for the avoidance of doubt, it need make no further enquiry of any nature. By subscription for or acquisition of any Note, each Noteholder accepts and is bound by this provision absolutely.

All rights of Replacement and/or Substitution under this Condition 4(f) shall cease forthwith upon the security constituted by the relevant Constituting Instrument becoming enforceable unless and until (in the case of such security becoming enforceable following the occurrence of an Event of Default pursuant to Condition 9) the Noteholders request or direct the Trustee in accordance with Condition 9 not to give notice to the Issuer that the Notes shall become due and payable.

(g) *Substitution of Cash Collateral for Charged Assets*

- (1) In the event that the Mortgaged Property for a Series of Notes is stated in the relevant Constituting Instrument to include Charged Assets and either the Seller, the Arranger or the Swap Counterparty (as applicable) (each, a “**Transferor**”) does not deliver to the Issuer, or to the Custodian on behalf of the Issuer, on the Issue Date all or any part of the Charged Assets pursuant to the Charged Assets Sale Agreement or, as the case may be, pursuant to the Placing Agreement or such other arrangements as may have been agreed between the Issuer and the Arranger or, as the case may be, pursuant to the Charged Agreement, the Issuer shall, on the Issue Date, deposit the Cash Collateral with the Custodian if and to the extent that the Issuer has received an amount equal to the same and which is available for such purpose either from the issue proceeds of the Notes or through the repayment of a sum equal to the same by the relevant Transferor as a consequence of the Charged Assets not having been delivered to the Issuer on the Issue Date. The Cash Collateral shall form part of the Charged Assets and shall be subject to the security interests in favour of the Trustee created pursuant to the Constituting Instrument.

- (2) As used in these Conditions, “**Cash Collateral**” means, in relation to a Series of Notes, an amount equal to either (i) (a) the Consideration (as defined in the Charged Assets Sale Agreement) payable by the Issuer to the Seller in respect of the sale of the Charged Assets pursuant to the Charged Assets Sale Agreement multiplied by (b) the principal amount of the Charged Assets not delivered by the Seller on the Issue Date (or the date thereafter agreed by the Issuer and the Seller) divided by the total principal amount of the Charged Assets specified in the Terms of the Notes as determined by the Calculation Agent (which shall, if the Charged Assets are denominated in more than one currency, determine in a commercially reasonable manner the ratio described in this part (b) by rebasing the currency of the Charged Assets into the currency of the Notes) or (ii) if there is no Charged Assets Sale Agreement an amount equal to (a) the principal amount of the Notes multiplied by the Issue Price multiplied by (b) the principal amount of the Charged Assets not delivered by the relevant Transferor on the Issue Date (or the date thereafter agreed by the Issuer and such Transferor) divided by the total principal amount of the Charged Assets specified in the Terms of the Notes as determined by the Calculation Agent (which shall, if the Charged Assets are denominated in more than one currency, determine in a commercially reasonable manner the ratio described in this part (b) by rebasing the currency of the Charged Assets into the currency of the Notes).
- (3) To the extent that the relevant Transferor delivers all or any of the Charged Assets to the Issuer, or to the Custodian on behalf of the Issuer, prior to 11.00 a.m. (London time) on the 14<sup>th</sup> calendar day after the Issue Date (the “**Delivery Cut-off Date**”), the Issuer shall pay to such Transferor an amount equal to such part of the Cash Collateral (as determined by the Calculation Agent) as is proportionate to the Charged Assets so delivered and shall instruct the Custodian to make such payment on its behalf to the Transferor out of the balance of the Cash Collateral deposited with the Custodian. Such Cash Collateral shall, pursuant to the Trust Deed constituted by the Constituting Instrument, be released from the security created thereby and the Charged Assets so delivered shall be automatically subject to the security created thereby. In the event that the relevant Transferor does not deliver all of the Charged Assets to the Issuer, or to the Custodian on behalf of the Issuer, prior to 11.00 a.m. (London time) on the Delivery Cut-off Date, the provisions of Condition 7(b)(3) shall apply.
- (4) Any interest earned on the Deposit Account shall be paid by the Issuer to the Swap Counterparty under the Charged Agreement and the Custodian shall make such payments in accordance with the instructions of the Issuer or, if there is no Charged Agreement, the provisions relating to interest earned on the Deposit Account and any amounts paid or payable on the Charged Assets pending delivery will be as specified in the Constituting Instrument. For the avoidance of doubt, Condition 4(g)(2) shall not affect the payments by the Swap Counterparty to the Issuer under the Charged Agreement (if any). Furthermore, pursuant to the Charged Agreement, to the extent that the Transferor is the Swap Counterparty and the Charged Agreement requires the Issuer to pay to the Swap Counterparty amounts equal to amounts paid or payable under the Charged Assets, the Swap Counterparty shall be entitled to retain any amounts paid to it under any Charged Assets held by it pending the delivery of such Charged Assets to the Issuer in satisfaction of the Issuer’s corresponding payment obligations under the Charged Agreement and, to the extent that the Transferor is not the Swap Counterparty and the Charged Agreement requires the Issuer to pay to the Swap Counterparty amounts equal to amounts paid or payable under the Charged Assets then the Issuer shall request the relevant Transferor promptly to pay any amounts paid to the Transferor under any Charged Assets held by the Transferor pending the delivery of the Charged Assets to the Issuer to the Swap Counterparty in satisfaction of the Issuer’s corresponding payment obligations under the Charged Agreement.

## 5. Restrictions

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

(A) engage in any activity or do anything whatsoever (and has represented that it has not engaged in any activity or done anything whatsoever), except:

- (i) issuing or entering into notes, bonds, or other debt securities, loan obligations, derivative transactions including, without limitation, currency exchange and currency hedging arrangements, swaps transactions (including, without limitation, total return, default and funded default swaps) options or futures transactions, buy-sell back transactions, sale and repurchase transactions, Further Notes (each an “**Investment**” and together the “**Investments**”) provided that such Investments are secured (unless otherwise specified in the relevant Constituting Instrument) on specified assets of the Issuer (other than its share capital) and on terms which provide for the extinguishment of all claims in respect of such Investments to the extent not paid in full after application of the proceeds of the specified assets on which such Investments are secured (the “**Permitted Investments**”); or otherwise incurring indebtedness or obligations in respect of moneys borrowed or raised or in respect of the issue or creation of other investments where such indebtedness or obligation is incurred on terms that it is secured (unless otherwise specified in the relevant Constituting Instrument) on specified assets of the Issuer (other than its share capital) which do not form part of the Mortgaged Property and on terms which provide for the extinguishment of all claims in respect of such indebtedness or obligation to the extent not paid in full after application of the proceeds of the specified assets on which such indebtedness or obligation is secured (the “**Permitted Obligations**”);
- (ii) enter into any Agency Agreement, Trust Deed, Charged Agreement, Securities Lending Agreement or deed or agreement of any other kind related to any Permitted Investment or Permitted Obligation, but provided always that any such agreement is entered into on terms that the obligations of the Issuer thereunder are secured on specified assets of the Issuer (other than its share capital and any account into which any amounts required to be retained by the Issuer as minimum profit under the Dutch tax agreement to be obtained on behalf of the Issuer with the Dutch tax authorities have been deposited (the “**Issuer Dutch Account**”)) which do not form part of the Mortgaged Property and on terms which provide for extinguishment of all claims in respect of such obligations to the extent not paid in full after application of the proceeds of the specified assets on which such indebtedness or obligation is secured;
- (iii) acquire, or enter into any agreement constituting the collateral in respect of any Permitted Investment or the assets securing any Permitted Obligations;
- (iv) perform its obligations under each Permitted Investment or Permitted Obligation and the Agency Agreement, Trust Deed, Charged Agreement, Securities Lending Agreement, Constituting Instrument and/or, if applicable, Charging Instrument or other deeds or agreements incidental to the issue and constitution of, or the granting of security for, any Permitted Investment or Permitted Obligations;
- (v) enforce any of its rights under the Agency Agreement, the Trust Deed, the Charged Agreement, the Securities Lending Agreement, Constituting



Instrument and/or, if applicable, Charging Instrument or any other deed or agreement entered into in relation to any Permitted Investment or Permitted Obligations;

- (vi) perform any act incidental to or necessary in connection with any of the above;
- (B) have any subsidiaries or employees;
- (C) subject to sub-paragraph (A) above, dispose of any of its property or other assets or any part thereof or interest therein (subject as provided in the Conditions relating to any Permitted Investment or the terms and conditions of any Permitted Obligations);
- (D) declare or pay any dividend or other distribution to its members, other than from the Issuer Dutch Account to the shareholder of the Issuer;
- (E) purchase, own, lease or otherwise acquire any real property;
- (F) consolidate or merge with any other person; or
- (G) issue any shares.

## **6. Interest**

Words and expressions used in this Condition 6(a) to (i) are defined (unless defined elsewhere in these terms and 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 arrear 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(d)(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 Terms 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*

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

(A) in the case of Floating Rate Notes where ISDA Determination is specified in the Terms as the manner in which the Interest Rate is to be determined the Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus the Spread (if any) or by multiplying such rate by the Spread Multiplier (if any) (as specified in the Terms). For the purpose of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as supplemental and/or amended from time to time and under which:

- (1) the Floating Rate Option is as specified in the Terms;
- (2) the Designated Maturity is a period specified in the Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or on the Euro-zone inter-bank offered rate (“**EURIBOR**”) for a currency the first day of that Interest Period or (ii) in any other case, as specified in the Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions;

(B) in the case of Floating Rate Notes where Screen Rate Determination is specified in the Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Benchmark which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR on the Interest Determination Date in question plus or minus (as indicated in the Terms) the Spread (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the

purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Interest Rate in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Benchmark from time to time in respect of Floating Rate Notes is specified in the Terms as being other than LIBOR or EURIBOR, the Interest Rate in respect of such Notes will be determined as provided in the Terms.

*(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(d)(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 Terms (as well after as before judgment) to the Relevant Date (as defined in Condition 7(d)(3)).

*(e) Minimum/Maximum Rates*

If a Minimum Interest Rate is specified in the Terms, 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 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 Terms, 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 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 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, each of the Paying Agents and, for as long as the Notes are admitted to trading on a stock exchange and the rules of such stock exchange require, such stock exchange 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 first 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.

(h) *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 a Calculation Agent if provision is made for them in the Terms. 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 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 Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(i) *Determination or calculation by Trustee*

If the 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 (or a person appointed by it for the purpose) 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 Calculation Agent. The Trustee shall have no liability to any person in connection with any determination or calculation it is required to make pursuant to this Condition 6(i).

(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 Terms.

**“Calculation Amount”** means the amount specified as such in the Terms, 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/365 (Fixed)”** is specified, the actual number of days in the Calculation Period divided by 365;

- (iii) if “**Actual/360**” is specified, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (v) if “**30E/360**” or “**Eurobond Basis**” is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date (as defined in Condition 7(a)) is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

“**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 Terms.

“**Interest Determination Date**” means, in respect of any Interest Period, the date specified as the Interest Determination Date in the Terms, or, if none is so specified, the day which, in the reasonable determination of the Calculation Agent, falls the number of days preceding the commencement of such Interest Period as is customary in respect of the relevant Benchmark.

“**Interest Payment Date**” means the date or dates specified as the date(s) for the payment of interest in the Terms 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 Terms.

“**Interest Rate Multiplier**” means the multiplying factor as specified in the Terms as being applicable to the interest rate for a Note.

“**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 Terms.

“**Reference Banks**” means the institutions specified as Reference Banks in the Terms.

**“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.

**“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 Terms, or, if no such centre is so specified, the financial centre determined by the Calculation Agent to be appropriate to such Benchmark.

**“Relevant Rate”** means:

- (i) an offered rate in the case of a Note the Benchmark for which relates to an offered rate;
- (ii) a bid rate in the case of a Note the Benchmark for which relates to a bid rate; and
- (iii) 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 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 Terms as being applicable to a Note.

**“Spread Multiplier”** means the multiplying factor specified in the Terms as being applicable to the spread 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(e)) on the date specified as the Maturity Date in the Terms (the **“Maturity Date”**). No Redemption Amount will be payable on an Interest Only Note.

### **(b) Mandatory Redemption**

If:

- (1) (a) the Charged Assets or amounts outstanding thereunder become due and repayable, or become capable of being declared due and repayable (with respect to rated Notes, unless the Trustee determines that they have not become so capable), prior to their stated date of maturity or other date or dates for their repayment or payment or (b) there is a payment default in respect of the Charged Assets (and references above to Charged Assets shall be construed as references to the Charged Assets whether or not delivered by the Transferor (as defined in Condition 4(g)(1)) to the Issuer prior to the occurrence of the relevant event described above); or

- (2) the Charged Assets comprise any agreement of the type contemplated in the definition herein of Charged Agreement and (a) such agreement is, or becomes capable of being, terminated by any party thereto, in each case whether or not by reason of an event of default (howsoever described) thereunder or (b) there is a payment default in respect of such agreement; or
- (3) the relevant Transferor (as defined in Condition 4(g)(1)) does not deliver to the Issuer, or to the Custodian on behalf of the Issuer, all of the Charged Assets prior to 11.00 a.m. (London time) on the Delivery Cut-off Date (as defined in Condition 4(g)(3)); or
- (4) any other event as may be specified as an “**Additional Mandatory Redemption Event**” in the Terms has occurred,

then the Notes shall become due and repayable as provided by Condition 7(e). The Issuer shall give notice to the Noteholders in accordance with Condition 14 that the Notes are due and repayable at the amounts specified in Condition 7(e) as soon as reasonably practicable after becoming aware of such event or circumstance.

(c) *Redemption for taxation and other reasons*

(A) Save as provided otherwise in this Condition 7(c)(A), if:

- (1) the Issuer, on the occasion of the next payment due in respect of the Notes, would be required (i) by law, or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof, to withhold or account for tax or, subject to Condition 7(c)(b), would suffer tax in respect of its income in respect of the Charged Assets or receipt of payments under any Charged Agreement (including the deduction of tax from such payments) so that it would be unable to make payment of the full amount due (other than in circumstances which give rise to a Withholding Requirement entitling the Noteholders by Extraordinary Resolution to declare the Notes due and repayable pursuant to Condition 7(c)(B) below), the Issuer shall so inform the Trustee and (other than in the circumstances set out in item (ii) above) shall use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction (approved in writing by the Trustee, the Swap Counterparty (if any) and (following notification by the Issuer to each Rating Agency of the identity of such company) by each Rating Agency confirming that the ratings of existing Series of Notes and existing Alternative Investments rated by such Rating Agency will not be adversely affected) as the principal debtor and if it is unable to arrange such substitution before the next payment is due in respect of the Notes; or
- (2) the Charged Agreement (if any) or any transaction thereunder is terminated other than on its scheduled maturity date (howsoever described) (in whole but not in part and other than in consequence of Condition 7(g), Condition 7(h) or Condition 7(i) or in connection with a redemption of Notes pursuant to Condition 7(b), Condition 7(f) or Condition 9 or save where the Terms provide otherwise) for any reason,

then the Issuer shall forthwith give notice to the Trustee and the Notes shall become due and repayable as provided by Condition 7(e)(2) (unless otherwise specified in the relevant

Constituting Instrument). The Issuer shall give notice to the Noteholders in accordance with Condition 14 that the Notes are due and repayable in accordance with Condition 7(e)(2) (unless otherwise specified in the relevant Constituting Instrument) as soon as reasonably practicable after becoming aware of such event or circumstance.

Notwithstanding the requirement for the Issuer to use all reasonable endeavours to arrange the substitution of another company, as provided in this section (1), the Trustee (if so requested by an Extraordinary Resolution of the Noteholders) may at any time after the Issuer has informed the Trustee of any of the circumstances set out in this section (1) request that the Notes shall become due and payable as provided in Condition 7(e)(2). The Notes shall so become due and payable upon such request having been made by the Trustee and the Issuer shall forthwith give notice to the Swap Counterparty (in accordance with Condition 14) of the same.

Notwithstanding the foregoing, if any of the taxes referred to in this Condition 7(c) arises:

- (i) owing to the connection of any Noteholder or Receiptholder or Couponholder with the taxing jurisdiction in which the Issuer is incorporated, any taxing jurisdiction in which the Issuer is resident for tax purposes or other relevant taxing jurisdiction (including any jurisdiction in or through which payment is made or any jurisdiction which has a political, taxation or other relevant agreement, union or federation with the jurisdiction in or through which payment is made) otherwise than by reason only of the holding of any Note or Receipt or Coupon or receiving principal or interest in respect thereof; or
- (ii) by reason of the failure by the relevant Noteholder or Receiptholders or Couponholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax,

then, in relation to such taxes, provided that the Issuer is able to deduct amounts in respect of such taxes from the amounts payable to such Noteholder or Receiptholder or Couponholder:

- (i) the Issuer shall make such deductions, but this shall not affect the rights of the other Noteholders and Receiptholders or Couponholders (if any) hereunder;
  - (ii) notwithstanding the foregoing provisions of this Condition 7(c)(A), the Issuer shall not be required by this Condition 7(c)(A) to endeavour to arrange the substitution of a company incorporated in another jurisdiction as the principal debtor, the Notes shall not become due and repayable pursuant to this Condition 7(c)(A) and the Trustee shall not be entitled to request that the Notes become due and payable pursuant to this Condition 7(c)(A); and
  - (iii) any such deduction shall not constitute an Event of Default under Condition 9.
- (B) Provided always that the Terms shall have expressly stated that this Condition 7(c)(B) shall apply to the Series of Notes in question, if, as a result of the imposition of a Withholding Requirement (as defined below) the Issuer would receive any amount from the Swap Counterparty under the Charged Agreement applicable to such Series net of a withholding or deduction for or on account of any taxes, the Noteholders may, by Extraordinary Resolution, elect that the Notes shall become due and repayable (whereupon they shall become due and repayable) in the same manner as provided by Condition 7(e)(1)(ii) (unless otherwise specified in the



relevant Constituting Instrument). Unless and until, however, such an Extraordinary Resolution is passed by the Noteholders each payment of principal (or, as the case may be, Redemption Amounts) or interest (or, as the case may be, Coupon Amounts) shall (unless otherwise specified in the relevant Constituting Instrument) be reduced by a proportion which is equal to the proportion which the amount required to be withheld or deducted from the relevant payment payable to the Issuer under the Charged Agreement which is intended to provide the Issuer with sufficient funds to pay such principal (or, as the case may be, Redemption Amounts) or interest (or, as the case may be, Coupon Amounts), as the case may be (the **"Relevant Payment"**) bears to the full amount of such Relevant Payment which would have been payable to the Issuer under the Charged Agreement in the absence of the relevant Withholding Requirement. Accordingly, unless and until an Extraordinary Resolution is passed by the Noteholders declaring the Notes due and repayable in accordance with this Condition 7(c)(B), failure by the Issuer to pay the full amount of any principal (or, as the case may be, Redemption Amounts) or interest (or, as the case may be, Coupon Amounts) but for such reduction aforesaid shall not constitute an Event of Default for the purposes of Condition 9. The Issuer shall promptly notify the Trustee of any Withholding Requirement (or substantial likelihood thereof) which would be imposed on any amount payable to it under the Charged Agreement and shall promptly give notice thereof to the Noteholders in accordance with Condition 14 together with details of the amount of such withholding or deduction, the date on which it is first applicable and the proportion by which each relevant payment in respect of the Notes will be reduced in consequence thereof in accordance with this Condition.

As used herein, **"Withholding Requirement"** means a requirement to make a withholding or deduction for or on account of any Taxes (as defined in the Charged Agreement) due to any action taken by a taxing authority or taken or brought in a court of competent jurisdiction, on or after the Issue Date (regardless of whether such action is taken or brought with respect to a party to the Charged Agreement) or a Change in Tax Law (as defined in the Charged Agreement).

*(d) Early Redemption of Zero Coupon Notes*

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

- (1) The amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 7(b), Condition 7(c) or, if applicable, Condition 7(f) 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 **"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(d)(3) below, the Amortised Face Amount of any Zero Coupon Note shall be the Scheduled Redemption Amount (as defined in Condition 7(e)(1) below) 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 Terms 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 Terms.
- (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) or, if applicable, Condition 7(f)

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(d)(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).

(e) *Redemption Amount of Notes*

- (1) The amount payable upon redemption of each Note on the Maturity Date in accordance with Condition 7(a) (the “**Scheduled Redemption Amount**”) shall be specified in the applicable Constituting Instrument and may be any of:
  - (i) if specified that Condition 7(e)(1)(i) applies, the outstanding principal amount specified in the Terms; or
  - (ii) if specified that Condition 7(e)(1)(ii) applies, an amount equal to the market value of the Charged Assets (as calculated by the Calculation Agent in the manner and on the date specified in the applicable Constituting Instrument) plus or minus any termination payment payable to or by the Issuer from or to the Swap Counterparty on the termination of the Charged Agreement (if any). Unless otherwise specified in the relevant Constituting Instrument, in the event that the Calculation Agent determines, in its sole discretion acting in good faith, that by the date falling 180 days after the relevant calculation date specified in the relevant Constituting Instrument it has not been able to calculate the market value of the Charged Assets in accordance with the provisions set out in the relevant Constituting Instrument, the market value of the Charged Assets shall be deemed to be zero and the amount payable by the Issuer to the Noteholders in accordance with this Condition 7(e)(1)(ii) shall also be deemed to be zero; or
  - (iii) if neither Condition 7(e)(1)(i) or (ii) is specified as applicable, the amount specified or calculated on the basis specified in the Terms.
- (2) Subject as provided by Condition 7(d) and unless the Terms provide otherwise, the amount payable upon redemption of each Note pursuant to Condition 7(b), Condition 7(c) or, if applicable, Condition 7(f) or upon its becoming due and payable as provided in Condition 9 shall be the lesser of (i) the outstanding principal amount of such Note plus any accrued but unpaid interest thereon and (ii) the amount available by applying the portion available to the Noteholders pursuant

to Condition 4(d) (or as it may be amended or replaced by the Constituting Instrument) of the net proceeds of enforcement of the security in accordance with Condition 4 *pari passu* and rateably to the Notes (such amount being the “**Early Redemption Amount**” and the term “**Redemption Amount**” includes the Early Redemption Amount, the Scheduled Redemption Amount and any Optional Redemption Amount, as defined in Condition 7(f)). No interest shall be payable in addition to the Early Redemption Amount except interest which was due and payable prior to such determination by the Trustee. Redemption of the Notes at their Early Redemption Amount shall not constitute an Event of Default under Condition 9.

- (3) Unless the Terms provide otherwise, upon the date on which the Issuer determines that the Notes are or will become due and repayable pursuant to Condition 7(b) or Condition 7(c), the security constituted by the relevant Constituting Instrument shall become enforceable and the provisions of Condition 4(a), Condition 4(c) and Condition 4(d) shall thereafter apply. Upon receipt of the proceeds (if any) of realisation of the Mortgaged Property following such enforcement, the Issuer shall give notice to the Noteholders in accordance with Condition 14 of the date on which each Note shall be redeemed at its Redemption Amount.

***The net sums (if any) realised upon the security becoming enforceable on the early redemption of the Notes pursuant to the Conditions (including Condition 7(b) and 7(c) above) may be insufficient to pay all the amounts due to the 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 as a Redemption Amount pursuant to Condition 7(e). In such event, any shortfall shall be borne by the Noteholders, Receiptholders and Couponholders (if any) and by the Swap Counterparty (if any) and any other persons entitled to the benefit of the security pursuant to the Constituting Instrument according to the reverse 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 or holders of the shares in the Issuer (or if it is acting as a share trustee or custodian, the beneficiary or beneficiaries), the Swap Counterparty (if any), the Arranger or any other person has any obligation to any Noteholders or Receiptholders or Couponholders (if any) for payment of any amount by the Issuer in respect of the Notes or Receipts or Coupons (if any).***

- (4) The Terms shall specify the name of the Calculation Agent appointed to determine the Redemption Amount, where appropriate. The Issuer will procure that, so long as any Note remains outstanding, there shall at all times be a Calculation Agent if provision is made for the same in the Constituting Instrument.

The Calculation Agent will, on such date as the Calculation Agent may be required to calculate any Redemption Amount, if required to be calculated, cause such Redemption Amount to be notified to the Trustee, Principal Paying Agent or, in the case of Registered Notes, to 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. The calculation of the Redemption Amount, if required to be calculated, shall (in the absence of manifest error) be final and binding upon all parties.

If the 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. The Calculation 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 such Redemption Amount shall in no event exceed the maximum or, subject as provided in Condition 7(e)(2) and Condition 10, be less than the minimum so specified.
- (6) The Issuer may, if so specified in the applicable Constituting Instrument that Condition 7(e)(6) applies, elect to satisfy its obligations to the Noteholders to pay the Redemption Amount 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 the Swap Counterparty 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, deliver 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 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 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, or Registrar, shall specify to the Principal Paying Agent or Registrar 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 shall forthwith notify the Custodian and the Swap Counterparty 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 as equals the proportion (rounded to the nearest whole number) which each Noteholder’s holding of Notes bears to the total principal amount outstanding of the Notes as calculated by the Calculation Agent in the manner and on the date specified in the applicable Series Memorandum. 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.

If so specified in the applicable Constituting Instrument, references to “**Charged Assets**” in this Condition 7(e)(6) shall be deemed to be references to Reference Assets or such other assets as may be specified therein, and the provisions of this Condition 7(e)(6) shall apply *mutatis mutandis*.

(f) *Redemption at the Option of Noteholders or the Issuer*

- (1) If this Condition 7(f)(1) is stated by the Terms 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, redeem such Note on the date or dates specified for such purpose in the Terms at its Scheduled Redemption Amount or such other amount as may be specified in the Terms, or the amount calculated on the basis specified in Terms (as the case may be) as being the applicable Redemption Amount or the applicable basis of determining the Redemption Amount pursuant to this Condition 7(f)(1) (such amount being the “**Optional Redemption Amount**”), together with interest accrued to the date fixed for redemption.

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 30 nor less than 10 days prior to the relevant date for redemption 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 (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). No Note (or authority) so deposited may be withdrawn (except as provided in the Constituting Instrument) without the prior written consent of the Issuer.

- (2) If this Condition 7(f)(2) is stated by the Terms to be applicable, the Issuer may, on giving not more than 60 nor less than 30 days' notice 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, redeem all or some of the Notes in the manner and on the date or dates specified in the Constituting Instrument at their Scheduled Redemption Amount or such other amount as may be specified in the Terms, or the amount calculated on the basis specified in the Terms (as the case may be) as being the applicable Redemption Amount or the applicable basis of determining the Redemption Amount pursuant to this Condition 7(f)(1) (such amount being the "**Optional Redemption Amount**"), together with interest accrued to the date fixed for redemption.

Notice given by the Issuer to redeem Note(s) pursuant to this Condition 7(f)(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(f)(2) and the Constituting Instrument.

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 Terms to be effected by selection of whole Notes, the Notes to be redeemed will be selected in the manner indicated in the Terms and notice of the Notes called for redemption will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption, or, if a partial redemption of Notes is specified in the Terms to be effected by pro rata payment, a portion of each Note shall be redeemed in an amount equal to the amount of funds for redemption then available divided by the number of Notes then outstanding; and
- (B) when the Notes are represented by a Global Note or a Global Registered Certificate, if a partial redemption is specified in the Terms 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 (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) 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, a portion of each Note shall be redeemed in an amount equal to the amount of funds or value of Charged Assets for

redemption, as applicable, then available divided by the number of Notes then outstanding which are represented by such Global Note or Global Registered Certificate.

***The sums payable upon an optional redemption pursuant to Condition 7(f) may be insufficient to pay all the amounts due to the Swap Counterparty (if any) and to pay to the Noteholders amounts equal to the Optional Redemption Amount and the interest which would otherwise accrue to the date fixed for redemption. In such event, any shortfall shall be borne by the Noteholders, Receiptholders and Couponholders (if any) and by the Swap Counterparty (if any) and any other persons entitled to the benefit of the security pursuant to the Constituting Instrument according to the reverse order of priority specified in the Constituting Instrument and the Optional Redemption Amount will reflect such shortfall in the case of the Noteholders. None of the Trustee, the holder or holders of the shares in the Issuer (or if it is acting as a share trustee or custodian, the beneficiary or beneficiaries), the Swap Counterparty (if any), the Arranger or any other person has any obligation to any Noteholders or Receiptholders or Couponholders (if any) for payment of any amount by the Issuer in respect of the Notes or Receipts or Coupons (if any).***

(g) *Purchase*

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

No interest will be payable with respect to a Note to be purchased pursuant to this Condition 7(g) in respect of the period from the Issue Date or the previous date for the payment of interest on the Note, as the case may be, 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 dispatch such Registered Certificate to the Noteholder (at the risk of the Noteholder and to such address as the Noteholder may specify in such request).

***The Master Trust Terms contain 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(f) or purchased by the Issuer pursuant to Condition 7(g).***

***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.***

(h) *Exchange of Series*

If this Condition 7(h) is stated by the Terms to be applicable, the Trustee may from time to time upon the election of all Noteholders of a Series, with the consent of the 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 holders of such Existing Series. 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 a Rating Agency, it may only be exchanged for a New Series if such Rating Agency shall have confirmed that it will assign the New Series the same rating as the Existing Series (unless such Rating Agency shall have waived such requirement or its rules at the date of such exchange do not so require such similar rating).

If the Existing Series is admitted to trading on a stock exchange and if it is intended for the New Series to be admitted to trading on such stock exchange, the Issuer shall notify such stock exchange and produce such Series Memorandum and produce such information as the rules of such stock exchange may require in connection therewith.

***If the Noteholders of a Series elect, pursuant to Condition 7(h), 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.***

*(i) 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 Redemption Amount (unless specified otherwise in the Terms) 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 Calculation Agent appointed to determine such Instalment Amounts and the provisions of Condition 7(e) in relation to the calculation of Redemption Amounts shall apply *mutatis mutandis* in relation to the calculation of Instalment Amounts.

*(j) 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 terms and 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(g) (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 or the Registrar or Transfer Agent, 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)(5)) or Coupons (in the case of interest, save as specified in Condition 8(e)(5)) 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, or (in the case of Notes in definitive form) a cheque payable in that currency drawn on a bank in the principal financial centre of that currency (or, in the case of Notes denominated in euro, such financial centre in a participating Member State as the Issuer may reasonably determine); provided that if the Notes are denominated in Yen, such payments will be made by a Yen cheque drawn on, or, at the option of the holders, 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 final Instalment Amounts 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 Calculation Agent, the Swap Counterparty (if any), the Calculation 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 final Instalment Amounts) 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 at the close of business on the day before the due date for payment thereof (the “**Record Date**”). Payment of interest on each Registered Note (other than a Dual Currency Note) will be made in the currency in which such Notes are denominated by cheque drawn on a bank in the principal financial centre of the country of the currency concerned (or, in the case

of Notes denominated in Euro, such financial centre in a participating Member State as the Issuer may reasonably determine) and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the relevant Record Date, such 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, Receiptholders or Couponholders (if any) in respect of such payments.
- (2) Payments of principal and interest in respect of Bearer Notes when represented by a Global Note (if not in NGN form) and payments of principal in respect of Registered Notes when represented by a Global Registered Certificate (if not held under the New Safekeeping Structure) 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 and Clearstream, Luxembourg or an Alternative Clearing System) shown in the records of Euroclear, Clearstream, Luxembourg (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 or an Alternative Clearing System, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System as the holder of a Note must look solely to Euroclear, Clearstream, Luxembourg 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 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 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) Subject to the provisions of the Constituting Instrument, upon the due date for redemption of any Note which is a Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (2) 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.
- (3) 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.
- (4) Where any Floating Rate Note, Long Maturity Note or Variable Coupon Amount Note which is a Bearer Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired 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.
- (5) 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 not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**Business Day**” means a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business and carrying out transactions in the financial centres (if any) referred to in the definition of Business Days as set out in the Constituting Instrument, and (ii) foreign exchange markets settle payments generally in the relevant currency. In relation to Notes denominated in euro, a “**Business Day**” is a day on which the Trans-European Automated Real-time Gross settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (“**TARGET2**”) system is operating. In addition to the foregoing, if the Notes are in definitive form a day will not be a Business Day unless such a day is a day on which commercial banks are open for general business and carrying out transactions in the relevant place of presentation and in the place where payment is to be made. Furthermore, Additional Business Days may be specified in the 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 Bearer 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 and if necessary another Talon 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 requested in writing by the Swap Counterparty (if any) (if sums are due but unpaid to the Swap Counterparty) or the holders of at least one-fifth in principal amount of the Notes of any Series then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall, subject to its being indemnified, secured and/or prefunded to its satisfaction against all proceedings, claims and demands to which it may be liable and against all costs, charges, liabilities and expenses which may be incurred by it, including the cost of its management’s time and/or other internal resources, calculated using its normal hourly rates in force from time to time, 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(e) (or, in the case of Zero Coupon Notes of a Series (unless the Terms of such Notes provide otherwise or do not specify the Amortisation Yield and Day Count

Fraction) at their Amortised Face Amount) and the security constituted by or created pursuant to the relevant Constituting Instrument in respect of such Series shall become enforceable (as provided in the Master Trust Terms (as amended, modified and/or supplemented by such Constituting Instrument), and the proceeds of realisation of such security shall be applied as specified in Condition 4(d), in 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 terms and 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, (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) 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 in writing by the Trustee; or
- (d) a decree or order by a court having jurisdiction is entered that declares the Issuer bankrupt ("*failliet*"), or approves a petition seeking a moratorium of payments ("*surséance van betaling*"), reorganisation, arrangement, adjustment or composition of or appoints a receiver, liquidator, assignee or sequestrator (or other similar official) of the Issuer or of any substantial part of its property, or orders the winding up or liquidation of its affairs or the competent Chamber of Commerce takes any action to dissolve the Issuer pursuant to Article 2:19 of the Dutch Civil Code ("*Burgerlijk Wetboek*") (or any amendment, modification or re-enactment thereof); or
- (e) a voluntary case or proceeding is initiated by the Issuer under any applicable insolvency law, including presentation to the court of an application for bankruptcy ("*faillissement*"), for an administration, liquidation or dissolution order, or seeking the appointment of a receiver, administrator, liquidator or other similar official in relation to the Issuer or to the whole or any substantial part of the undertaking or assets of the Issuer, or the competent Chamber of Commerce takes any action to dissolve the Issuer pursuant to Article 2:19 of the Dutch Civil Code (or any amendment, modification or re-enactment thereof), or a receiver, administrator, liquidator or other similar official is appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or an encumbrancer takes possession or execution or other process is levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer; or
- (f) any event occurs with respect to the Issuer which, under the applicable laws of any jurisdiction, has an analogous effect of any of the events specified in (d) or (e) above.

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 at least one-fifth in principal amount of the Notes of such Series may exercise the right to request the Trustee to declare the Notes of such Series due and payable at the relevant amount by request in writing to the Trustee.

***The provisions of the Master Trust Terms are expressed to apply separately to each Series. Accordingly, the occurrence of an event of default under one Series will not constitute an event of default under any other Series.***

## **10. Enforcement and Limited Recourse**

Only the Trustee may pursue the remedies available under the Master Trust Terms, the Constituting Instrument, the Trust Deed applicable to the Series, the Charging Instrument, if applicable, and the Conditions to enforce the rights of the Noteholders, Receiptholders and Couponholders (if any) of a Series or the Swap Counterparty (if any) in the order of priority specified in the Constituting Instrument. Neither the holder of any Note or Receipt or Coupon (if any) of any Series nor the Swap Counterparty (if any) is entitled to proceed directly against the Issuer or any assets of the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the relevant Trust Deed, the Constituting Instrument, the Charging Instrument, if applicable, or the Conditions as completed, amended, supplemented or varied by the Terms, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. 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, or, in the case of an unsecured Series, distribution of the proceeds of the assets which are attributable to the relevant Series in accordance with the relevant priority of payments 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, Receiptholder or Couponholder (if any) may take any further steps against the Issuer or any of its assets to recover any sum still unpaid in respect of the Notes or Receipts or Coupons (if any) nor may the Swap Counterparty (if any) take any further steps against the Issuer or any of its assets to recover any sum still unpaid in respect of the relevant Charged Agreement in respect of such Series and, in each case, all claims against the Issuer in respect of each of such sums unpaid shall be extinguished. In particular, neither the Trustee nor any Noteholder, Receiptholder or Couponholder (if any) nor the Swap Counterparty (if any) shall be entitled 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 which are or purport to be security for any other Series.

Such net proceeds may be insufficient to pay all the amounts due to the 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, Receiptholders and Couponholders (if any) and by the Swap Counterparty (if any) and any other persons entitled to the benefit of the security pursuant to the Constituting Instrument according to the reverse 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 or holders of the shares in the Issuer (or if it is acting as a share trustee or custodian, the beneficiary or beneficiaries), the Swap Counterparty (if any), the Arranger or any other person has any obligation to any Noteholders or Receiptholders or Couponholders (if any) for payment of any amount by the Issuer in respect of the Notes or

Receipts or Coupons (if any). The other assets (if any) of the Issuer including, in particular, assets securing other Series of Notes will not be available to make up any shortfall.

#### **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 (in the case of principal) or five years (in the case of interest) from the relevant 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 Master Trust Terms contain provisions for convening meetings of Noteholders of a Series to consider matters affecting their interests, including the modification by Extraordinary Resolution of the Conditions or the provisions of the Terms, the Master Trust Terms or the Trust Deed applicable to the Series and/or, if applicable, the 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 clear 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, and on Receiptholders and Couponholders (if any). 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 or

Receiptholders or Couponholders (if any) or the Swap Counterparty (if any), 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 and the Swap Counterparty shall not be materially prejudiced thereby. The Trustee may agree, without the consent of the Noteholders or Receiptholders or Couponholders (if any), or the Swap Counterparty (if any), to:

(A) any modification of any of the provisions of the Terms, the Master Trust Terms, the Trust Deed applicable to the Series or the Charging Instrument, if applicable, or any 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 error or is made in order to address any comments raised by the Irish Stock Exchange in connection with an application to admit a Series of Notes to trading; and

(B) any other modification (except as mentioned in the relevant Constituting Instrument and as summarised above) and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Terms, the Master Trust Terms, the Trust Deed applicable to the Series or the Charging Instrument, if applicable, or any agreement or deed constituted or created by the Constituting Instrument applicable to the Series or any other agreement or deed constituted or created by the Constituting Instrument or otherwise with respect 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 Receiptholders and the Couponholders (if any) 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 admitted to trading thereon and the Irish Stock Exchange so requires) as soon as practicable thereafter.

No amendment may be made to any security held by the Trustee for the Swap Counterparty (if any) without the prior written consent of the Swap Counterparty.

*(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 unless directed in writing to do so by the Trustee or by an Extraordinary Resolution of the Noteholders 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 give any consent, waiver, indulgence, time or notification or make any declaration in relation to such Charged Assets unless it shall have been so directed in writing by the Trustee or by an Extraordinary Resolution of the Noteholders. If any such persons aforesaid are at any time requested to give an indemnity to any person in relation to the Charged Assets or to assume obligations not otherwise assumed by them under any of the Charged Assets, or to give up, waive or forego any of their rights and/or entitlements under any of the assets secured pursuant to the relevant Constituting Instrument and/or, if applicable, any Charging Instrument, or agree any composition, compounding or other similar arrangement with respect to any of the Charged Assets or any part of them, 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 or directed by an Extraordinary Resolution of the Noteholders and (ii) it shall have been counter-indemnified to its satisfaction.

Notwithstanding the foregoing, if the Swap Counterparty is expressed to rank ahead of the Noteholders pursuant to Condition 4(d) and if any sum of money is or may become due to the Swap Counterparty pursuant to the Charged Agreement, the Issuer shall not act in accordance with the directions of the Trustee or of the Noteholders given as aforesaid in relation to the Charged Assets without the Issuer obtaining the prior written consent of the Swap Counterparty.

(c) *Substitution of Issuer*

The Master Trust Terms contain provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and the other agreements and deeds constituted or created by the relevant Constituting Instrument and the Charging Instrument, if applicable, and to the confirmation of any applicable Rating Agent that the ratings of any existing Series will not be affected thereby, and such other conditions as the Trustee may require including the transfer of security and subject to the prior written approval of the Swap Counterparty (if any), but without the consent of the Noteholders or the Receiptholders or the Couponholders (if any) 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 Constituting Instrument and the Charging Instrument, if applicable, and the Notes in relation to any Series. In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders or Receiptholders or Couponholders (if any) of any Series, but subject to the prior written approval of the Swap Counterparty (if any), to a change of the law governing the Notes, the Receipts, the Coupons, the Talons (if any) and/or the Master Trust Terms and/or the Constituting Instrument and any agreement or deed constituted or created by it and/or, if applicable, the Charging 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, the Receiptholders or the Couponholders 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, Receiptholders or Couponholders, 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 or Receiptholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Receiptholders or Couponholders.

(e) *Swap Counterparty*

If, in relation to the relevant Series, there is a Charged Agreement, the Issuer shall not agree to any amendment or modification of the Conditions, the Trust Deed and/or the Charging Instrument, if applicable, without first obtaining the written consent of the Swap Counterparty, which consent shall not be unreasonably withheld or delayed unless such amendment or modification is to any security held for the Swap Counterparty.

(f) *Rating Agency*

If the Notes are rated at the request of the Issuer and each relevant Rating Agency confirms that any proposed action on the part of the Issuer or any other person would not adversely affect or result in the withdrawal of the current rating of the Notes, the Trust Deed provides that in certain circumstances the Trustee may (but is not bound to) take into consideration such confirmation, amongst other things, in determining that the interests of the Noteholders will not be materially prejudiced by such proposed action.

#### **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 admitted to trading on a stock exchange and the rules of that stock exchange so require) in any such other newspaper in which publication is so required by the rules of that stock exchange 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 Euroclear, Clearstream, Luxembourg 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.

*For the avoidance of doubt, holders of interests in a Global Registered Certificate will receive notices through Euroclear, Clearstream, Luxembourg or the relevant Alternative Clearing System as aforesaid rather than by post.*

#### **15. Indemnification of the Trustee**

The Master Trust Terms contain provisions for 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 Mortgaged Property or Charged Agreement (if any), including provisions relieving it from taking proceedings to enforce repayment or from taking any action in accordance with the Constituting Instrument without being first indemnified and/or prefunded 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, the Swap Counterparty (if any) 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 Master Trust Terms provide 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 Mortgaged Property, from any obligation to insure all or any part of the Mortgaged Property (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 Mortgaged Property (or any such document aforesaid) being held in an account with Euroclear, Clearstream, Luxembourg 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 Master Trust Terms provide that the Trustee will be under no obligation or duty to act on any directions of the Swap Counterparty (if any) (save as expressly provided in these terms and conditions and/or the Master Trust Terms (as amended, modified and/or supplemented by the relevant Constituting Instrument)) and (save as aforesaid) in the event of any conflict between directions given by the Noteholders and by the Swap Counterparty it shall be entitled to act in accordance only with the directions of the Noteholders unless the Swap Counterparty gives directions to the Trustee in connection with any failure to pay when due any amount at any time owing to the Swap Counterparty in respect of the Charged Agreement, in which case the Trustee shall be entitled to act in accordance only with the directions of the 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 Master Trust Terms as the same may be amended or replaced by the Constituting Instrument).

The Master Trust Terms provide that the Trustee shall not be bound or concerned to make any investigation into the creditworthiness of the Swap Counterparty or of any obligor under any Charged Asset or the validity or enforceability of any of the obligations of the 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) nor shall the Trustee be obliged to take any action which would, in its opinion, render it personally liable in respect of any costs, claims, expenses or liabilities, unless it is indemnified to its satisfaction in respect of the same.

## 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 create and issue Notes ("**Further Notes**") which shall be consolidated and form a single Series with the Notes of any existing Series (an "**Existing Series**") provided that:

- (a) 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 Original Charged Assets (as defined below) and assets (the "**Further Charged Assets**") which are identical to the Charged Assets for such Existing Series (the "**Original Charged Assets**") in every material respect and the nominal amount of which bears the same proportion to the nominal amount of the Further Notes as the proportion which the nominal amount of the Original Charged Assets bears to the nominal amount of the Notes of such Existing Series;
- (b) 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;

- (c) the Further Notes are constituted and secured by a constituting instrument supplemental to the Constituting Instrument in respect of the Notes of such Existing Series (the “**Further Constituting Instrument**”), and so that, upon the execution of the Further Constituting Instrument, all references to the “Constituting Instrument”, shall be construed as being to such document as amended and supplemented by the Further Constituting Instrument;
- (d) 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;
- (e) the security interests granted by the Issuer in such Further Constituting Instrument and/or any further Charging Instrument executed pursuant to such Further Constituting Instrument are granted to the Trustee (i) for the 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 a *pari passu* basis, in all cases in the order of priority specified in the Constituting Instrument; and
- (f) the 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.

## 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 nor any Paying Agent, Registrar or Transfer Agent will be obliged to make any additional payments to the Noteholders, Receiptholders or Couponholders (if any) in respect of such withholding or deduction.

## 18. Governing Law and Submission to Jurisdiction

The Master Trust Terms, the relevant Constituting Instrument, the Agency Agreement, the Notes, the Receipts, the Coupons and the Talons (if any), the Charged Agreement (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 arising out of

or in connection with the foregoing documents, are governed by and shall be construed in accordance with English law. The Charging Instrument (if any) shall be governed by and construed in accordance with the law specified therein. 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 Master Trust Terms, the Agency Agreement and the Charged 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.

**19. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

## **ELM B.V.**

The Issuer (formerly known as Governmental Asset Tradeable Securities B.V.) was incorporated as a Dutch B.V. with limited liability in the Netherlands on 14 November 1996, having its corporate seat in Amsterdam and being subject to Dutch legislation. The Issuer has been established as a special purpose vehicle for the purpose of issuing asset backed securities. The objects for which the Issuer was established, as set out in Article 3 of the Articles of Association of the Issuer, are:

- (a) to raise finance through, inter alia, the issuance of bonds, notes and other debt instruments, the entering into loan agreements, derivatives and other instruments evidencing indebtedness;
- (b) to invest funds raised in, inter alia, (interests in) bonds, notes, loans, deposits and other debt instruments, shares, warrants, derivatives, and other similar financial assets;
- (c) to acquire, purchase, manage and sell claims and part of claims;
- (d) to grant security in whatever form for obligations and liabilities of the Issuer;
- (e) to enter into swaps and other derivative transactions, letters of credit, guarantees, insurances, or other credit support or credit enhancement documents or other hedging agreements in connection with the above objects;
- (f) to enter into agreements with third parties relating to the above objects

The above enumeration is enunciate and is not limitative.

### **Stock and Registered Office**

The Issuer's authorised share capital consists of EUR 90,000 divided into 2000 voting ordinary shares, EUR 45.00 par value per share. The Issuer has an issued and outstanding share capital of EUR 18,000 consisting of 400 shares with a nominal value of EUR 45.00 each, all of which are fully paid up and held by Stichting ELM (formerly known as Stichting Government Asset Tradeable Securities B.V.), a foundation (*stichting*) (the "Foundation") established under Dutch law on 14 November 1996. The Issuer and the Foundation entered into a letter agreement on 25 June 2004 under which, in order to ensure that the Foundation does not abuse its control of the Issuer, the Foundation, inter alia, undertook (1) to manage the affairs of the Issuer in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice (2) to exercise its voting and other rights and powers as a shareholder of the Issuer in accordance with the Issuer's obligations under the documents relating to the Programme (3) not to liquidate the Issuer without the prior written approval of the Trustee and (4) that the Issuer shall undertake no business except the transactions contemplated by the documents relating to the Programme.

The corporate seat of the Issuer is in Amsterdam, the Netherlands, its registered office is Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands (Telephone number: +31 20 521 4777), and its correspondence address is Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Issuer is registered in the trade register of the Chamber of Commerce and Industry in Amsterdam under number 33286267. The Foundation is registered in the trade register of the Chamber of Commerce and Industry in Amsterdam under number 41216564.

### **Management**

On 14 November 1996, the following company was appointed as the sole managing director (*statutair directeur*) of the Issuer:

Intertrust (Netherlands) B.V. (formerly Fortis Intertrust B.V.)  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

The managing director is responsible for the management and administration of the Issuer and the managing director entered into a Management and Corporate Services Agreement dated 10 June 2004 with the Issuer in respect thereof. The business address of the managing director is Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The appointment of the managing director may be terminated upon three months notice (which may be reduced to one month notice in such circumstances that if it were not reduced to one month it would be materially prejudicial to the Issuer or the managing director), subject to the appointment of an alternative managing director. On 14 November 1996, Fortis Intertrust (Netherlands) B.V. (formerly MeesPierson Intertrust B.V.) was appointed the sole director of the Foundation.

## **Business**

The business of the Issuer is limited to acquiring and holding charged assets, issuing notes, entering into swaps and other related hedge agreements and performing its obligations and exercising its rights thereunder and entering into other related transactions, in each case, in respect of or in relation to the notes it has issued.

In addition, so long as any of the Notes or Alternative Investments remains outstanding, the Issuer will be subject to the restrictions set out in Condition 5 and each Constituting Instrument.

The Issuer has, and will have, no assets other than the amounts standing to the credit of the Issuer Dutch Account and any other assets on which the Non-Programme Notes, Notes or Alternative Investments are secured. Save in respect of the minimum profit to be retained according to the Dutch tax agreement obtained on behalf of the Issuer with the Dutch tax authorities in connection with each issue of Notes or Alternative Investments and the proceeds of any deposits and investments made from such amounts or from amounts representing the Issuer's issued and paid-up share capital, the Issuer will not accumulate any surpluses.

The Notes and Alternative Investments are obligations of the Issuer alone and not of, or guaranteed in any way by, the Foundation or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by, Fortis Intertrust (Netherlands) B.V. (formerly MeesPierson Intertrust B.V.) and/or its group entities, any Swap Counterparty, any Placement Agent or any other agent.

## **Financial Statements**

The Issuer has produced audited financial statements for the period ending on 31 December 2010 and 31 December 2011. These financial statements are audited by Ernst & Young, who are a member of the Netherlands Instituut voor Register Accountants and whose address is Antonio Vivaldistraat 150, 1083 HP Amsterdam, the Netherlands. The final statements are prepared in accordance with accounting standards generally accepted in the Netherlands.

A balance sheet with explanatory notes must be filed with the trade register of Chamber of Commerce and Industry in Amsterdam. Copies of balance sheets will be available for inspection at the office of the Listing Agent. The Issuer does not intend to prepare financial statements other than as may be required by law and in order to obtain or preserve any rating by a recognised debt rating agency of the Issuer or any Series of Notes or Alternative Investments issued by it.

The Issuer will covenant in each Constituting Instrument relating to a Series of Notes to procure that the Trustee receives an annual certificate, in form and substance satisfactory to the Trustee that for so long as any Note remains outstanding no Event of Default has occurred and is continuing.

If and to the extent required by Dutch law, the Issuer will also prepare and publish semi-annual financial statements.

#### **Tax Status of Issuer**

The Issuer is a resident of the Netherlands for Dutch tax purposes.



## THE CHARGED ASSETS SALE AGREEMENT

By executing the Constituting Instrument, the Issuer may enter into a charged assets sale agreement in respect of a Series (the “**Sale Agreement**”) with the charged assets seller (the “**Seller**”) named as such in the Constituting Instrument on the terms set out in the Master Charged Assets Sale Terms (the “**Master Sale Terms**”), as amended, modified and/or supplemented by the relevant Constituting Instrument, which Constituting Instrument shall incorporate by reference the provisions of the Master Sale Terms. Pursuant to the Sale Agreement, the Charged Assets relating to each Series of Notes or Alternative Investments will be purchased or acquired by the Issuer for delivery (subject as provided below) on the Issue Date of the Notes or Alternative Investments.

Unless otherwise specified in the applicable Constituting Instrument, pursuant to the Sale Agreement, the Seller will sell the Charged Assets on and subject to the following terms and conditions:

- (i) in selling the Charged Assets, the Seller makes no representation or warranty as to the creditworthiness of any obligor in respect thereof, or as to whether the obligations of any obligor in respect thereof are valid, binding or enforceable or as to whether any event of default or termination event or potential event of default has or may have occurred with respect thereto; and
- (ii) in selling the Charged Assets, the Seller sells the Charged Assets with full title guarantee, meaning that it sells only all the right, title, benefit and interest which it has in, to, under and in respect of such Charged Assets to the Issuer, subject, however, to any and all prior ranking rights (equitable or otherwise), defects in title, or charges, liens, pledges, encumbrances or other security interests whatsoever (together, “**Limitations on Title**”) created or subsisting prior to or on the date on which delivery of the Charged Assets is required to be made to the Issuer pursuant to the Sale Agreement (save that the Seller represents that as at the date of sale thereof the Charged Assets are sold free from any Limitations on Title created or granted by it except for Limitations on Title arising by operation of law or Limitations on Title in favour of Euroclear, Clearstream, Luxembourg or any other clearing or settlement system in which the Charged Assets are or will be held in accordance with the rules or operating procedures or the other conditions applicable to the holding of such Charged Assets in Euroclear, Clearstream, Luxembourg or any such clearing or settlement system).

***The above overview is qualified in its entirety by the provisions of the applicable Series Memorandum or Alternative Memorandum relating to the Notes of a Series or the Alternative Investments and the terms of the relevant Sale Agreement relating to the Notes of the relevant Series or Alternative Investment. Copies of the Master Sale Terms and the Constituting Instrument which will constitute the relevant Sale Agreement will be available during business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at and collection of copies from the specified offices of the Paying Agents and the Registrar (if any) with respect to the Notes of the relevant Series.***

## CUSTODY ARRANGEMENTS

Unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum and/or the applicable Constituting Instrument, the party to the Constituting Instrument named as “**Custodian**” will act as the custodian of the Issuer with respect to the Charged Assets relating to the relevant Series on the terms set out in the Master Custody Terms (the “**Master Custody Terms**”) as amended, modified and/or supplemented by the Constituting Instrument (the “**Custody Agreement**”). If the relevant Constituting Instrument so permits and a sub-custodian has been appointed to hold the Charged Assets with respect to a Series, the Charged Assets relating to that Series will be held by such sub-custodian, as custodian of the Custodian, on and subject to such terms as may be agreed between the Custodian and such sub-custodian from time to time (a “**Sub-Custody Agreement**”). If a sub-custodian is permitted to be so appointed, the Custodian may select as its custodian for the time being any one or more of the sub-custodians specified in the applicable Constituting Instrument with respect to the relevant Series (or such other person as may be approved in writing by the Trustee and the Swap Counterparty (if any)). The Custodian will be at liberty, at its discretion at any time, to terminate the appointment of any such sub-custodian and appoint a new sub-custodian with respect to the Charged Assets for the relevant Series, subject as provided in the relevant Custody Agreement.

The Custody Agreement will provide that (unless otherwise directed by the Trustee in accordance with the provisions of the Constituting Instrument and/or, if applicable, the relevant Charging Instrument) the Charged Assets will be held in safe custody, on behalf of the Issuer, subject to the security constituted by or pursuant to such Constituting Instrument and/or, if applicable, the relevant Charging Instrument and to the provisions of the relevant Custody Agreement relating to release of the Charged Assets from the security constituted by such Constituting Instrument and/or, if applicable, the relevant Charging Instrument.

The Issuer will undertake in the Custody Agreement for each Series (unless otherwise provided in the Constituting Instrument in respect of such Series) that there shall at all times be a Custodian in relation to such Series.

***The above overview is qualified in its entirety by the provisions of the applicable Series Memorandum or Alternative Memorandum relating to the Notes of a Series or the Alternative Investments and the terms of the relevant Custody Agreement relating to the Notes of the relevant Series and copies of the Master Custody Terms and the Constituting Instrument which will constitute the Custody Agreement will be available during business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at and collection of copies from the registered office of the Trustee and the specified offices of the Paying Agents and the Registrar (if any) with respect to the Notes of the relevant Series.***

## DESCRIPTION OF THE CHARGED AGREEMENT

Unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum and/or the applicable Constituting Instrument, the Issuer will, on the Issue Date of the Notes of a Series or Alternative Investments, enter into one or more swap agreements with the party or parties to the Constituting Instrument named as “**Swap Counterparty**” on the terms set out in the Master Swap Terms (the “**Master Swap Terms**”), as amended, modified and/or supplemented by the Constituting Instrument (each a “**Charged Agreement**”). A Charged Agreement may comprise an interest rate and/or cross-currency swap transaction, total return swap, basis swap, forward rate agreement, 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, currency option, forward purchase or sale agreement, credit default swap or credit default option, over-the-counter or exchange traded derivative contract or any other similar transaction providing for the payment of money and/or the delivery of securities or other assets (present or future, actual or contingent) (including any option with respect to any of the foregoing transactions) and any combination of any of the foregoing transactions, under which the Swap Counterparty may make certain payments and/or deliveries of securities or other assets to the Issuer in respect of amounts due or deliveries to be made in respect of the Notes, Receipts and Coupons (if any) and the Issuer may make certain payments and/or deliveries of securities or other assets to the Swap Counterparty corresponding to sums or other deliveries receivable by the Issuer in respect of the Charged Assets, all as more particularly described in the applicable Series Memorandum or Alternative Memorandum. The Charged Agreement may contain provisions requiring the Swap Counterparty or the Issuer to deposit security, collateral or margin in certain circumstances all as may be more particularly described in the applicable Series Memorandum or Alternative Memorandum.

The Charged Agreement for a Series of Notes or Alternative Investments will (unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum) terminate on the Maturity Date of the Notes of the relevant Series or Alternative Investments unless terminated earlier in accordance with the terms thereof.

The Charged Agreement (if any) for a Series of Notes or Alternative Investments will (unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum) incorporate the Master Swap Terms which comprise a swap agreement incorporating the International Swaps and Derivatives Association, Inc. form of Master Agreement (1992 Edition) (Multicurrency Cross-Border) and a Schedule thereto and be supplemented by one or more letters of confirmation created by the Constituting Instrument for such Series of Notes or Alternative Investments.

### *Early Termination of the Charged Agreement*

The Charged Agreement may, unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum, be terminated early on the occurrence of one of the Events of Default or Termination Events (each as defined in the Charged Agreement) specified in the Charged Agreement.

Unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum, on the occurrence of a termination of the Charged Agreement, a termination payment may be due to be paid to the Issuer by the relevant Swap Counterparty or to the relevant Swap Counterparty by the Issuer, which amount will be determined by the relevant Swap Counterparty except where the relevant Swap Counterparty is in default, in which case it will be made by the Issuer.

### *Partial Termination of the Charged Agreement*

Unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum, the Charged Agreement may be terminated in part or in whole if the relevant Swap Counterparty receives a notice that some (or all) of the Notes of the relevant Series are to be redeemed by the Issuer pursuant to Condition 7(f) of the Notes, or purchased by the Issuer pursuant to Condition 7(g) of the Notes or exchanged for Charged Assets pursuant to Condition 7(h) of the Notes. In such circumstances (unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum) the liability of the Issuer and the relevant Swap Counterparty to make payments and/or deliveries to the other pursuant to the Charged Agreement after the date of such redemption, purchase or exchange will be terminated to the extent and in the amounts that are equivalent to (in the case of the Issuer) the amounts which would have been received by the Issuer on the Charged Assets to be released from the charges granted in favour of the Trustee in or pursuant to the relevant Constituting Instrument consequent on such redemption and (in the case of the relevant Swap Counterparty) the amount which would have been payable on the Notes so redeemed. Upon any partial termination of the Charged Agreement pursuant to the foregoing, a determination of a Settlement Amount (as defined in the Charged Agreement) will be made by the relevant Swap Counterparty with respect to the portion of the Charged Agreement which is terminated only (unless otherwise specified in the applicable Series Memorandum or Alternative Memorandum).

***If the Charged Agreement is terminated in accordance with its terms then, save as otherwise provided in the Charged Agreement, the security constituted by the relevant Constituting Instrument and/or, if applicable, the Charging Instrument may become enforceable. The net proceeds (if any) upon such enforcement as described above (after deduction of all costs, charges, expenses and liabilities incurred by the Trustee or any receiver (including remuneration payable to the Trustee or any receiver after meeting the claims (if any) of the relevant Transferor (as defined in Condition 4(g)(1)) in respect of the Undelivered Charged Assets) in carrying out its functions under the Constituting Instrument in relation to the Notes) may be insufficient to pay any amount due to the Swap Counterparty or the Noteholders, Receiptholders and the Couponholders (if any) and the shortfall shall be borne by the Swap Counterparty and the Noteholders, Receiptholders and the Couponholders (if any) in accordance with the order of priority specified in the Constituting Instrument. Such order of priority may provide for the Swap Counterparty to rank in point of security in respect of a particular issue of Notes in priority to the Noteholders either for all purposes or in circumstances, in either such case, as specified in the relevant Constituting Instrument. Claims in respect of any shortfall after enforcement of the security for the Charged Agreement and the relevant Notes of the Issuer and application of the proceeds thereof in accordance with the Constituting Instrument and the Conditions (and in particular Condition 4(d)) of the Notes of the relevant Series shall be extinguished and failure by the Issuer to make any payment in respect of any such shortfall shall in no circumstances constitute an Event of Default under the Notes.***

***The above overview is qualified in its entirety by the provisions of the applicable Series Memorandum or Alternative Memorandum relating to the Notes of a Series or Alternative Investments and the terms of the relevant Charged Agreement relating to the Notes of the relevant Series, copies of which will be available during business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at, and collection of copies from, the specified offices of the Paying Agents and the Registrar (if any) with respect to the Notes of the relevant Series.***

## DUTCH TAXATION

The overview below is intended as general information only and it does not purport to present any comprehensive or complete picture of all aspects of Dutch tax law which could be of relevance to the holder of a Note (the "Noteholder", together referred to as the "Noteholders"). It is limited to Dutch tax law as applied by the Dutch courts and published and in effect on the date of this Programme Memorandum, and it is subject to any change in law, possibly with retroactive effect.

The Issuer has been advised that the following Dutch tax treatment will apply to the Notes provided that:

1. In each and every respect the terms and conditions of each of the documents, the performance by the parties thereto of their respective obligations and the exercise of their rights thereunder and the transactions contemplated therein, including, without limitation all payments made thereunder, are at arm's length;
2. Notes will not be issued under such terms and conditions that the Notes actually function as equity of the Issuer within the meaning of article 10, paragraph 1 under (d) of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*);

### (A) Withholding Tax

All payments of interest and principal made by the Issuer under a Note may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

### (B) Taxes on Income and Capital Gains

A Noteholder who derives income from a Note or who realises a gain from the disposal or redemption of a Note will not be subject to Dutch taxation on such income or gain, provided that:

- (1) the Noteholder is neither resident nor deemed to be resident of the Netherlands for Dutch tax purposes and, if the Noteholder is an individual, has not elected to be treated as a resident of the Netherlands for the purpose of the relevant Dutch tax law provisions;
- (2) the Noteholder does not have an enterprise or deemed enterprise (as defined in Dutch tax law) or an interest in an enterprise or deemed enterprise (as defined in Dutch tax law) that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of that enterprise, as the case may be, the Notes are attributable;
- (3) the Noteholder is not entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities and to which enterprise the Notes are attributable;
- (4) the Noteholder does not have a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer as defined in the Dutch Income Tax Act 2001 (*Wet op de inkomstenbelasting 2001*); and
- (5) if the Noteholder is an individual, the Noteholder does not derive benefits from the Notes that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*) as defined in the Dutch Income Tax Act 2001, which include, but are not limited to, activities in respect of the Notes which are beyond the scope of "regular active asset management" (*normaal actief vermogensbeheer*) or

benefits which are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights which form a "lucrative interest" (*lucratief belang*). A lucrative interest is an interest which the holder thereof has acquired under such circumstances that benefits arising from this lucrative interest are intended to be a remuneration for work or services performed by such holder (or a person related to such holder) in the Netherlands, whether within or outside an employment relationship, where such lucrative interest provides the holder thereof, economically, with certain benefits that have a relationship to the relevant work or services.

Under Dutch tax law, a Noteholder will not be deemed resident, domiciled or carrying on a business in the Netherlands by reason only of its holding of the Notes or the performance by the Issuer of its obligations under the Notes.

### **(C) Gift and Inheritance Taxes**

No gift or inheritance taxes will arise in the Netherlands with respect to the acquisition of a Note by way of gift by, or on the death of, a Noteholder, unless:

- (i) the Noteholder is a resident or deemed to be resident of the Netherlands for the purpose of the relevant Dutch tax law provisions; or
- (ii) in the case of a gift of the Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands.

For the purpose of Dutch gift and inheritance tax, an individual who has the Dutch nationality will be deemed to be a resident of the Netherlands at the date of the gift or the date of his death, if he has been a resident of the Netherlands at any time during the ten years preceding the date of the gift or the date of his death.

For the purposes of Dutch gift tax, an individual who does not have the Dutch nationality will be deemed to be a resident of the Netherlands at the date of the gift, if he has been a resident of the Netherlands at any time during the twelve months preceding the date of the gift.

### **(D) Value Added Tax**

No Value Added Tax (*Omzetbelasting*) will arise in the Netherlands in respect of any payment in consideration for the issue of the Notes or with respect to any payment of principal or interest by the Issuer on the Notes.

### **(E) Other Taxes and Duties**

No registration tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the issue of the Notes.

### **(F) European Union Directive on the Taxation of Savings**

Under the European Union Council Directive 2003/48/EC on the taxation of savings income (the "Directive") Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction (a "paying agent") to an individual resident in another Member State, except that for a transitional period, Luxembourg and Austria instead operate a withholding system unless during that period they elect otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and

territories). Certain other jurisdictions, including Switzerland, have enacted equivalent legislation which imposes a withholding tax, or an obligation on a paying agent to provide information on a payment of interest or similar income, in substantially the same circumstances as envisaged by the Directive.

**THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF NOTES, PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE CONSEQUENCES OF THEIR PARTICULAR SITUATION.**

## SUBSCRIPTION AND SALE

In relation to any Series or Tranche of Notes, by executing the Constituting Instrument, the Issuer will enter into a Placing Agreement (the "**Placing Agreement**") with the Arranger in relation to each Series of Notes, on the terms (save as amended, modified and/or supplemented by the relevant Constituting Instrument) set out in the Master Placing Terms. Pursuant to the Placing Agreement, the Arranger will subscribe or procure subscribers for the Notes of each Series.

### ***Selling/Transfer Restrictions Applicable to the Notes***

#### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Arranger and each Placement Agent will in each Placing Agreement 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:

- (a) if the Series Memorandum in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such 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, provided that any such prospectus has subsequently been completed by the Series Memorandum contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) 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 for 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 amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in



the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## Global

Notes (including rights representing an interest in any Global Note) with a denomination of less than EUR 100,000 (or equivalent thereof in other currencies) and which are not offered, sold, resold, delivered or transferred as a package of Notes for a consideration which is at least EUR 100,000 (or equivalent thereof in other currencies), may not, directly or indirectly, be, (or announced to be) offered, sold, resold, delivered or transferred as part of their initial distribution or at any time thereafter to, or to the order of, or for the account of, any person anywhere in the world other than to professional market parties (“**Professional Market Parties**”) within the meaning of and as further described and defined in article 1:1 of the Act on Financial Supervision (*Wet op het financieel toezicht*) and the regulations pursuant thereto, as amended from time to time, being:

- (A) Legal entities licensed or otherwise authorised or regulated to operate in the financial markets;
- (B) Legal entities without a licence and not so authorised or regulated to operate in the financial markets with the sole corporate purpose to invest in securities;
- (C) National or regional governments, central banks, international and supranational institutions and similar international institutions;
- (D) Legal entities with their seat in the Netherlands which:
  - (1) meet at least two of the following three criteria:
    - (a) an average number of employees over the financial year of less than 250;
    - (b) a balance sheet total not exceeding EUR 43,000,000; and
    - (c) an annual net turnover not exceeding EUR 50,000,000; and
  - (2) at their own request, have been registered as qualified investor by the Dutch Financial Markets Authority (*Autoriteit Financiële Markten*, “**AFM**”).
- (E) Legal entities which according to their most recent (consolidated) annual accounts meet at least two of the following three criteria:
  - (a) an average number of employees over the financial year of at least 250;
  - (b) a balance sheet total in excess of EUR 43,000,000; and
  - (c) an annual net turnover in excess of EUR 50,000,000;
- (F) Individuals domiciled in the Netherlands who have been registered as qualified investor by the AFM and who meet at least two of the following three criteria:

- (1) the investor has carried out transactions of a significant size on securities markets at an average frequency of, at least, ten (10) per quarter over the previous four quarters;
  - (2) the size of the person's securities portfolio exceeds EUR 500,000; and
  - (3) the person works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment;
- (G) Individuals or enterprises considered as qualified investors in another Member State pursuant to article 2, first paragraph, part (e) under (iv) alternatively (v), of the Prospectus Directive;

the parties under (A) up to and including (G) being qualified investors ("**Qualified Investors**");

- (H) Subsidiaries of Qualified Investors provided such subsidiaries are subject to supervision on a consolidated basis;
- (I) Legal entities with a balance sheet total of at least EUR 500,000,000 as per the balance sheet as of the year end preceding the date they purchase or acquire the Notes;
- (J) Legal entities or individuals with net equity of at least EUR 10,000,000 as per the balance sheet as of the financial year end preceding the date they purchase or acquire the Notes and who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding such date;
- (K) Legal entities which have a rating of a rating agency that is recognised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or which has issued securities that have a rating from such rating agency;
- (L) Legal entities established for the sole purpose of:
  - (1) transactions for the acquisition of receivables that serve as security for securities (to be) offered;
  - (2) transactions for the investment in sub-participations or derivatives as to the transfer of credit risk that may be settled by transfer of receivables to such legal persons or companies, while the rights pursuant to the sub-participations or derivatives, will be used as security for the securities (to be) offered; or
  - (3) providing credit for the benefit of Qualified Investors and their subsidiaries as referred to under (H) above.

## **The Netherlands**

### *Dutch Savings Certificates Act*

In addition and without prejudice to the relevant restrictions set out above, Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever ("**Zero Coupon Notes**") in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or an admitted institution (*toegelaten instelling*) of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Savings Certificates Act (*Wet inzake spaarbewijzen*) as amended from time to time. No such mediation is required in respect of:

- (A) the transfer and acceptance of Zero Coupon Notes whilst in the form of rights representing an interest in a Zero Coupon Instrument in global form;
- (B) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof;
- (C) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession; or
- (D) the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 March 1987 attached to the Royal Decree of 11 March 1987 as published in the Official Gazette 1987, 129, as amended from time to time, each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes.

## **United Kingdom**

The Arranger and each Placement Agent will in each Placing Agreement represent and agree in relation to the Notes to be purchased that:

- (a) 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;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) 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 any Notes in, from or otherwise involving the United Kingdom.

## **Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and accordingly, no Notes may be offered, sold or delivered, nor may copies of this Programme Memorandum, any Series Memorandum or any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) ("**Qualified Investors**"), as defined under Article 34-ter, paragraph 1, letter b) of Regulation No. 11971 issued by CONSOB (the Italian Securities Exchange Commission) on 14 May 1999, as amended (the "**Regulation 11971/1999**"); or
- (b) in circumstances which are exempted from the rules on offers of securities to be made to the public pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, of Regulation 11971/1999.

Any offer, sale or delivery of the Notes or distribution of copies of this Programme Memorandum, any Series Memorandum or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 27 October 2007 and Legislative Decree No. 385 of 1 September 1993, as amended; and
- (ii) in compliance with any other applicable laws and regulations.

In accordance with Article 100-bis of the Financial Services Act, where no exemption under (b) above applies, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the rules on offers of securities to be made to the public provided under the Financial Services Act and the Regulation 11971/1999. Failure to comply with such rules may result, inter alia, in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by the investors.

## Japan

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**"). The Notes may not be offered or sold, 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 reoffering 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 Financial Instruments and Exchange Law 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. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and (a) may not be offered, sold or otherwise transferred at any time 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 certain transactions exempt from the registration requirements of the Securities Act and (b) may be offered, sold or otherwise transferred at any time only to transferees that are Non-United States Persons (as defined by the Community Futures Trading Commission). The Issuer has not been and does not intend to be registered as an investment company under the United States Investment Company Act of 1940.

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

Except as provided in the relevant Series Memorandum, the Arranger has represented and agreed that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the Arranger or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. The Arranger has further agreed that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the Arranger may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Series Memorandum, as the case may be.

## **Switzerland**

The Arranger and each Placement Agent will in each Placing Agreement represent and agree in relation to the Notes that it will comply with any laws, regulations or guidelines in Switzerland from time to time, including, but not limited to, any regulations made by the Swiss Federal Banking Commission and/or the Swiss National Bank (if any) in relation to the offer, sale, delivery or transfer of the Notes or the distribution of any offering material in Switzerland in respect of such Notes.

## **General**

Selling restrictions in respect of each Series may be modified by the agreement of the Issuer and the Arranger following a change in a relevant law, regulation or directive. Any such modification and any other or additional restrictions which may be agreed between the Issuer and the Arranger in respect of a Series will be set out in the Constituting Instrument and/or the Series Memorandum or Alternative Memorandum in respect of that Series.

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

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