

## **Supplemental Base Prospectus dated 25 April 2008**

**Nimrod Capital p.l.c.**  
*(incorporated as a public limited company in Ireland with registered number 426003)*  
**€40,000,000,000 Programme for the issue of Notes**

This supplemental base prospectus (the "**Supplemental Base Prospectus**") is supplemental to and should be read in conjunction with the base prospectus dated 22 October 2007 (the "**Base Prospectus**") issued for the purposes of giving information with regard to the issue of notes ("**Notes**") of Nimrod Capital p.l.c. (the "**Issuer**") under the Programme during the period of twelve months after the date of the Base Prospectus.

This Supplemental Base Prospectus is issued in accordance with Article 16 of Directive 2003/71/EC (the "**Prospectus Directive**") and constitutes a supplement to the Base Prospectus for the purposes of the Prospectus Directive. Application has been made to the Irish Financial Services Regulatory Authority as a constituent part of the Central Bank and Financial Services Authority of Ireland (the "**Financial Regulator**"), which is the Irish competent authority for the purposes of the Prospectus Directive and relevant implementing measures in Ireland, for this Supplemental Base Prospectus to be approved as a supplement to the Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Ireland.

The Issuer accepts responsibility for the information contained in this Supplemental Base Prospectus.

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplemental Base Prospectus is, to the best of the knowledge of the Issuer, in accordance with the facts and does not omit anything likely to affect its import.

To the extent that there is any inconsistency between any statement in this Supplemental Base Prospectus and any statement in or incorporated by reference into the Base Prospectus, the statement in this Supplemental Base Prospectus will prevail.

Words and expressions defined in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplemental Base Prospectus. Any foreign language text included within this document is for convenience purposes only and does not form part of this Supplemental Base Prospectus.

Save as set out below, there has been no significant change in the information contained in the Base Prospectus and no significant new matter has arisen since 22 October 2007, the date of the publication of the Base Prospectus.

### **Purpose of this Supplemental Base Prospectus**

#### **A. Amendment of the Conditions and the Programme Documents**

Pursuant to a deed of amendment dated 25 April 2008 made between, *inter alios*, the Issuer and BNY Corporate Trustee Services Limited in its capacity as Trustee (the "**Deed of Amendment**"), the Conditions of the Notes were amended as set out therein with effect from the date of the Deed of Amendment. A restatement of the Conditions incorporating all such amendments is set out as at Appendix 1 to this Supplemental Base Prospectus. Pursuant to such Deed of Amendment certain consequential amendments were also made to the Programme Documents. A copy of the Deed of Amendment is

available for inspection at the registered office of the Issuer and at the specified office of the Principal Paying Agent.

**B. Changes to the section entitled "Risk Factors"**

As a consequence of the amendments effected by the Deed of Amendment, the paragraphs under the heading "Risks Relating to the Charged Assets" in the section of the Base Prospectus entitled "Risk Factors" shall be replaced with the text set out at Appendix 2 hereto.

**C. Changes to the section entitled "Summary of the Programme"**

As a consequence of the amendments effected by the Deed of Amendment, the wording set opposite "Security", "Limited Recourse" and "Status of Notes" in the section of the Base Prospectus entitled "Summary of the Programme" shall be replaced with the following:

**Security**

The Notes of each General Series are secured (subject to the provisions of, and as more fully described in, Condition 4A) (i) pursuant to the Master Trust Deed by way of charge in favour of the Trustee on the General Eligible Assets held by or on behalf of the Issuer and (ii) pursuant to a Belgian law pledge over the General Custody Account and the General Cash Account (each as defined below in *Portfolio Management, Administration, Custody, Banking and Hedging Arrangements*) made between the Issuer (as pledgor), the Trustee (as pledgee), the Portfolio Manager and the Custodian.

The Notes of each Specific Series will be secured by security interests in favour of the Trustee over the Issuer's assets and property relating to such Specific Series pursuant to the Supplemental Trust Deed and/or the Specific Pledge Agreement (as defined in Condition 4B(a)) relating to the relevant Specific Series. Such security interests may include security interests over the relevant Specific Eligible Assets relating to such Specific Series which are credited to the relevant Specific Custody Account (as defined in Condition 4B(a)), the cash standing to the credit of the relevant Specific Cash Account (as defined in Condition 4B(a)) and the Issuer's rights under the relevant Specific Series Documents (other than the relevant Supplemental Trust Deed and Specific Pledge Agreement).

No security created by the Issuer in respect of the General Series of Notes shall benefit holders of any Specific Series of Notes issued by it and no security created by the Issuer in respect of any Specific Series of Notes shall benefit the holders of any General Series or any other Specific Series of Notes issued by it.

**Limited Recourse**

Claims in respect of any shortfall remaining with respect to any General Series of Notes of the Issuer

after enforcement of the General Security (as defined in Condition 4A(a)) and application of the proceeds thereof in accordance with the Trust Deed and the Conditions (and in particular Condition 4A(b)) 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 any Notes.

Claims in respect of any shortfall remaining with respect to any Specific Series of Notes of the Issuer after enforcement of the Specific Security (as defined in Condition 4B(a)) relating thereto and application of the proceeds thereof in accordance with the relevant Supplemental Trust Deed and the Conditions thereof 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 any Notes.

There is no intention to accumulate surpluses in the Issuer.

#### **Status of Notes**

Each Series of Notes shall be designated in the relevant Final Terms as either a "**General**" Series of Notes or a "**Specific**" Series of Notes. Conditions 4A and 9A shall apply to each Series of Notes designated in the relevant Final Terms as a General Series. Conditions 4B and 9B shall, unless provided otherwise in the relevant Supplemental Trust Deed, apply to each Series of Notes designated in the relevant Final Terms as a Specific Series. The Notes and the Coupons of all General Series are secured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves. The Notes and the Coupons of each Specific Series are secured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves. The Notes of all Series represent limited recourse obligations of the Issuer. The Notes of any Series may be issued as senior ranking Notes ("**Senior Notes**"), mezzanine ranking notes, which may be sub-divided into any one of eight sub-classes of notes (together, "**Mezzanine Notes**") or subordinate ranking Notes ("**Subordinated Notes**") – see further Condition 3.

#### **D. Insertion of a new section entitled "The Portfolios"**

As a consequence of the amendments effected by the Deed of Amendment, a new section, in the form set out at Appendix 3 hereto, entitled "The Portfolios" shall be deemed to be inserted into the Base Prospectus.

**E. Changes to the section entitled "Use of Proceeds and Expenses"**

As a consequence of the amendments effected by the Deed of Amendment, the wording in the section of the Base Prospectus entitled "Use of Proceeds and Expenses" shall be replaced with the text set out at Appendix 4 hereto.

**F. Changes to the section entitled "Portfolio Management, Administration, Custody, Banking and Hedging Arrangements".**

As a consequence of the amendments effected by the Deed of Amendment, the section of the Base Prospectus entitled "Portfolio Management, Administration, Custody, Banking and Hedging Arrangements" shall be replaced with the text set out at Appendix 5 hereto.

## Appendix 1

### Terms and Conditions of the Notes

*The following (apart from the text in italics) is the text of the terms and conditions which, subject to completion and amendment pursuant to the Final Terms relating to a Series, and as supplemented, modified or replaced by the provisions of any relevant Supplemental Trust Deed, and as described in the section of this Base Prospectus headed "Summary of Provisions Relating to the Notes while in Global Form", will be applicable to the Global Note(s) or Global Certificates representing each Series and to the Definitive Bearer Notes or Individual Certificates (if any) issued in exchange therefor and will be endorsed on such Definitive Bearer Notes or Individual Certificates, details of the relevant Series being shown on the relevant Notes or Certificates and in the relevant Final Terms. Save as expressly stated or the context otherwise requires:*

- (a) *in the case of any General Series of Notes, references in the text below to:*
- (i) *"Charged Assets" shall be construed as references to General Charged Assets only;*
  - (ii) *"Coupons" or "Talons" shall be construed as references to Coupons or Talons relating to Notes of a General Series only;*
  - (iii) *"Event of Default" shall be construed as references to a General Event of Default only;*
  - (iv) *"Noteholders" shall be construed as references to holders of Notes of General Series only acting in their capacity as such;*
  - (v) *"Notes" shall be construed as references to the Notes of General Series only;*
  - (vi) *"Secured Parties" shall be construed as references to the General Secured Parties only;*
  - (vii) *"Security" shall be construed as references to General Security only; and*
  - (viii) *"Swap Agreement" shall be construed as references to General Swap Agreements only,*
- and*
- (b) *in the case of any Specific Series of Notes, references in the text below to:*
- (i) *"Charged Assets" shall be construed as references to the relevant Specific Charged Assets only;*
  - (ii) *"Coupons" or "Talons" shall be construed as references to Coupons or Talons relating to Notes of a such Specific Series only;*
  - (iii) *"Event of Default" shall be construed as references to a Specific Event of Default with respect to the relevant Specific Series only;*
  - (iv) *"Noteholders" shall be construed as references to holders of Notes of such Specific Series only acting in their capacity as such;*

- (v) "Notes" shall be construed as references to the Notes of such Specific Series only;
- (vi) "Secured Parties" shall be construed as references to the relevant Specific Secured Parties only;
- (vii) "Security" shall be construed as references to the relevant Specific Security only; and
- (viii) "Swap Agreement" shall be construed as references to any relevant Specific Swap Agreement only.

The Notes are constituted by a master trust deed originally dated 21 September 2006 and amended and restated on 22 October 2007, as amended from time to time (the "**Master Trust Deed**") made between, inter alios, the Issuer and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (the "**Trustee**") as trustee for the holders of the Notes. The Master Trust Deed incorporates by reference the provisions of a master definitions and common terms agreement originally dated 21 September 2006 and amended and restated on 22 October 2007 made between, inter alios, the Issuer and the Trustee (the "**Master Definitions and Common Terms Agreement**"). The Notes will be issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") issued on different dates. The Issuer and the Trustee shall enter into a deed supplemental to the Master Trust Deed with respect to each Specific Series (each a "**Supplemental Trust Deed**"). The Master Trust Deed and any relevant Supplemental Trust Deed with respect to a Series are referred to together as the "**Trust Deed**" with respect to the relevant Series. Payments under the Notes will be made pursuant to a master agency agreement originally dated 21 September 2006 and amended and restated on 22 October 2007, as amended from time to time (the "**Agency Agreement**"), which the Issuer has entered into with the Trustee, The Bank of New York as principal paying agent (in such capacity the "**Principal Paying Agent**" and together with any other paying agents appointed thereunder, the "**Paying Agents**"), as calculation agent (in such capacity, the "**Calculation Agent**"), as transfer agent (in such capacity the "**Transfer Agent**") and as registrar (in such capacity the "**Registrar**") and BNY Financial Services p.l.c. as administration agent (in such capacity, the "**Administration Agent**"), KBC Bank NV as custodian (in such capacity, the "**Custodian**" and together with the Paying Agents, Calculation Agent, Administration Agent, Custodian, Registrar and Transfer Agent, the "**Agents**") and KBC Asset Management NV as portfolio manager (the "**Portfolio Manager**"). The Agency Agreement also incorporates by reference the provisions of the Master Definitions and Common Terms Agreement. References in these Conditions (as defined below) to the Principal Paying Agent and the other Agents and to the "**Agency Agreement**" shall be construed accordingly. All Eligible Assets taking the form of securities will be held or caused to be held on behalf of the Issuer by such Custodian pursuant to the Agency Agreement (as amended from time to time) and/or such other agreement as may be specified in the relevant Supplemental Trust Deed and the Conditions. References in these Conditions to the "**Custodian**" shall be construed accordingly. Statements in these terms and conditions as amended and supplemented by the relevant Supplemental Trust Deed, and as described in the relevant Final Terms (the "**Conditions**") are subject to the detailed provisions of the Trust Deed and the Agency Agreement, copies of which are available for inspection at the registered office of the Issuer and the specified offices of the Principal Paying Agent. The Trust Deed includes the form of the Notes in bearer and registered form, the interest coupons (if any) relating to Notes in bearer form (the "**Coupons**") and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**"). Noteholders and Couponholders (each as defined in Condition 1) are entitled to the benefit of, and are

deemed to have notice of, all the provisions contained in the Trust Deed and the relevant Final Terms and those applicable to them of the Agency Agreement.

Capitalised terms used but not defined in these Conditions shall have the meanings or values attributed to them in the Master Trust Deed or, if applicable with respect to a Series, the relevant Supplemental Trust Deed, unless the context otherwise requires or unless otherwise stated.

## 1. Form, Denomination and Title

The Notes are serially numbered and issued in bearer form ("**Bearer Notes**") in the denomination of the Specified Denominations(s) or in registered form ("**Registered Notes**") in amounts of the Specified Denomination or such integral multiples of a stated amount in excess thereof ("**Authorised Denominations**") as are specified in the Final Terms. "**Specified Denomination**" means such amount as is specified in the Final Terms subject to a minimum denomination of €1,000 (or its equivalent in any other currency as at the date of issue of these Notes). All Registered Notes of the same Series shall have the same Specified Denomination.

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples of the Tradable Amount provided in the Final Terms.

Subject as described in "*Summary of Provisions relating to the Notes while in Global Form*", Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the due date for redemption in respect of overdue amounts of principal, both before and after judgment) and Coupons and Talons in these Conditions are not applicable.

Subject as described in "*Summary of Provisions relating to the Notes while in Global Form*", Registered Notes are represented by registered certificates ("**Individual Certificates**"), and, save as provided in Condition 2(c), each Individual Certificate representing a holding of one or more Registered Notes by the same holder.

Title to the Bearer Notes, the Coupons appertaining thereto and Talons shall pass by delivery. Title to the Registered Notes shall pass by assignment and registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. A copy of the Register showing current holdings of Registered Notes will be available at the registered office of the Issuer. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Bearer Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions "**Noteholder**" means (i) the holder of any definitive Bearer Note or (ii) the person in whose name a Registered Note is registered and "**Couponholder**" means the holder of any Coupon and "**Talonholder**" means the holder of any Talon.

The Issuer, the Trustee and each Paying Agent shall deem and treat each Noteholder, Couponholder and Talonholder as the absolute owner of the relevant Note, Coupon or Talon (whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership or writing thereon) for the purpose of making payments and for all other purposes.

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

### **(a) *Exchange of Bearer Notes***

Subject as provided in Condition 2(f), Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes of the Specified Denomination at the request in writing of the relevant Noteholder and upon surrender of each Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where a Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 8(b)(ii)) for any payment of interest, the Coupon and Talon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

### **(b) *Transfer of Registered Notes***

A Registered Note may be transferred in whole or in part in the Specified Denomination upon the surrender of the Individual Certificate representing such Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Individual Certificate, a new Individual Certificate in respect of the balance not transferred will be issued to the transferor. A transfer of a Registered Note shall be completed by the recording of the holding of such Registered Notes in the Register. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### **(c) *Exercise of Options or Partial Redemption in respect of Registered Notes***

In the case of an exercise of an Issuer's or Noteholder's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Individual Certificate, a new Individual Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Individual Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Individual Certificate representing the enlarged



holding shall only be issued against surrender of the Individual Certificate representing the existing holding.

(d) ***Delivery of new Individual Certificates***

Each new Individual Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of a duly completed request for exchange or form of transfer or Exercise Notice (as defined in Condition 7(g)) or the surrender of the Certificate for exchange together with satisfaction of any other requirements imposed by these Conditions. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Individual Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Individual Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets set the payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) ***Exchange free of charge***

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

(f) ***Closed periods***

No Noteholder may require the transfer of a Registered Note to be registered or a Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due date for any payment of principal on that Note, (ii) during the period of 15 days prior to any date on which Notes may be drawn for redemption by the Issuer at its option pursuant to Condition 7(f), (iii) after any such Note has been drawn for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date. A Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Individual Certificate is simultaneously surrendered not later than the relevant Record Date.

**3. Status**

(a) ***General and Specific Series of Notes***

Each Series of Notes shall be designated in the relevant Final Terms as either a "**General**" Series of Notes or a "**Specific**" Series of Notes.

Conditions 4A and 9A shall apply to each Series of Notes designated in the relevant Final Terms as a General Series. Conditions 4B and 9B shall apply to each Series of Notes designated in the relevant Final Terms as a Specific Series.

(b) **Senior Notes**

This Condition 3(b) is applicable only in relation to Notes specified in the applicable Final Terms as being senior ("**Senior Notes**"). The Senior Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of each General Series (in the case of Senior Notes of a General Series) or of the relevant Specific Series (in the case of Senior Notes of a Specific Series). In order to meet its payment obligations under the Senior Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged Assets and/or any relevant Swap Agreements. Therefore, the holders of Senior Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

(c) **Class A Mezzanine Notes**

This Condition 3(c) is applicable only in relation to Notes specified in the applicable Final Terms as being class A mezzanine ("**Class A Mezzanine Notes**"). The Class A Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of each General Series (in the case of Class A Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class A Mezzanine Notes of a Specific Series) but junior to any Senior Notes of each General Series (in the case of Class A Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class A Mezzanine Notes of a Specific Series). In order to meet its payment obligations under the Class A Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged Assets and/or any relevant Swap Agreements. Therefore, the holders of Class A Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

(d) **Class B Mezzanine Notes**

This Condition 3(d) is applicable only in relation to Notes specified in the applicable Final Terms as being class B mezzanine ("**Class B Mezzanine Notes**"). The Class B Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H

Mezzanine Notes and Subordinated Notes (each as defined below) of each General Series (in the case of Class B Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class B Mezzanine Notes of a Specific Series) but junior to any Senior Notes or Class A Mezzanine Notes of each General Series (in the case of Class B Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class B Mezzanine Notes of a Specific Series). In order to meet its payment obligations under the Class B Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged Assets and/or any relevant Swap Agreements. Therefore, the holders of Class B Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

(e) **Class C Mezzanine Notes**

This Condition 3(e) is applicable only in relation to Notes specified in the applicable Final Terms as being class C mezzanine ("**Class C Mezzanine Notes**"). The Class C Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of each General Series (in the case of Class C Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class C Mezzanine Notes of a Specific Series) but junior to any Senior Notes, Class A Mezzanine Notes or Class B Mezzanine Notes of each General Series (in the case of Class C Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class C Mezzanine Notes of a Specific Series). In order to meet its payment obligations under the Class C Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged Assets and/or any relevant Swap Agreements. Therefore, the holders of Class C Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

(f) **Class D Mezzanine Notes**

This Condition 3(f) is applicable only in relation to Notes specified in the applicable Final Terms as being class D mezzanine ("**Class D Mezzanine Notes**"). The Class D Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of each General Series (in the case of Class D Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class D Mezzanine Notes of a Specific Series) but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes or Class C Mezzanine Notes of each General Series (in the case of Class D Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class D Mezzanine Notes of a Specific Series). In order to meet its payment obligations under the Class D Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged

Assets and/or any relevant Swap Agreements. Therefore, the holders of Class D Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

(g) **Class E Mezzanine Notes**

This Condition 3(g) is applicable only in relation to Notes specified in the applicable Final Terms as being class E mezzanine ("**Class E Mezzanine Notes**"). The Class E Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class F Mezzanine Notes, Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of each General Series (in the case of Class E Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class E Mezzanine Notes of a Specific Series) but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes or Class D Mezzanine Notes of each General Series (in the case of Class E Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class E Mezzanine Notes of a Specific Series). In order to meet its payment obligations under the Class E Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged Assets and/or any relevant Swap Agreements. Therefore, the holders of Class E Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

(h) **Class F Mezzanine Notes**

This Condition 3(h) is applicable only in relation to Notes specified in the applicable Final Terms as being class F mezzanine ("**Class F Mezzanine Notes**"). The Class F Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Class G Mezzanine Notes, Class H Mezzanine Notes and Subordinated Notes (each as defined below) of each General Series (in the case of Class F Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class F Mezzanine Notes of a Specific Series) but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes or Class E Mezzanine Notes of each General Series (in the case of Class F Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class F Mezzanine Notes of a Specific Series). In order to meet its payment obligations under the Class F Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged Assets and/or any relevant Swap Agreements. Therefore, the holders of Class F Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

(i) **Class G Mezzanine Notes**

This Condition 3(i) is applicable only in relation to Notes specified in the applicable Final Terms as being class G mezzanine ("**Class G Mezzanine Notes**"). The Class G Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank

*pari passu* without any preference among themselves and senior to any Class H Mezzanine Notes and Subordinated Notes (each as defined below) of each General Series (in the case of Class G Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class G Mezzanine Notes of a Specific Series) but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes or Class F Mezzanine Notes of each General Series (in the case of Class G Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class G Mezzanine Notes of a Specific Series). In order to meet its payment obligations under the Class G Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged Assets and/or any relevant Swap Agreements. Therefore, the holders of Class G Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

(j) **Class H Mezzanine Notes**

This Condition 3(j) is applicable only in relation to Notes specified in the applicable Final Terms as being class H mezzanine ("**Class H Mezzanine Notes**"). The Class H Mezzanine Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and senior to any Subordinated Notes (as defined below) of each General Series (in the case of Class H Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class H Mezzanine Notes of a Specific Series) but junior to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes or Class G Mezzanine Notes of each General Series (in the case of Class H Mezzanine Notes of a General Series) or of the relevant Specific Series (in the case of Class H Mezzanine Notes of a Specific Series). In order to meet its payment obligations under the Class H Mezzanine Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged Assets and/or any relevant Swap Agreements. Therefore, the holders of Class H Mezzanine Notes and Coupons must rely on the proceeds of such payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

(k) **Subordinated Notes**

This Condition 3(k) is applicable only in relation to Notes specified in the applicable Final Terms as being subordinated ("**Subordinated Notes**"). The Subordinated Notes and Coupons are direct, general, unconditional, secured limited recourse obligations of the Issuer and rank *pari passu* without any preference among themselves and subordinate to any Senior Notes, Class A Mezzanine Notes, Class B Mezzanine Notes, Class C Mezzanine Notes, Class D Mezzanine Notes, Class E Mezzanine Notes, Class F Mezzanine Notes, Class G Mezzanine Notes and Class H Mezzanine Notes of each General Series (in the case of Subordinated Notes of a General Series) or of the relevant Specific Series (in the case of Subordinated Notes of a Specific Series). In order to meet its payment obligations under the Subordinated Notes and Coupons, the Issuer must rely solely upon payments received out of the relevant Charged Assets and/or any relevant Swap Agreements. Therefore, the holders of Subordinated Notes and Coupons must rely on the proceeds of such

payments to be applied by the Issuer in accordance with (and subject to the priority of payments described in) Condition 4A or 4B, as applicable.

#### **4. Security**

Condition 4A shall apply to each General Series, save to the extent modified or replaced by the relevant Final Terms. Condition 4B shall apply to each Specific Series save to the extent modified or replaced by the relevant Final Terms and/or Supplemental Trust Deed.

#### **4A. General Security**

##### **(a) Security for General Series**

The obligations of the Issuer to the General Secured Parties (as defined in the Master Trust Deed) are secured by the following security interests (subject as provided below, the "**General Security**") granted in favour of the Trustee:

(A) pursuant to the Master Trust Deed:

- (i) a first fixed charge and assignment of all of the Issuer's right, title, interest and benefit, present and future, in, to and under the General Custody Account and all General Eligible Assets now or at any time hereafter standing to the credit thereof and any General Eligible Assets held outside the General Custody Account for any reason;
- (ii) a first fixed charge and assignment of all of the Issuer's right, title, interest and benefit, present and future, in, to and under all rights, moneys, powers, securities and property whatsoever, which may from time to time and at any time be distributed or derived from or accrue on or relate to, the General Eligible Assets credited to the General Custody Account and/or the General Custody Account and/or the General Eligible Assets held outside the General Custody Account for any reason, in any way whatsoever, including, without limitation, all rights to the delivery thereof or to an equivalent number or nominal value thereof as against any applicable clearing system or the operator thereof or as against any bank, broker or other intermediary and all rights to receive payment of any amounts which may become payable to the Issuer thereunder and all payments received by the Issuer thereunder and also including, without limitation, all rights to serve notices and/or make demands and/or otherwise act thereunder and pursuant thereto and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof;
- (iii) a first fixed charge and assignment of all of the Issuer's right, title, interest and benefit, present and future, in, to and under the General Cash Account and all monies now or at any time hereafter standing to the credit thereof and all entitlements to interest and other rights and benefits accruing thereto or arising in connection therewith;

- (iv) a first fixed charge and assignment of all of the Issuer's right, title, interest and benefit, present and future in, to and under the Programme Documents (other than the Trust Deed and the General Pledge Agreement) in so far as they relate to each General Series and all other contracts, agreements, deeds and documents, present and future, to which the Issuer is or may become a party pursuant to the provisions of the Programme Documents (including, for the avoidance of doubt, any agreement entered into by the Issuer as a replacement of any of the above agreements upon the termination of such agreement) in so far as they relate to each General Series, including all rights to receive payment of any amounts payable or which may become payable or be distributed to the Issuer thereunder and all payments received by the Issuer thereunder including, without limitation, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof;
  - (v) a first floating charge and assignment of the whole of the Issuer's undertaking and all its property and assets, whatsoever and wheresoever located, present and future to the extent such undertaking, property and assets are not effectively charged by way of fixed charge or otherwise effectively assigned by way of security pursuant to paragraphs (i) to (iv) (inclusive) above or pursuant to the General Pledge Agreement or pursuant to any Supplemental Trust Deed or any Specific Pledge Agreement (whether now or in the future); and
- (B) pursuant to the Belgian law pledge agreement originally made on 21 September 2006 and amended on 22 October 2007 between the Issuer as Pledgor, the Trustee as Pledgee, the Custodian and the Portfolio Manager (the "**General Pledge Agreement**"):
  - (i) a first ranking pledge (pand in eerste rang / gage de premier rang) over all the Issuer's present and future claims by reason of funds on the General Cash Account;
  - (ii) a first ranking pledge (pand in eerste rang / gage de premier rang) over all securities which are at present or will in the future be posted to the General Custody Account;
  - (iii) a first ranking pledge (pand in eerste rang / gage de premier rang) over all present and future rights (including, but not limited to rights for payment of dividends, interest, principal) attaching to, and all monies payable in respect of, or derived from, the securities referred to in (ii) above;
  - (iv) a first ranking pledge (pand in eerste rang / gage de premier rang) over all rights, benefits and proceeds coming in substitution of the securities referred to in (ii) above whether by way of redemption, substitution, real subrogation, conversion, split, reverse split or otherwise and

including any money received from the sale of subscription rights or other rights attached to these securities as well as all securities the Issuer acquires as a result of a merger, splitting, amalgamation, contribution of a complete entity or business division in respect of an issuer of securities in the General Custody Account.

The Trustee has agreed to act as representative of the Noteholders of each General Series and the other General Secured Parties with respect to the General Pledge Agreement for the purposes of Article 5 of the Belgian Financial Collateral Act of 15 December 2004.

The assets described above are together referred to herein as the "**General Charged Assets**".

The General Charged Assets in respect of the Notes of any General Series shall also constitute the General Charged Assets in respect of each other General Series of Notes of the Issuer which are outstanding. Consequently, the Trustee shall hold the General Security for the benefit of, *inter alios*, the Noteholders of any General Series and the holders of the Notes of each other General Series which are outstanding.

**(b) Application of Proceeds of General Security**

The Master Trust Deed requires that the net proceeds of the General Security, upon realisation thereof, be applied as set out below:

- (i) first, to pay on a *pro rata* and *pari passu* basis, any remuneration then due to any receiver and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by any receiver together with interest thereon and to pay the fees, costs, expenses and liabilities due to the Trustee in respect of its functions under the Master Trust Deed in relation to any General Series;
- (ii) second, to pay any due but unpaid General Administrative Expenses (as defined in the Master Trust Deed) in relation to each item thereof, on a *pro rata* and *pari passu* basis;
- (iii) third, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Senior Notes of each General Series;
- (iv) fourth, to pay, on a *pro rata* and *pari passu* basis, all amounts of principal due thereon until redemption in full of the Senior Notes of each General Series;
- (v) fifth, to pay, on a *pro rata* and *pari passu* basis, any amounts due and payable to each Swap Counterparty under any General Swap Agreements, other than any Swap Subordinated Amounts (as defined in the Master Trust Deed);
- (vi) sixth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class A Mezzanine Notes of each General Series;



- (vii) seventh, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class A Mezzanine Notes of each General Series;
- (viii) eighth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class B Mezzanine Notes of each General Series;
- (ix) ninth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class B Mezzanine Notes of each General Series;
- (x) tenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class C Mezzanine Notes of each General Series;
- (xi) eleventh, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class C Mezzanine Notes of each General Series;
- (xii) twelfth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class D Mezzanine Notes of each General Series;
- (xiii) thirteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class D Mezzanine Notes of each General Series;
- (xiv) fourteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class E Mezzanine Notes of each General Series;
- (xv) fifteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class E Mezzanine Notes of each General Series;
- (xvi) sixteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class F Mezzanine Notes of each General Series;
- (xvii) seventeenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class F Mezzanine Notes of each General Series;
- (xviii) eighteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class G Mezzanine Notes of each General Series;
- (xix) nineteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Notes of the Class G Mezzanine Notes of each General Series;
- (xx) twentieth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class H Mezzanine Notes of each General Series;

- (xxi) twenty-first, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class H Mezzanine Notes of each General Series;
- (xxii) twenty-second, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Subordinated Notes of each General Series;
- (xxiii) twenty-third, to pay, on a *pro rata* and *pari passu* basis, all amounts of principal due thereon until redemption in full of the Subordinated Notes of each General Series;
- (xxiv) twenty-fourth, to pay, on a *pro rata* and *pari passu* basis, any other amounts due to any General Secured Party under or in connection with the Programme Documents, other than any Swap Subordinated Amounts;
- (xxv) twenty-fifth, to pay, on a *pro rata* and *pari passu* basis, any Swap Subordinated Amounts due and payable to any Swap Counterparty under any General Swap Agreements; and
- (xxvi) twenty-sixth, to pay the balance (if any) to the Issuer.

(c) ***Realisation of General Security***

In the event of any of the General Security becoming enforceable (as described below), the Trustee may at its discretion and:

- (i) if requested in writing by the holders of at least one-fifth in aggregate principal amount of the Notes of all General Series then outstanding (as defined in the Trust Deed); or
- (ii) if directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders of all General Series,

(whichever shall be the first request or direction to be received by the Trustee) shall, in each such case subject to the Trustee first being indemnified to its satisfaction, enforce the General Security in accordance with the Trust Deed, but without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders or Couponholders and provided that the Trustee shall not be required to take any action that would involve any personal liability or expense without first being indemnified and/or secured to its satisfaction.

The General Security shall become enforceable upon the occurrence of a General Event of Default (described in Condition 9A).

(d) ***Shortfall after Application of Proceeds of General Security***

The Issuer may not have sufficient funds to make all payments due in respect of the General Series of Notes and (if applicable) Coupons.

If the net proceeds of the General Security upon realisation and application thereof in accordance with this Condition 4A and the Trust Deed are not sufficient to make all payments due in respect of the Notes and Coupons (if any) of each General Series, the obligations of the Issuer

in respect of the Notes and Coupons (if any) of each General Series will be limited to such net proceeds and no other assets of the Issuer will be available for any further payments in respect of the Notes and Coupons (if any) of each General Series. Claims in respect of any difference between the amount of the net proceeds of the General Security after enforcement thereof and the amount which would otherwise have been payable under the Notes and Coupons (if any) of any General Series (a "**shortfall**") shall be extinguished and failure to make any payment in respect of any such shortfall shall in no circumstances constitute a General Event of Default. Any such shortfall shall be borne by the Noteholders and Couponholders of each relevant General Series on a *pro rata* basis. In such circumstances the Noteholders of any General Series will not have any right to take any further action against the Issuer in respect of the shortfall.

#### **4B. Specific Security**

##### **(a) Security for Specific Series**

The Notes of each Specific Series shall be secured pursuant to the Supplemental Trust Deed applicable to such Specific Series and/or a Belgian law pledge made between, *inter alios*, the Issuer as pledgor, the Trustee as pledgee and the Custodian (each a "**Specific Pledge Agreement**"). The security so granted is referred to as the "**Specific Security**" with respect to the relevant Specific Series and the assets over which the Specific Security is granted are referred to as the "**Specific Charged Assets**" with respect to the relevant Specific Series. The Specific Security with respect to a Specific Series may include the following security interests granted in favour of the Trustee:

- (i) a charge and/or assignment and/or pledge of all of the Issuer's right, title, interest and benefit, present and future, in, to and under the custody account (the "**Specific Custody Account**") maintained by the Custodian on behalf of the Issuer to which those Specific Eligible Assets acquired by the Issuer with all or part of the proceeds of the Notes of the relevant Specific Series being securities, and any replacement Specific Eligible Assets being securities, are credited, and all Specific Eligible Assets at any time standing to the credit thereof;
- (ii) a charge and/or assignment and/or pledge of all of the Issuer's right, title, interest and benefit, present and future, in, to and under the cash account (the "**Specific Cash Account**") maintained by the Custodian on behalf of the Issuer to which any cash received by the Issuer in connection with the Specific Secured Assets is credited and all monies at any time standing to the credit thereof and all entitlements to interest and other rights and benefits accruing thereto or arising in connection therewith; and
- (iii) an assignment of all of the Issuer's right, title, interest and benefit, present and future in, to and under the relevant Specific Swap Agreement (if any), the Agency Agreement to the extent that it relates to the Notes of the relevant Specific Series, the Portfolio Management Agreement to the extent that it relates to the Notes of the relevant Specific Series and any other document entered into by the Issuer in connection with the Notes of the relevant Specific Series (together, the "**Specific Series Documents**") (other than the Supplemental Trust Deed and Specific Pledge Agreement) and

all other contracts, agreements, deeds and documents, present and future, to which the Issuer is or may become a party pursuant to the provisions of the relevant Specific Series Documents (including, for the avoidance of doubt, any agreement entered into by the Issuer as a replacement of any of such agreements upon the termination of such agreement), including all rights to receive payment of any amounts payable or which may become payable or be distributed to the Issuer thereunder and all payments received by the Issuer thereunder including, without limitation, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof.

The Trustee has agreed to act as representative of the Noteholders of the relevant Specific Series and the other relevant Specific Secured Parties with respect to each Specific Pledge Agreement for the purposes of Article 5 of the Belgian Financial Collateral Act of 15 December 2004.

The Specific Charged Assets for each Specific Series are referred to herein together with the General Charged Assets, as the "**Charged Assets**" of the Issuer. The Specific Security for each Specific Series is referred to herein together with the General Security as the "**Security**" granted by the Issuer.

(b) ***Application of Proceeds of Specific Security***

The Trustee shall (subject to the provisions of the relevant Supplemental Trust Deed) apply all moneys received by it under the provisions of the applicable Supplemental Trust Deed and the Specific Pledge Agreement in connection with the realisation or enforcement of the Specific Security in connection with a Specific Series of Notes in the following order of priority:

- (i) first, to pay on a *pro rata* and *pari passu* basis, any remuneration then due to any receiver and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by any receiver together with interest thereon and to pay the fees, costs, expenses and liabilities due to the Trustee in respect of its functions under the Trust Deed in relation to the relevant Specific Series;
- (ii) second, to pay any due but unpaid Specific Administrative Expenses (as defined in the Master Trust Deed) incurred directly in connection with the relevant Specific Series in relation to each item thereof, on a *pro rata* and *pari passu* basis;
- (iii) third, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Senior Notes of the relevant Specific Series;
- (iv) fourth, to pay, on a *pro rata* and *pari passu* basis, all amounts of principal due thereon until redemption in full of the Senior Notes of the relevant Specific Series;
- (v) fifth, to pay, on a *pro rata* and *pari passu* basis, any amounts due and payable to each Swap Counterparty under any Specific Swap

Agreements relating to the relevant Specific Series, other than any Swap Subordinated Amounts (as defined in the Master Trust Deed);

- (vi) sixth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class A Mezzanine Notes of the relevant Specific Series;
- (vii) seventh, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class A Mezzanine Notes of the relevant Specific Series;
- (viii) eighth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class B Mezzanine Notes of the relevant Specific Series;
- (ix) ninth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class B Mezzanine Notes of each the relevant Specific Series;
- (x) tenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class C Mezzanine Notes of the relevant Specific Series;
- (xi) eleventh, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class C Mezzanine Notes of the relevant Specific Series;
- (xii) twelfth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class D Mezzanine Notes of the relevant Specific Series;
- (xiii) thirteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class D Mezzanine Notes of the relevant Specific Series;
- (xiv) fourteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class E Mezzanine Notes of the relevant Specific Series;
- (xv) fifteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class E Mezzanine Notes of the relevant Specific Series;
- (xvi) sixteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class F Mezzanine Notes of the relevant Specific Series;
- (xvii) seventeenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class F Mezzanine Notes of the relevant Specific Series;
- (xviii) eighteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class G Mezzanine Notes of the relevant Specific Series;

- (xix) nineteenth, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class G Mezzanine Notes of the relevant Specific Series;
- (xx) twentieth, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Class H Mezzanine Notes of the relevant Specific Series;
- (xxi) twenty-first, to pay, on a *pro rata* and *pari passu* basis, amounts of principal due thereon until redemption in full of the Class H Mezzanine Notes of the relevant Specific Series;
- (xxii) twenty-second, to pay, on a *pro rata* and *pari passu* basis, amounts of interest then due to the Noteholders of the Subordinated Notes of the relevant Specific Series;
- (xxiii) twenty-third, to pay, on a *pro rata* and *pari passu* basis, all amounts of principal due thereon until redemption in full of the Subordinated Notes of the relevant Specific Series;
- (xxiv) twenty-fourth, to pay, on a *pro rata* and *pari passu* basis, any other amounts due to any Specific Secured Party under or in connection with the relevant Specific Series Documents, other than any Swap Subordinated Amounts;
- (xxv) twenty-fifth, to pay, on a *pro rata* and *pari passu* basis, any Swap Subordinated Amounts due and payable to any Swap Counterparty under any Specific Swap Agreements related to the relevant Specific Series; and
- (xxvi) twenty-sixth, to pay the balance (if any) to the Issuer.

(c) ***Realisation of Specific Security***

In the event of any of the Specific Security for a Specific Series becoming enforceable (as described below), the Trustee may at its discretion and:

- (i) if requested in writing by the holders of at least one-fifth in aggregate principal amount of the Notes of the relevant Specific Series then outstanding (as defined in the Trust Deed); or
- (ii) if directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders of the relevant Specific Series,

(whichever shall be the first request or direction to be received by the Trustee) shall, in each such case subject to the Trustee first being indemnified and/or secured to its satisfaction, enforce the Specific Security granted in respect of the relevant Specific Series in accordance with the relevant Supplemental Trust Deed and Specific Pledge Agreement, but without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders or Couponholders and provided that the Trustee shall not be required to take any action that would involve any personal liability or expense without first being indemnified and/or secured to its satisfaction.

The Specific Security in respect of a Specific Series shall become enforceable upon the occurrence of a Specific Event of Default with respect to such Specific Series (described in Condition 9B).

(d) **Shortfall after Application of Proceeds of Specific Security**

The Issuer may not have sufficient funds to make all payments due in respect of any Specific Series of Notes and (if applicable) related Coupons.

If the net proceeds of any Specific Security upon realisation and application thereof in accordance with this Condition 4B and the relevant Supplemental Trust Deed are not sufficient to make all payments due in respect of the Notes and Coupons (if any) of the relevant Specific Series, the obligations of the Issuer in respect of the Notes and Coupons (if any) of the relevant Specific Series will be limited to such net proceeds and no other assets of the Issuer will be available for any further payments in respect of the Notes and Coupons (if any) of the relevant Specific Series. Claims in respect of any difference between the amount of the net proceeds of the relevant Specific Security after enforcement thereof and the amount which would otherwise have been payable under the Notes and Coupons (if any) of the relevant Specific Series (a "**shortfall**") shall be extinguished and failure to make any payment in respect of any such shortfall shall in no circumstances constitute a Specific Event of Default with respect to such Specific Series. Any such shortfall shall be borne by the Noteholders and Couponholders of the relevant Specific Series on a *pro rata* basis. In such circumstances the Noteholders of the relevant Specific Series will not have any right to take any further action against the Issuer in respect of the shortfall.

**5. Restrictions**

So long as any of the Notes remain outstanding, the Issuer will not, without the consent of the Trustee, except as contemplated by these Conditions and the Programme Documents, incur any other indebtedness for borrowed moneys, engage in any business, declare any dividends, have any employees or have any subsidiaries.

**6. Interest**

(a) **Interest Rate and Accrual**

If stated in the Final Terms to bear interest, each Note bears interest on its principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate (which may be a specified rate or rates (a "**Fixed Rate**") or may be determined by means of a formula or a series of formulae or may be based on an Index Rate in the manner specified in the relevant Final Terms (a "**Floating Rate**")), which may be different for different Interest Accrual Periods, or a combination thereof payable in the Relevant Currency in arrear (unless otherwise stated in the relevant Final Terms) on each Interest Payment Date specified in the Final Terms.

Interest will cease to accrue on each Note on the Interest Cessation Date (as defined below) unless, upon due presentation, payment of the full amount of principal due on such due date for redemption is not made, in which event interest will continue to accrue on the unpaid amount of principal (as well after as before judgment) until the Relevant Date (as

defined below) at the Interest Rate determined by the Calculation Agent in the manner provided in this Condition.

(b) ***Business Day Conventions***

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

(c) ***Interest Rate on Floating Rate Notes***

If the Interest Rate is specified as being Floating Rate in the Final Terms, the Interest Rate for each Interest Accrual Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) if the Primary Source for the Floating Rate is a Screen Page, subject as provided below, the Interest Rate shall be:
  - (A) the Relevant Rate (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
  - (B) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page;
  - (C) in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date;
- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph 6(c)(i)(I) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph 6(c)(i)(II) above applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;



- (iii) if the Primary Source for the Floating Rate is expressed to be the ISDA Rate, it shall be calculated in accordance with the definition of ISDA Rate set out below;
- (iv) if paragraph 6(c)(ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is Euro, in Europe as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in such Principal Financial Centre the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum and/or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) ***Interest Rate on Zero Coupon Notes***

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

(e) ***Margin, Maximum/Minimum Interest Rates and Rounding***

- (i) If any Margin is specified in the Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with 6(c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate is specified in the Final Terms, then any Interest Rate shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save

in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "unit" means, with respect to any currency, the lowest amount of such currency which is available as legal tender in the country of such currency.

(f) **Calculations**

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) 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 (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(g) **Determination and Publication of Interest Rates and Interest Amounts**

As soon as practicable after the Relevant Time on each Interest Determination Date, the Calculation Agent will determine the Interest Rate and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, the Principal Paying Agent, each of the Paying Agents, the Noteholders, the relevant Dealer (if such Dealer is not the Calculation Agent), any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, for so long as the Notes are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as possible after their determination but in no event later than (except in the case of notices to the Noteholders) the commencement of the relevant Interest Period, if determined prior to such time. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no notification of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of each Interest Rate, Interest Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Noteholders.

(h) **Determination or Calculation by Trustee**

If the Calculation Agent fails at any time for any reason to establish the Interest Rate for an Interest Accrual Period or the Interest Amount or, pursuant to Condition 7(m), any Redemption Amount, Optional Redemption Amount or Early Redemption Amount (each as defined in Condition 6(i) below) or to comply with any other requirement, the

Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) **Definitions**

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

**"Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in each of London, Brussels and Dublin and are open for general business (including dealing in foreign exchange and foreign currency deposits).

**"Clearing System"** means each of Clearstream Banking, société anonyme, Euroclear Bank S.A./N.V., as operator of the Euroclear System, or such other clearing system specified as the Clearing System for delivery of Eligible Assets in the relevant Final Terms;

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

- (a) if **"1/1"** is specified, 1;
- (b) if **"Actual/Actual"**, **"Actual/Actual (ISDA)"**, **"Act/Act"** or **"Act/Act (ISDA)"** is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if **"Actual/Actual (ICMA)"** or **"Act/Act (ICMA)"** is specified, a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the **"ICMA Rule Book"**), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non US dollar denominated straight and convertible bonds issued after December 31, 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period in respect of which payment is being made;
- (d) if **"Actual/365 (Fixed)"**, **"Act/365 (Fixed)"**, **"A/365 (Fixed)"** or **"A/365F"** is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (e) if **"Actual/360"**, **"Act/360"** or **"A/360"** is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;

- (f) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30;

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30;

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (h) if "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30;

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

"**Early Redemption Amount**" means in respect of each Note in circumstances where such Notes are redeemed early pursuant to Conditions 7(b) or (c), the outstanding principal amount of each Note, unless otherwise specified in the Final Terms;

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

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**"Interest Cessation Date"** means the due date for redemption of the Notes or such other date which is either specified in, or determined in accordance with the provisions of, the Final Terms.

**"Interest Commencement Date"** means the date of the issue of the Notes (the "Issue Date") or such other date as may be specified in the Final Terms.

**"Interest Determination Date"** means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such in the Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Relevant Currency is sterling or (ii) the day falling two Business Days prior to the first day of such Interest Accrual Period if the Relevant Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Relevant Currency is euro.

**"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 Period Date"** means each Interest Payment Date unless otherwise specified in the Final Terms.

**"Interest Rate"** means the rate of interest payable from time to time in respect of this Note and which is either specified in, or calculated in accordance with the provisions of, the Final Terms.

**"ISDA Rate"** means, in respect of any Interest Accrual Period, the rate per annum that, in the determination of the Calculation Agent, would be the Floating Rate payable under an interest rate exchange agreement incorporating the ISDA Definitions. **"ISDA Definitions"** means the 2000 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc., as amended, supplemented or restated from time to time up to the Issue Date.

**"Optional Redemption Amount"** means in respect of each Note in circumstances where such Note is redeemed early pursuant to Conditions 7(f) or (g), the outstanding principal amount of such Note or if otherwise provided, the amount specified in the relevant Final Terms.

**"Redemption Amount"** means in respect of each Note, the amount specified in the relevant Final Terms or in the absence of such specification, its outstanding principal amount.

**"Reference Banks"** means the institutions specified in the Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) which is most closely connected with the Benchmark (which if EURIBOR is the relevant Benchmark, shall be Europe).

**"Register"** means the register maintained by the Registrar.

**"Relevant Business Day"** means:

- (a) in the case of a specified currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in Dublin, London and the principal financial centre for that currency;
- (b) in the case of euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (or any successor thereto) (the "**TARGET System**") is operating (a "**TARGET Business Day**"); and/or
- (c) in the case of a specified currency and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the specified currency in the specified financial centre(s) or, if no currency is specified, generally in each of the financial centres so specified.

"**Relevant Currency**" means the currency specified as such in the Final Terms or, if none is specified, the currency in which the Notes are denominated.

"**Relevant Date**" means, in respect of any Note or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note (or relative Individual Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"**Relevant Financial Centre**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such in the Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of Euro shall be Europe) or, if none is so connected, London.

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

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the Final Terms, or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre and for this purpose "local time" means, with respect to Europe as a Relevant Financial Centre, Central European time.

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

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

**"Specified Duration"** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified in the Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 6(b).

(j) ***Calculation Agent and Reference Banks***

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and the Issuer shall procure that there shall at all times be one or more Calculation Agents in either case if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Calculation Agent will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate any Interest Amount, the Redemption Amount or any Optional Redemption Amount or Early Redemption Amount or to comply with any other requirements, the Issuer shall (with the prior written approval of the Trustee) appoint the London office of a leading bank engaged in the London interbank market (or, if appropriate, money, swap or over-the-counter index options market) or other market that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

Whenever the Calculation Agent is required to act or exercise judgment, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall, as soon as practicable after making any determination pursuant to these Conditions, notify the Issuer and the Noteholders of such determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Noteholders in respect of its duties as Calculation Agent in connection with any Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Schedule shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion.



Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

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

### **(a) Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount on the Maturity Date specified in the relevant Final Terms. Notes will only be redeemable or repayable in accordance with the provisions of this Condition 7 or Condition 9A or 9B, as applicable.

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

If any of the Eligible Assets purchased with the proceeds of issue of a Series of Notes (as specified in the relevant Final Terms or Supplemental Trust Deed) becomes repayable prior to its stated date of maturity for whatever reason (unless the Trustee otherwise agrees in writing), or there is a payment default (regardless of any actual or implied grace period which may be applicable thereto) in respect of any of the Eligible Assets, all such Eligible Assets (which may or may not form obligations of the same person as those which have become repayable or in respect of which there has been such a payment default) shall be deemed to have become immediately repayable (the "**Repayable Assets**"). The Issuer shall then forthwith give not more than 28 nor less than 7 days' notice to the Trustee and the Noteholders in accordance with Condition 13 and upon expiry of such notice shall redeem each Note of the relevant Series in whole or, as the case may be, in part on a pro rata basis in a proportion of its Redemption Amount equal to the proportion that the principal amount of the Repayable Assets which are the subject of such notice bears to the principal amount of all such Eligible Assets. Interest shall continue to accrue on the part of the principal amount of Notes so redeemed until payment thereof has been made to the Trustee and notice is given in accordance with Condition 13 that such amount is available for payment. Failure to make any payment due in respect of a mandatory redemption under this Condition 7(b) of part of the principal amount of the Notes or interest thereon shall not constitute an Event of Default under the Notes.

In the event of such redemption and the Security becoming enforceable the Trustee may take such action as is provided in Condition 4A(c) or 4B(c), as applicable.

### **(c) Redemption for Taxation and Other Reasons**

(i) If the Issuer, on the occasion of the next payment due in respect of the Notes or Coupons (if any) of any Series, would be required by applicable law to withhold or account for tax or would suffer withholding tax on payments due to it in respect of the Eligible Assets (if any) acquired by it with the proceeds of issue of the Notes of the relevant Series, then, subject to (B) below, the Issuer

shall so inform the Trustee in writing, and shall be entitled to arrange the substitution of a company incorporated in another jurisdiction approved beforehand in writing by the Trustee as the principal obligor in respect of such Series or to change (to the satisfaction of the Trustee) its residence for taxation purposes to another jurisdiction approved beforehand in writing by the Trustee. If the Issuer elects not to arrange such change or substitution before the next payment is due in respect of the relevant Notes, the Issuer shall at its discretion either:

- (A) forthwith give not more than 28 nor less than 7 days' notice to the Trustee and the relevant Noteholders in accordance with Condition 13, and upon expiry of such notice the Issuer shall provided that the Trustee is satisfied that it has at its disposal funds for such purpose redeem all but not some only of the relevant Notes at their Early Redemption Amount together with interest (if any) accrued to the date fixed for redemption unless the Trustee certifies to the Issuer that, in its absolute discretion, it considers that it is in the best interests of the Noteholders of the relevant Series that the Notes not be so redeemed or an Extraordinary Resolution of the Noteholders of the relevant Series otherwise directs; or
  - (B) make such payment, increasing it to the extent necessary to ensure that after the withholding or accounting for tax, such amount is received by Noteholders as would have been received by them had no such withholding or accounting been required.
- (ii) If the Issuer satisfies the Trustee that the performance of its obligations under the Notes of any Series or that any arrangements made to hedge its position under the Notes of any Series (including, for the avoidance of doubt, purchasing or holding any Eligible Assets acquired with the proceeds of issue of such Notes) have or will become unlawful, illegal, or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, then the Issuer shall forthwith give not more than 28 nor less than 7 days' notice to the relevant Noteholders and, upon expiry of such notice, shall redeem all but not some only of the Notes of such Series at their Early Redemption Amount together with interest (if any) accrued to the date fixed for redemption. Such notice (which shall be irrevocable) shall be given promptly upon the occurrence of either of the above events unless the Trustee certifies to the Issuer that, in its absolute discretion, it considers that it is in the best interests of the Noteholders of such Series that such notice be delayed or not given or an Extraordinary Resolution of the Noteholders of such Series otherwise directs.
- (iii) If any related Swap Agreement (as specified in the Final Terms) with respect to a Series terminates prior to its scheduled termination date then the Issuer shall forthwith give not more than 28 nor less than 7 days' notice to the Noteholders of the relevant Series and, upon expiry of such notice, shall redeem all but not some only of the Notes of such Series at their Early Redemption

Amount together with interest (if any) accrued to the date fixed for redemption. Such notice (which shall be irrevocable) shall be given promptly upon the occurrence of either of the above events unless the Trustee certifies to the Issuer that, in its absolute discretion, it considers that it is in the best interests of the Noteholders of the relevant Series that such notice be delayed or not given or an Extraordinary Resolution of the Noteholders of the relevant Series otherwise directs.

Notwithstanding the foregoing, if any of the taxes referred to in paragraph 7(c)(i) above arises (i) by reason of any Noteholder's connection with the country of incorporation of the Issuer otherwise than by reason only of the holding of any Note or receiving or being entitled to any Redemption Amount or interest in respect thereof; or (ii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax, then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder and all other Noteholders shall receive the due amounts payable to them. Any such deduction shall not be an Event of Default under the Notes.

In the event of such redemption and the Security constituted by the Trust Deed becoming enforceable, the Trustee may take such action as is provided in Condition 4(e).

(d) **Purchases**

If either (i) the Issuer has satisfied the Trustee that it has made arrangements for the realisation of no more than the equivalent proportion of the Eligible Assets and for the purchase of any Notes, which transaction will leave the Issuer with no net liabilities in respect thereof or (ii) the Trustee has otherwise agreed in writing, the Issuer may purchase Notes in the open market or otherwise at any price subject to and in compliance with any applicable law and stock exchange regulations.

(e) **Early Redemption of Zero Coupon Notes**

(i) The Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 7(b) or 7(c) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note.

(ii) Subject to the provisions of paragraph 7(e)(iii) below, the "**Amortised Face Amount**" of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the Final Terms.

(iii) If the Redemption Amount or Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(b) or 7(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Redemption Amount or Early Redemption Amount, as the case may be, due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in paragraph 7(e)(ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 6(d).

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

If the Final Terms specifies that the Notes are Callable Notes, the Issuer may, by giving irrevocable notice to the Noteholders (in accordance with Condition 13) falling within the Issuer's Option Period, which shall not be a period shorter than 7 days, redeem, or exercise any Issuer's option in relation to all or, if so provided, some of such Notes at the Issuer's Optional Redemption Amount and on the Optional Redemption Date(s) so provided. Any such redemption of Notes shall be at the Optional Redemption Amount together with interest accrued (if any) to the date fixed for redemption as provided in the Final Terms.

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

(g) ***Redemption at the Option of Noteholders***

If the Final Terms specifies that the Notes are Puttable Notes, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the Noteholder's Optional Redemption Date(s) so provided at Noteholders' Optional Redemption Amount (which may, without limitation, be at its outstanding principal amount together with interest accrued (if any) to the date fixed for redemption or be an amount equal to the realisable value of the Relevant Charged Assets (as defined below) (less any costs and expenses associated with the realisation of such Relevant Charged Assets) on the date of receipt of the relevant option notice or on a date as soon as practicable thereafter, as determined by the Issuer).

If the Final Terms so provides, and, if so, in the circumstances specified therein, the Issuer's obligation to pay the Noteholder's Optional Redemption Amount and interest accrued to the date of redemption may be satisfied by the Issuer delivering the Eligible Assets acquired by the Issuer with the proceeds of issue of the relevant Notes. The amount of such Eligible Assets to be delivered (the "**Relevant Charged Assets**") shall be the corresponding proportion of all such Eligible Assets (rounded down to the nearest denomination) as the Notes of that Series held by that Noteholder bear to the then outstanding principal amount of the

Notes of that Series. Delivery shall be made in the manner set out in the relevant Final Terms.

The relevant Noteholder's rights in respect of the exercise of any option shall be limited to the Relevant Charged Assets and Condition 3 shall apply accordingly.

To exercise such option or any other Noteholders' option which may be set out in the Final Terms the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent within the Noteholders' Option Period specified in the Final Terms, which shall not be a period shorter than 15 Business Days. No Note so deposited and option so exercised may be withdrawn without the prior consent of the Issuer (except that such Note will be returned to the relevant Noteholder by the Paying Agent, the Registrar or Transfer Agent with which it has been deposited if, prior to the date for its redemption or the exercise of the option, the Note becomes immediately due and payable or if upon due presentation payment of the redemption moneys is not made or exercise of the option is denied).

(h) ***Cancellation***

All Notes redeemed by the Issuer, and all Notes purchased by or on behalf of the Issuer which the Issuer elects to surrender (together with all unmatured Coupons and unexchanged Talons appertaining thereto) for cancellation, will be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith) and, if cancelled (in the case of purchased Notes), may not be re-issued or resold and the obligations of the Issuer in respect of any such Notes, Coupons and Talons shall be discharged.

(i) ***Determination and Publication of Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts***

On the Maturity Date and upon the occurrence of any early or optional redemption where the relevant Redemption Amount, Early Redemption Amount or Optional Redemption Amount is not the principal amount of the Note, the Calculation Agent shall make any determination or calculation required by the Conditions, calculate the Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, and cause the same to be notified to the Issuer, the Trustee, the Principal Paying Agent, each of the Paying Agents, the Noteholders, and, for so long as the Notes are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as possible after their determination. The determination of each Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, and the making of each such determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

## 8. **Payments and Talons**

### (a) ***Bearer Notes***

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal) or Coupons (in the case of interest), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on or at the option of the holder, by transfer to an account denominated in that currency with a bank in the principal financial centre of the country of that currency (other than the United States) provided that (i) in the case of Euro, the transfer may be to, or the cheque drawn on, a Euro account with a bank in a city in which banks have access to the TARGET System and (ii) in the case of yen, the transfer will be to a non-resident yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan).

### (b) ***Registered Notes***

(i) Payments of principal in respect of Registered Notes will be made against presentation and surrender of the relevant Individual Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 8(b)(ii).

(ii) Interest on Registered Notes will be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in Condition 8(a), 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.

### (c) ***Payments Subject to Law etc.***

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

### (d) ***Payments in the United States***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such other offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of

such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(e) ***Appointment of Agents***

The Paying Agents, the Registrar, the Transfer Agents, the Administration Agent, the Custodian, the Calculation Agent and their respective specified offices are set out in the Agency Agreement. The Paying Agents, the Registrar, the Transfer Agent, the Administration Agent, the Custodian and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any Paying Agent, the Registrar, the Transfer Agent, the Administration Agent, the Custodian, or the Calculation Agent and to appoint additional or other Paying Agents, Registrar, Transfer Agent, Administration Agent or Calculation Agent (if applicable), provided that it will at all times maintain (i) a Principal Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Custodian, (v) an Administration Agent, (vi) a Calculation Agent where the Conditions so require one, (vii) so long as the Notes are listed on the Irish Stock Exchange, an Irish Paying Agent and (viii) such other agent as may be required by the rules of any stock exchange on which the Notes may be listed and a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 8(d) above.

Notice of any such change or any change of any specified office will be given promptly to the Noteholders in accordance with Condition 13.

(f) ***Unmatured Coupons and Unexchanged Talons***

- (i) Upon the due date for redemption of any Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no coupon shall be delivered in respect of such Talon.
- (iii) Where any Note is presented for redemption without all unmatured Coupons 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 provisions of such indemnity as the Issuer may require.
- (iv) If the due date for redemption of any 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 Note. Interest accrued on a Note which only bears interest after its Maturity Date or date of redemption shall be payable on redemption of such Note against presentation thereof.

(g) **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 in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet).

(h) **Non-Business Days**

If any date for payment in respect of any Note 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 which is a Local Business Day and a Payment Business Day.

"**Local Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation of any Note or Coupon.

"**Payment Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the Payment Business Day Centre or Centres specified in the Final Terms.

**9. Enforcement Action**

Condition 9A shall apply to each General Series, save to the extent modified or replaced by the relevant Final Terms. Condition 9B shall apply to each Specific Series save to the extent modified or replaced by the relevant Final Terms and/or Supplemental Trust Deed.

**9A. Enforcement Action in respect of General Series and General Security**

(a) **General Events of Default and Acceleration**

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of Notes then outstanding of each General Series, or if so directed by an Extraordinary Resolution of such holders, shall give notice (subject in each case to being indemnified and/or secured to its satisfaction) to the Issuer that the Notes of each General Series are, and they shall accordingly forthwith become, immediately due and repayable at their Redemption Amount, together with accrued interest (if any) thereon and the General Security shall become enforceable, as provided in the Trust Deed, upon the occurrence of a General Event of Default. A General Event of Default is defined in the Master Trust Deed as the occurrence of any of the following events:

- (i) the Issuer defaults in the payment of the Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, as



the case may be, or defaults for a period of 14 days or more in the payment of any sum other than the Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, as the case may be, due in respect of the Notes of any General Series, or any of them; or

- (ii) if the Issuer fails to perform or observe any of its other obligations under the Notes of any General Series or the 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) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) if any order shall be made by any competent court or any resolution passed for the winding up or dissolution of the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the holders of the Notes of each General Series or if the Issuer is subject to any insolvency, bankruptcy, compulsory liquidation, examination, controlled management procedures or suspension of payments; or
- (iv) if the Issuer is deemed to be unable to pay its debts as and when they fall due within the meaning of Section 214 of the Companies Act, 1963 of Ireland (as amended) or Section 2(3) of the Companies (Amendment) Act, 1990 of Ireland (as amended).

(b) ***Enforcement of General Series***

At any time after the Notes of each General Series become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the General Pledge Agreement, the Notes of each General Series and the related Coupons, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding of each General Series, and (ii) it shall have been indemnified and/or secured to its satisfaction.

(c) ***Non Petition and Limited Recourse***

Only the Trustee may pursue the remedies available under the Trust Deed and the General Pledge Agreement to enforce the rights of the Noteholders or Couponholders of any General Series and no Noteholder or Couponholder of any General Series is entitled to proceed against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable time and such failure or neglect is continuing.

The Trustee, the Agents (as defined in the Agency Agreement), the Portfolio Manager, the Corporate Services Provider and the Noteholders and Couponholders of any General Series shall have recourse only to the General Charged Assets for satisfaction and discharge of the Issuer's

obligations and liabilities arising under or in connection with the Notes of any General Series or the Programme Documents and, the Trustee having realised the same and distributed the net proceeds in accordance with Condition 4A, the Trustee, any Agent, the Portfolio Manager, the Corporate Services Provider and the Noteholders and Couponholders of any General Series or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum (save for lodging a claim in the liquidation of the Issuer initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer) and the right to receive any such sum shall be extinguished. In particular, none of the Trustee, any Agent, the Portfolio Manager, the Corporate Services Provider or any Noteholder or Couponholder, of any General Series nor any other party to a Programme Document shall be entitled to petition or take any other step for the winding-up of, or take any steps to institute insolvency proceedings in relation to, the Issuer, nor shall any of them have any claim to, or in respect of any sum arising in respect of, the Specific Charged Assets for any Specific Series.

**9B. Enforcement Action in respect of Specific Series and Specific Security**

**(a) *Specific Events of Default and Acceleration***

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes of a Specific Series then outstanding, or if so directed by an Extraordinary Resolution of such holders, shall give notice (subject in each case to being indemnified and/or secured to its satisfaction) to the Issuer that the Notes of the relevant Specific Series are, and they shall accordingly forthwith become, immediately due and repayable at their Redemption Amount, together with accrued interest (if any) thereon and the Specific Security in respect of such Specific Series shall become enforceable, as provided in the relevant Supplemental Trust Deed and Specific Pledge Agreement, upon the occurrence of a Specific Event of Default with respect to the relevant Specific Series. A Specific Event of Default with respect to a Specific Series is defined in the Master Trust Deed as the occurrence of any of the following events:

- (i) the Issuer defaults in the payment of the Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, as the case may be, or defaults for a period of 14 days or more in the payment of any sum other than the Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, as the case may be, due in respect of the Notes of the relevant Specific Series, or any of them; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Notes of the relevant Specific Series or the relevant Supplemental 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) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) if any order shall be made by any competent court or any resolution passed for the winding up or dissolution of the Issuer

save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the holders of the Notes of the relevant Specific Series or if the Issuer is subject to any insolvency, bankruptcy, compulsory liquidation, examination, controlled management procedures or suspension of payments; or

- (iv) if the Issuer is deemed to be unable to pay its debts as and when they fall due within the meaning of Section 214 of the Companies Act, 1963 of Ireland (as amended) or Section 2(3) of the Companies (Amendment) Act, 1990 of Ireland (as amended).

(b) ***Enforcement of Specific Series***

At any time after the Notes of a Specific Series become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the relevant Supplemental Trust Deed, the relevant Specific Pledge Agreement, the Notes of the relevant Specific Series and the related Coupons, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding of the relevant Specific Series, and (ii) it shall have been indemnified and/or secured to its satisfaction.

(c) ***Non Petition and Limited Recourse***

Only the Trustee may pursue the remedies available under the relevant Supplemental Trust Deed and Specific Pledge Agreement to enforce the rights of the Noteholders or Couponholders of any Specific Series and no Noteholder or Couponholder of any Specific Series is entitled to proceed against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the relevant Supplemental Trust Deed, fails or neglects to do so within a reasonable time and such failure or neglect is continuing.

The Trustee, the Agents (as defined in the Agency Agreement), the Portfolio Manager, the Corporate Services Provider and the Noteholders and Couponholders of any Specific Series shall have recourse only to the Specific Charged Assets in respect of the relevant Specific Series for satisfaction and discharge of the Issuer's obligations and liabilities arising under or in connection with the Notes of the relevant Specific Series or the relevant Specific Series Documents and, the Trustee having realised the same and distributed the net proceeds in accordance with Condition 4B, the Trustee, any Agent, the Portfolio Manager, the Corporate Services Provider and the Noteholders and Couponholders of the relevant Specific Series or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum (save for lodging a claim in the liquidation of the Issuer initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer) and the right to receive any such sum shall be extinguished. In particular, none of the Trustee, any Agent, the Portfolio Manager, the Corporate Services Provider or any Noteholder or Couponholder of any Specific Series nor any other party to a Specific Series Document shall be entitled to petition or take any other step for the winding-up of, or take any steps to institute insolvency proceedings in

relation to, the Issuer, nor shall any of them have any claim to, or in respect of any sum arising in respect of, the General Charged Assets or the Specific Charged Assets for any other Specific Series.

#### **10. Prescription**

Claims against the Issuer for payment in respect of Notes and Coupons shall be prescribed and become void unless made within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

#### **11. Agents**

In acting under the Agency Agreement and the Trust Deed, the Agents which are party to the Agency Agreement act solely as agents of the Issuer unless an Event of Default or Potential Event of Default (as defined in the Trust Deed occurs), when such Agents will, if required to do so, act as agents of the Trustee, and will not assume any obligation or relationship of agency or trust to or with the Noteholders or the Couponholders. The Issuer has agreed in the Trust Deed to perform and observe the obligations imposed upon it under the Agency Agreement and the Trust Deed. Such agreements may be amended by the parties thereto with the approval of the Trustee if, in the opinion of the Trustee, the amendment is not materially prejudicial to the interests of the Noteholders. The Issuer may not, without the consent of the Trustee, replace any Agent.

#### **12. Replacement of Notes, Coupons and Talons**

If a Note, Individual Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Principal Paying Agent in Dublin (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Individual Certificates) in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment or as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Individual Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Individual Certificates, Notes, Coupons or Talons must be surrendered before replacements will be issued.

#### **13. Notices**

Notices to holders of Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the next weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Notices to holders of Notes represented by a Global Note or Global Certificate, as applicable, will be delivered to the Common Depository for communication by it to Euroclear and/or Clearstream, Luxembourg or other clearing system for communication by them to their participants and for communication by such participants to entitled accountholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg as aforesaid shall be deemed to have been given on the day on which it is delivered to the Common Depository. In addition, if the Notes are not represented by a Global Note or Global Certificate, or if the rules of the Irish Stock Exchange or any other stock exchange or market on which the

relevant Notes are listed or admitted to trading so require, all notices to holders of Notes will be published in a daily newspaper with circulation in Ireland (expected to be *The Irish Times*). If in the opinion of the Trustee, any such publication is not practicable, notice shall be validly given if published in another leading English language newspaper with general circulation in Europe. Any such notice to holders of Bearer Notes and Registered Notes shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

Couponholders 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.

#### **14. Meetings of Noteholders; Modification; Waiver; etc.**

##### **(a) Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the terms and conditions of the Notes. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting, one or more persons being or representing Noteholders, 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 and the Coupons (except where such modification is, in the opinion of the Trustee, not materially prejudicial to the interests of Noteholders), or the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, may be modified only by Extraordinary Resolutions passed at a meeting the quorum at which shall be one or more persons holding or representing not less than two-thirds, or at any such adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they were present at such meeting, and on the holders of Coupons. The Trustee, without consulting the Noteholders or holders of Coupons, may determine that an event which would otherwise be an Event of Default shall not be so treated in accordance with Condition 14(b) below.

##### **(b) Modification and Waiver**

The Trustee may agree, without the consent of the Noteholders or holders of Coupons, to (i) any modification of any of the provisions of the Trust Deed or any other Programme Document (as defined in the Master Trust Deed) which is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as provided in the Trust Deed), waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed or any other Programme Document (as defined in the Master Trust Deed) which, in any such case, is not in the opinion of the Trustee materially prejudicial to the interests of the Noteholders. Any such determination, modification, authorisation or waiver shall be binding on

the Noteholders and holders of Coupons, and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter.

(c) **Substitution**

Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require including the transfer of the Security, but without the consent of the Noteholders or Couponholders, the Trustee may agree to the substitution of any other company in place of the Issuer as principal debtor under, in the case of Notes of a General Series, the Notes of such General Series and all other General Series and in place of the Issuer under the Programme Documents, or, in the case of Notes of a Specific Series, the Notes of such Specific Series and in place of the Issuer under the relevant Specific Series Documents. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed and/or the Programme Documents or Specific Series Documents, as applicable, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or Couponholders, the Trustee may also agree to the change of the branch or office of the Custodian.

(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) under these Conditions or the Trust Deed the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders 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 Noteholders or Couponholders be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any exercise upon individual Noteholders or Couponholders. Save as otherwise provided, the Trustee shall not have regard to the interests of any Secured Party other than the Noteholders except to apply the proceeds of enforcement of the Security in accordance with the order of priority set out in the Master Trust Deed and Condition 4A(b) or Condition 4(B)(b), as applicable.

(e) **Meetings**

The Trust Deed provides *inter alia* that:

- (i) except where the Conditions specifically state that one meeting of Noteholders of more than one Series will be held, separate meetings of Noteholders of each separate Series will normally be held although the Trustee may from time to time determine that meetings of Noteholders of each separate Series issued by the Issuer may be held together;

- (ii) a resolution that in the opinion of the Trustee affects one Series alone shall be deemed to have been duly passed if passed at a separate meeting of the holders of Notes of the Series concerned;
  - (iii) a resolution which in the opinion of the Trustee affects the holders of more than one Series of Notes issued by the Issuer but does not give rise to a conflict of interest between the holders of the other Series of Notes concerned shall be deemed to have been duly passed if passed at a single meeting of the holders of Notes of all the relevant Series provided that for the purposes of determining the votes that a Noteholder is entitled to cast, each Noteholder shall have one vote in respect of each integral currency limit of the specified currency of the Notes;
  - (iv) a resolution that in the opinion of the Trustee affects the holders of more than one Series of Notes and gives or may give rise to a conflict of interest between the holders of the other Series of Notes concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the holders of the relevant Series of Notes, except where the Conditions specifically state that one meeting of Noteholders of more than one Series will be held; and
  - (v) if the Issuer proposes to exchange part of an existing Series of Notes for Notes of a new Series, only the Notes to be exchanged shall be deemed to be Notes of the relevant Series.
- (f) ***Charged Assets***

Except where the Conditions or the Programme Documents expressly so provide, the Issuer will not exercise any rights or take any action in its capacity as holder of the Charged Assets unless directed to do so by the Trustee or by an Extraordinary Resolution of the Noteholders. If such direction is given, the Issuer will act only in accordance with such directions.

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

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Eligible Assets, for the validity, sufficiency and enforceability (which the Trustee has not investigated) of the Security. The Trustee is not obliged to take any action under the Trust Deed unless indemnified to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Issuer, and/or any issuer or guarantor (where applicable) of any of the Eligible Assets, without accounting to the Noteholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Eligible Assets, from any obligation to insure or to procure the insuring of the Eligible Assets and from any claim arising from the fact that the Eligible Assets will be held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for supervising the performance by any other person of its obligations to the Issuer and, in particular, shall not have any responsibility for the administration, management or operation of the Charged Assets.

The Trust Deed provides that in acting as Trustee under the Trust Deed, the Trustee shall not assume any duty or responsibility to the Custodian or the Principal Paying Agent (other than to pay to any such persons any monies received and repayable to it and to act in accordance with the provisions of Condition 4(b)) and shall have regard solely to the interests of the Noteholders.

## **16. Further Issues**

### **(a) Further Indebtedness of a General Series**

The Issuer shall be at liberty from time to time (without the consent of the Noteholders or the Couponholders of any Series, but provided that the Trustee is satisfied that the restrictions contained in this Condition will be complied with) to issue further Notes under the Programme. Such further Notes, if constituted as a General Series, shall be secured on, and only on, the General Charged Assets and on terms that provide for the extinction of all claims in respect of such Notes after application of the proceeds of enforcement of the General Security (or arrangements have been entered into that, to the satisfaction of the Trustee, have a like result). Such further Notes may or may not have, when issued, the same terms and conditions as the Notes of any General Series and may, or may not (at the option of the Issuer), be consolidated and form a single series with the Notes of any General Series.

### **(b) Non-Fungible Further Indebtedness – Specific Series**

The Issuer shall be at liberty from time to time (without the consent of the Noteholders or the Couponholders of any Series, but provided that the Trustee is satisfied that the restrictions contained in this Condition will be complied with (as to which, the Trustee shall be entitled to rely on an opinion of counsel reasonably satisfactory to it)) to issue further bonds and notes and to borrow under, buy, sell or enter into other obligations in the form of loans, options, swaps or other derivative transactions. Such further bonds, notes or other obligations must be issued under the Programme and, if constituted as a Specific Series, shall be secured on, and only on, assets of the Issuer other than the General Charged Assets or any Specific Charged Assets relating to any other Specific Series or the Issuer's share capital and on terms that provide for the extinction of all claims in respect of such bonds, notes or other obligations after application of the proceeds of enforcement of the security over the assets on which such bonds, notes or other obligations are secured (or arrangements have been entered into that, to the satisfaction of the Trustee, have a like result).

### **(c) Fungible Further Indebtedness – Specific Series**

The Issuer may from time to time (without the consent of the Noteholders or the Couponholders of any Series, but provided that the Trustee is satisfied that the restrictions contained in this Condition will be complied with (as to which, the Trustee shall be entitled to rely on an opinion of counsel reasonably satisfactory to it)) issue further bonds and notes that have, when issued, the same terms and conditions as the Notes of a Specific Series in all respects (or in all respects except for the Issue Date, the Issue Price and/or the Interest Commencement Date) and that are consolidated and form a single series with the Notes of such Specific Series; provided that (unless otherwise approved by an Extraordinary Resolution of the Noteholders of the relevant Specific Series), (i) the



Issuer provides additional security for such new bonds or notes that comprises assets that are fungible with, and have the same proportionate composition as, the Specific Charged Assets in respect of the relevant existing Notes of such Specific Series and that has an aggregate principal amount at least equal to the principal amount of such existing relevant Specific Charged Assets multiplied by a fraction, the numerator of which is the aggregate principal amount of such new bonds or notes and the denominator of which is the aggregate principal amount of the existing Notes; (ii) the Issuer enters into an additional or supplemental swap agreement varying the terms of the relevant Specific Swap Agreement (if any) to take account of the new bonds or notes on terms no less favourable than those of the relevant Specific Swap Agreement (if any). Upon issue of such new bonds or notes, the Notes of the relevant Specific Series and such new bonds or notes shall form a single series and be secured on the relevant Specific Charged Assets and such additional assets. Such further bonds or notes shall be constituted and secured by a further Supplemental Trust Deed.

## **17. Taxation**

All payments in respect of the Notes 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 subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. Subject to Condition 7(c)(i), 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, subject to any election it may make pursuant to Condition 7(c)(i)(B), nor any Paying Agent, Registrar or Transfer Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

## **18. Governing Law**

The Notes, Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Ireland. The Issuer has in the Trust Deed submitted to the jurisdiction of the Irish courts for all purposes in connection with the Notes, the Coupons and the Talons.

## Appendix 2

### Risks Relating to the Portfolios

#### Performance of Notes Directly Related to Performance of the Relevant Portfolio

The ability of the Issuer to meet its obligations under the Notes will depend on the receipt by it of scheduled payments in respect of Eligible Assets comprising the relevant Portfolio (as each such term is defined below under *The Portfolios*). Consequently, the Issuer is exposed to the ability of the obligors of the Eligible Assets to perform their payment obligations in respect of the Eligible Assets comprised in the Portfolios from time to time.

#### Nature of the Portfolios

The Portfolios are subject to credit, liquidity and interest rate risks, general economic conditions, operational risks, structural risks, the condition of financial markets, political events, developments or trends in any particular industry, changes in prevailing interest rates and periods of adverse performance.

The market value of the Portfolios generally will fluctuate with, among other things, the financial condition of the obligors of the Eligible Assets comprised therein, the performance of any underlying assets relating to any Eligible Assets comprised therein, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

#### General Portfolio

It is anticipated that the General Portfolio will be comprised primarily of Underlying Bonds. Consequently, the Issuer is exposed to the ability of the issuer of the Underlying Bonds (the Underlying Bond Issuer) to perform its payment obligations under the Underlying Bonds.

The Underlying Bonds will be limited recourse obligations of the Underlying Bond Issuer secured on a portfolio of assets held by the Underlying Bond Issuer and will not be obligations or responsibilities of, or guaranteed by, any other person or entity. The Underlying Bond Issuer is a special purpose company established, inter alia, for the purpose of issuing the Underlying Bonds and acquiring and holding the collateral on which the Underlying Bonds are secured (the "**Underlying Collateral**"). The holders of the Underlying Bonds (including the Issuer) shall have no recourse to the Underlying Bond Issuer beyond the moneys derived by or on behalf of the Underlying Bond Issuer in respect of the Underlying Collateral. Any shortfall on realisation of the security over the Underlying Collateral shall be borne by the holders of the Underlying Bonds (including the Issuer).

Further, the holders of the Underlying Bonds (including the Issuer) will not be entitled at any time to petition or take any other step for the winding-up of, or the appointment of an examiner to, the Underlying Bond Issuer. No person other than the Underlying Bond Issuer will be obliged to make payments on the Underlying Bonds.

#### Default and Concentration Risk

The risk that payments on the Notes could be adversely affected by defaults on the relevant Portfolio is likely to be increased to the extent that such Portfolio is concentrated in any one industry, region or country as a result of the increased potential for correlated defaults in respect of a single industry, region or country as a result of

downturns relating generally to such industry, region or country. To the extent that a default occurs with respect to any Eligible Asset comprised in a Portfolio and the Issuer sells or otherwise disposes of such Eligible Asset, it is not likely that the proceeds of such sale or disposition will be equal to the full amount of principal and interest thereon. Should increases in default rates occur with respect to the types of collateral comprised in a Portfolio, the actual default rates of such collateral may exceed any hypothetical default rates assumed by investors in determining whether to purchase the Notes.

### **No Investigations**

The Issuer has not made and will not make any investigation into the obligors of the Eligible Assets comprised in any Portfolio from time to time and prospective purchasers of Notes should not rely on the Issuer having made any such investigations. The value of a Portfolio may fluctuate from time to time (as a result of substitution or otherwise) and the Issuer is not under any obligation to maintain the value of any Portfolio at any particular level. The Issuer does not have any liability to the Noteholders as to the amount or value of, or any decrease in value of, the relevant Portfolio from time to time.

### **Reliance on the Portfolio Manager**

Pursuant to the Portfolio Management Agreement, the Portfolio Manager (each defined below under *Portfolio Management, Administration, Custody, Banking and Hedging Arrangements*) will be responsible for managing and servicing the Portfolios on behalf of the Issuer, including executing the acquisition and disposal of Eligible Assets subject to compliance with the applicable provisions of the Trust Deed and the investment restrictions set out in the Portfolio Management Agreement. In undertaking this role, the Portfolio Manager may review such available public information relating to the obligors of Eligible Assets as it considers appropriate in its absolute discretion. Such review may not include due diligence of the kind common in relation to a primary securities offering.

The performance of any investment in any Notes will be dependent on, inter alia, the ability of the Portfolio Manager to manage and service the relevant Portfolio and the performance by the Portfolio Manager of its obligations under the Portfolio Management Agreement.

Although the Portfolio Manager is required, pursuant to the terms of the Portfolio Management Agreement, to maintain such equipment, materials and expertise, and employ such professional and other personnel, as shall be necessary to perform the services thereunder, the Portfolio Manager is not required to devote all of its time to such affairs and may continue to advise other investment funds and accounts or provide other management and advisory services to other funds or accounts in the future.

### **Reliance on the Custodian**

Those Eligible Assets comprising securities will be held in an account of, and in the name of, the Custodian. Where any Eligible Assets consist of assets other than securities, such Eligible Assets may be held in the name of or under the control of the Custodian or in such other manner as is approved by the Trustee. The Custodian may be responsible under the Agency Agreement (as defined in *Terms and Conditions of the Notes* below) for receiving payments on Eligible Assets and remitting them to the relevant other creditors or the Principal Paying Agent, as the case may be.

### **Custody Arrangements**

Where the Eligible Assets are held by a sub-custodian on behalf of the Custodian such Eligible Assets will be held pursuant to separate agreements which may vary in relation

to any particular Custodian and/or sub-custodian and which may not be governed by Irish law or Belgian law and security interests (if any) in respect of such Eligible Assets may be created pursuant to separate agreements which may not be governed by Irish law or Belgian law. The Custodian will not necessarily be responsible for the acts, omissions, insolvency or dissolution of a sub-custodian. However, where no security is taken over these separate arrangements or over the Eligible Assets themselves (as specified in the relevant Final Terms), the insolvency or dissolution of the Custodian or the sub-custodian may affect the ability of the Issuer to meet its obligations under the Notes.

## Appendix 3

### The Portfolios

#### The General Portfolio

Pursuant to the Master Trust Deed, the Issuer has, subject to the terms and conditions thereof, covenanted to invest the proceeds of each issue of a Series of General Notes in Underlying Bonds or any other security, deposit or derivative transaction or other asset that is acquired or entered into by the Portfolio Manager on behalf of the Company at the request of the Company provided that the Trustee has consented to the acquisition or entering into of such security, deposit or derivative transaction (each a "**General Eligible Asset**" and, together, the "**General Portfolio**").

#### The Specific Portfolios

Pursuant to the Master Trust Deed, the Issuer has, subject to the terms and conditions thereof, covenanted to invest the proceeds of each issue of a Series of Specific Notes in securities and/or deposits and/or derivative transactions which meet the criteria set out below (each a "**Specific Eligible Asset**" and, together with the General Eligible Assets, the "**Eligible Assets**"). The Specific Eligible Assets acquired by the Issuer with the proceeds of the issue of a Specific Series of Notes (and any replacement Specific Eligible Assets) are referred to herein collectively as a "**Specific Portfolio**", and the Specific Portfolios together with the General Portfolio are referred to herein collectively as the "**Portfolios**".

*Specific Eligible Assets:* Any securities (including shares, bonds and units in collective investment undertakings (including, but not limited to, UCITS within the meaning of Directive 85/611/EC)), deposits, money market instruments, derivative transactions and any other qualifying asset within the meaning of section 110 of the Taxes Consolidation Act 1997, which are (i) obligations of an entity organised under the laws of any European Economic Area member state, any OECD member state, Jersey, Cayman Islands or Bermuda and (ii) which in each case have a scheduled maturity not later than fifteen years following the scheduled maturity of the Specific Series of Notes for which such Specific Eligible Asset is intended to comprise a Specific Charged Asset.

## **Appendix 4**

### **Use of Proceeds and Expenses**

The net proceeds of each issue of Notes will be used by the Issuer in acquiring Eligible Assets (which, in the case of an issue of Notes of a General Series, are expected to be Underlying Bonds) and/or in making an initial payment under a related Swap Agreement, if applicable.

#### **Eligible Assets**

The Final Terms for a Specific Series will, in appropriate cases, specify that the Eligible Assets for the relevant Specific Series is comprised of:

- (a) a deposit with, or money market instruments or other debt security issued or guaranteed by, KBC Bank NV; or
- (b) Underlying Bonds; or
- (c) any other Eligible Assets, provided, where the relevant Specific Series is to be listed on the Official List of the Irish Stock Exchange, that (a) such Eligible Assets shall comprise obligations of more than 5 obligors; (b) no obligor shall account for 20% or more of such Eligible Assets; and (c) where such Eligible Assets are equity securities, such securities shall be admitted to trading on a regulated or equivalent market.

Where the Eligible Assets for a Specific Series of Notes is comprised of Eligible Assets of the type referred to in any of paragraphs (a), (b) or (c) above, the relevant Final Terms shall identify the relevant Eligible Assets and, where the Eligible Assets for a Specific Series of Notes is comprised of Eligible Assets of the type referred to in paragraph (c) above, the relevant Final Terms shall also include the following information:

- (i) a description of the relevant equity securities;
- (ii) a description of the market on which they are traded, including its date of establishment, how price information is published, an indication of daily trading volumes, information as to the standing of the market in the country and the name of the market's regulatory authority; and
- (iii) the frequency with which prices of the relevant securities are published.

Where the Eligible Assets for a Specific Series of Notes is comprised of any other type of Eligible Assets, and such Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange or any other EU regulated market and/or offered to the public within the EEA, the relevant Eligible Assets will be described in a supplement to this Base Prospectus or in a new prospectus published in respect of the relevant Specific Series.

#### **Swap Agreement**

The relevant Final Terms will specify, in appropriate cases, that the Swap Counterparty with respect to the Swap Agreement (where applicable) related to a Specific Series of Notes is KBC Bank NV.

Where the Swap Counterparty with respect to the Swap Agreement (where applicable) related to a Specific Series of Notes is a party other than KBC Bank NV, and such Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange or any other EU regulated market and/or offered to the public within the EEA, the relevant

Swap Counterparty will be described in a supplement to this Base Prospectus or in a new prospectus published in respect of the relevant Specific Series.

**Expenses**

The expenses for each issue of Notes will be identified in the relevant Final Terms.

## Appendix 5

### Portfolio Management, Administration, Custody, Banking and Hedging Arrangements

#### Portfolio Management

The Portfolios held by the Issuer will be managed on behalf of the Issuer by KBC Asset Management NV (in such capacity, the "**Portfolio Manager**") pursuant to a portfolio management agreement originally dated 21 September 2006 and amended and restated on 22 October 2007 and further amended by the Deed of Amendment and made between the Issuer, the Trustee and the Portfolio Manager (the "**Portfolio Management Agreement**"). The Portfolio Manager's appointment with respect to the General Portfolio and/or any Specific Portfolio may and, in the case of (d) below shall, be terminated:

- (a) by the Portfolio Manager, without cause, upon it giving not less than 90 days' prior written notice to the Issuer and the Trustee;
- (b) by the Portfolio Manager, at any time upon it giving notice to the Issuer and the Trustee, if a change in law or regulation would render the Portfolio Manager's performance of its duties in respect of the relevant Portfolio a violation of such law or regulation;
- (c) by the Issuer or Trustee with cause upon 15 business days' prior written notice;
- (d) by the Trustee, acting at the direction of the holders of at least 66⅔ per cent. of the Notes of all General Series outstanding (in the case of a termination of the appointment of the Portfolio Manager with respect to the General Portfolio) or of the Notes of the relevant Specific Series outstanding (in the case of a termination of the appointment of the Portfolio Manager with respect to a Specific Portfolio), upon, with cause, 15 business days' prior written notice and upon, without cause, 90 days' prior written notice; and
- (e) by the Issuer, without cause, upon not less than 90 days' prior written notice, provided that, in the case of (a), (c), (d) and (e) above, no termination shall take effect until a replacement Portfolio Manager has been appointed.

Pursuant to the Portfolio Management Agreement, the Portfolio Manager will acquire and dispose of General Eligible Assets with respect to the General Portfolio and Specific Eligible Assets with respect to each Specific Portfolio on behalf of the Issuer in accordance with the investment restrictions described above under *The Portfolios*.

The Portfolio Manager was incorporated in Belgium on 30 December 1999 and obtained a licence as "vennootschap voor vermogensbeheer" (asset management company) on 1 June 2000 by the "Commissie voor het Bank – en Financieuzen – Commission Bancaire et Financière" (The Belgian Banking and Finance Commission). This licence was amended on 9 June 2005 to "beheersvennootschap van instellingen voor collectieve belegging" (management company of collective investment schemes).



The principals of the Portfolio Manager are as follows:

- Stefan Duchateau, Chief Executive Officer, responsible for Finance, Organization and Human Resources Management and Risk Control.
- Edwin De Boeck, Managing Director, responsible for Institutional Clients, Business Development, Group Assets, Management Fixed Income (Brussels), Economic Research, Management Quant Research, Management Passive Equity Funds, Sustainability & Socially Responsible Investments (SRI) and KBC Conseil Service.
- Erwin Schoeters, Managing Director, responsible for International Development & Portfolio Management Private Persons, Product Development Home Markets, Management Hedge Funds (Dublin), Legal Support, Management Funds of Funds and Central European Activities.
- Ignace Van Oortegem, Managing Director, responsible for Operations, Process & Application Management, End User Computing and Dealing Desk.
- Werner Van Steen, Managing Director, Management Active Equity Funds, Product & Knowledge Management, Sector & Corporate Research and Management Capital Protected & Structured Funds.

### **Portfolio Administration**

The Eligible Assets held by the Issuer will be administered on behalf of the Issuer by BNY Financial Services p.l.c. (in such capacity, the "**Administration Agent**") pursuant to the Agency Agreement.

### **Custody and Banking Arrangements**

The securities comprised in the Portfolios will be held, or caused to be held, on behalf of the Issuer by KBC Bank NV acting in its capacity as custodian and/or by such other custodian as may be appointed by the Issuer with the written approval of the Trustee (the "**Custodian**") pursuant to the Agency Agreement and the Trust Deed. Such securities as are comprised in the General Portfolio will be held by the Custodian in a securities account in the name of the Issuer (the "**General Custody Account**") and such securities as are comprised in each Specific Portfolio will be held by the Custodian in separate securities accounts in the name of the Issuer (each a "**Specific Custody Account**").

The Custodian will open a cash account (the "**General Cash Account**") in the name of the Issuer into which will be paid all amounts of principal, interest and other cash distributions received in respect of the General Portfolio. Payments made by the Issuer in respect of the Notes of each General Series will be made from amounts standing to the credit of this account.

The Custodian will open a separate cash account (each a "**Specific Cash Account**") in the name of the Issuer into which will be paid all amounts of principal, interest and other cash distributions received in respect of a Specific Portfolio. Payments made by the Issuer in respect of the Notes of the relevant Specific Series will be made from amounts standing to the credit of this account.

## Hedging

The Issuer may from time to time enter into swap and other derivative transactions with counterparties (each a "**Swap Counterparty**") for the purposes of hedging interest rate, currency or other risks to which it would otherwise be exposed, or for the purposes of gaining exposure to a reference asset, obligation or index. Any such swap or other derivative transaction will relate only to the Notes of one or more General Series (in which case it is referred to herein as a "**General Swap Agreement**") or to the Notes of a Specific Series (in which case it is referred to herein as a "**Specific Swap Agreement**"), the General Swap Agreements, together with the Specific Swap Agreements, being referred to herein together as the "**Swap Agreements**").