

## **SEALANE II (TRADE FINANCE) LIMITED**

*(a limited liability company incorporated in the Cayman Islands with registered number 253724)*

### **USD 180,000,000 Credit-Linked Floating Rate Notes**

Sealane II (Trade Finance) Limited (the "**Issuer**") will issue the USD 180,000,000 Credit-Linked Floating Rate Notes (the "**Notes**") on the terms and conditions set forth in a note trust deed to be dated the Closing Date between the Issuer and Deutsche Trustee Company Limited (the "**Note Trust Deed**").

The Notes will be issued by the Issuer on a limited recourse basis. The Notes will not be rated by any rating agency.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Issuer has not been registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") and the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws. The Notes may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**") ("U.S. Persons")) except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Rule 144A Notes are being offered in the United States only to Qualified Institutional Buyers ("**QIBs**") (as defined under Rule 144A under the Securities Act ("**Rule 144A**")) who are also Qualified Purchasers ("**QPs**") as defined in the Investment Company Act and its related rules since the Issuer is relying on the exemption from the requirements of the Investment Company Act provided by Section 3(c)(7) thereunder. The Notes are also being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. There is no undertaking to register the Notes under any state or federal securities laws. The Notes cannot be resold unless they are subsequently registered or an exemption from registration is available. See "*Subscription and Sale*" and "*Purchase and Transfer Restrictions*".

This Prospectus relates to an exempt offer ("**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Prospectus is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Notes to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.



*as Arranger and Lead Manager*

The date of this Prospectus is 8 August 2011

Capitalised terms used in this Prospectus are defined herein. Defined terms and the page references where such terms are defined in this Prospectus are set out in the Index of Defined Terms.

Prior to the Notes Termination Date, interest will accrue on the Notes on a daily basis at the Rate of Interest (as defined below) on the Adjusted Outstanding Principal Balance of the Notes from and including the Closing Date, payable quarterly in arrear on each Payment Date, subject as provided in the Conditions.

If and for so long as the Adjusted Outstanding Principal Balance of a Note is USD 1 or less, interest shall not accrue on such Note.

The Rate of Interest applicable prior to the Notes Termination Date in respect of the Notes will be determined by reference to the USD London Interbank Offered Rate ("**USD LIBOR**") for deposits in U.S. Dollars for a period equal to the Designated Maturity *plus* 14 per cent. per annum. The Issue Price of the Notes is 100 per cent.

The Rate of Interest for the Notes on and after the Notes Termination Date shall be USD LIBOR *plus* 2 per cent. per annum. USD LIBOR will be determined by the Agent Bank for each Interest Period pursuant to the Conditions.

The date on which payment in full of principal on the Notes is scheduled to commence is the Scheduled Maturity Date, being 12 February 2015 (or, if such day is not a Business Day, the following Business Day) save that the repayment of principal on the Notes on the Scheduled Maturity Date may be deferred to the extent of the Issuer's potential liability for unsettled claims or potential claims pursuant to the terms of the Credit Default Swap.

To the extent not previously paid or reduced to zero, the Notes will be redeemed in full on the Final Maturity Date, being 12 February 2016 (or, if such day is not a Business Day, on the following Business Day).

However, payment of principal on the Notes may commence prior to the Scheduled Maturity Date as a result of (a) the determination of an Amortised Amount under the Credit Default Swap, (b) the occurrence of an Early Redemption Date (including a Tax Redemption Date or a Swap Optional Termination Date), or (c) the occurrence of an Enforcement Date.

Concurrently with the issuance of the Notes, the Issuer will enter into the Credit Default Swap with Standard Chartered Bank (the "**Swap Counterparty**" or "**SCB**") pursuant to which the Issuer will sell credit protection to the Swap Counterparty in respect of a portfolio, designated by the Swap Counterparty, of loans and other credits and financings for the purpose of financing specific trade transactions. See "*Description of the Credit Default Swap*" and "*Reference Registry*" below.

Upon the occurrence of each Event Determination Date under the Credit Default Swap and/or any Payment Date upon which the Issuer is obliged to pay an Additional Loss Payment to the Swap Counterparty, subject to the terms of the Conditions and taking into account, among other things, the Threshold Amount, the Outstanding Principal Balance of the Notes will be reduced on such Event Determination Date or Payment Date, as applicable, without any commensurate payment to Noteholders, by the amount of the relevant Defaulted Notional Amount or Additional Loss Payment, as applicable, on a *pro rata* and *pari passu* basis until the Outstanding Principal Balance of each Note is reduced to USD 1 (one U.S. Dollar) or, on the Final Payment Date, zero. The Adjusted Outstanding Principal Balance of the Notes will be adjusted automatically and interest shall not accrue on any Note if and for so long as the Adjusted Outstanding Principal Balance of such Note is USD 1 or less. Reductions to the Outstanding Principal Balance of the Notes may, in certain circumstances, be subsequently reinstated with interest. To

the extent not previously paid or reduced, the aggregate Outstanding Principal Balance of, and accrued and unpaid interest on, the Notes will be due and payable on the Final Maturity Date.

An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.

See the section titled "*Risk Factors*" in this Prospectus for a description of certain factors that should be considered by prospective investors in connection with an investment in the Notes.

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/7/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "**Irish Stock Exchange**") or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such listing will be obtained, or if obtained, will be maintained.

References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the regulated market of the Irish Stock Exchange and have been admitted to the Official List (the "**Official List**"). The regulated market of the Irish Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). This Prospectus constitutes a "prospectus" for the purposes of Article 5 of the Prospectus Directive in relation to the Issuer.

References in this Prospectus to "**China**" mean the People's Republic of China and do not include the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), the Macau Special Administrative Region of the People's Republic of China or Taiwan.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

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

THE NOTES WILL BE SECURED, LIMITED REOURSE OBLIGATIONS OF THE ISSUER. NOTWITHSTANDING ANY PROVISIONS OF THE SECURITY DOCUMENTS OR OF ANY TRANSACTION DOCUMENT, ALL PAYMENTS OF PRINCIPAL AND INTEREST TO BE MADE BY THE ISSUER UNDER THE NOTES AND ALL PAYMENTS TO BE MADE BY THE ISSUER TO THE SECURED PARTIES UNDER THE TRANSACTION DOCUMENTS WILL BE PAYABLE ONLY FROM THE SUMS PAID TO, OR NET PROCEEDS RECOVERED BY OR ON BEHALF OF,

THE ISSUER OR THE SECURITY TRUSTEE IN RESPECT OF THE CHARGED ASSETS AND IN ACCORDANCE WITH THE PRIORITY OF APPLICATION SPECIFIED IN CLAUSE 9 (PRIORITY OF APPLICATION) OF THE SECURITY TRUST DEED. THERE WILL BE NO OTHER ASSETS OF THE ISSUER AVAILABLE FOR ANY FURTHER PAYMENTS BY THE ISSUER. THE SECURITY TRUSTEE AND EACH OTHER SECURED PARTY WILL LOOK SOLELY TO SUCH SUMS, PROCEEDS AND THE RIGHTS OF THE ISSUER IN RESPECT OF THE CHARGED ASSETS IN ACCORDANCE WITH THE TERMS OF THE SECURITY DOCUMENTS FOR PAYMENTS TO BE MADE BY THE ISSUER. HAVING ENFORCED THE SECURITY AND DISTRIBUTED THE NET PROCEEDS THEREOF IN ACCORDANCE WITH THE TERMS OF THE SECURITY TRUST DEED, NONE OF THE SECURITY TRUSTEE NOR ANY OTHER SECURED PARTY MAY TAKE ANY FURTHER STEPS AGAINST THE ISSUER TO RECOVER ANY UNPAID SUM OR UNDISCHARGED PAYMENT OBLIGATION AND THE ISSUER'S LIABILITY FOR ANY SUCH SUM SHALL BE EXTINGUISHED.

Notes sold to non-U.S. persons in reliance on Regulation S ("Regulation S Notes") will be represented by one or more permanent Global Note Certificates, in fully registered form, without interest coupons attached ("Regulation S Global Note Certificates"), which will be deposited with a common depositary (the "Common Depository") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream, Luxembourg"). Beneficial interests in a Regulation S Global Note Certificate may be held only through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg or their Participants (as applicable) at any time. See "*Form of Notes*" and "*Book Entry Clearance Procedures*".

Notes sold in reliance on Rule 144A ("Rule 144A Notes") to persons who are QIBs that are QPs acting for their own accounts or the accounts of other persons that are both QIBs and QPs will be represented by one or more permanent Global Note Certificates, in fully registered form, without interest coupons attached ("Rule 144A Global Note Certificates" and, together with the Regulation S Global Note Certificates, the "Global Note Certificates"), which will be deposited with a custodian (the "DTC Custodian"), as depositary for, and registered in the name of Cede & Co. ("Cede") as nominee of, The Depository Trust Company ("DTC"). Beneficial interests in a Rule 144A Global Note Certificate may only be held through, and transfers thereof will only be effected through, records maintained by DTC or its participants at any time. Rule 144A Global Note Certificates will bear a legend to the effect that such Rule 144A Global Note Certificates, or any interest therein, may not be transferred except to persons that are both QIBs and QPs and only in compliance with the transfer restrictions set out in such legend.

No beneficial interest in a Rule 144A Global Note Certificate may be transferred to a person that takes delivery in the form of a beneficial interest in a Regulation S Global Note Certificate unless the transfer is to a non-U.S. person in an offshore transaction in reliance on Regulation S and the transferor provides the Registrar with a written certification substantially in the form set out in the Note Trust Deed. No beneficial interest in a Regulation S Global Note Certificate may be transferred to a person that takes delivery in the form of a beneficial interest in a Rule 144A Global Note Certificate unless the transfer is to a person that is both a QIB and a QP in a transaction in reliance on Rule 144A and the transferor provides the Registrar with a written certification substantially in the form set out in the Note Trust Deed. See "*Form of Notes*", "*Book Entry Clearance Procedures*" and "*Purchase and Transfer Restrictions*".

Except in the limited circumstances described herein, Notes in individual, certificated, fully registered form ("Individual Note Certificates") will not be issued in exchange for beneficial interests in either any Regulation S Global Note Certificate or any Rule 144A Global Note Certificate. See "*Form of Notes – Exchange for Individual Note Certificates*".

Purchasers of the Notes are hereby notified that the Issuer may be relying on the exemption provided by Rule 144A. Until 40 days after the commencement of the offering, an offer or sale of the Notes in the

United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in compliance with Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act.

The Notes will not represent an interest in, or obligations of, and are not insured or guaranteed by, any governmental agency, the Account Bank, the Administrator, the Agents, SCB in its capacity as the arranger (the "**Arranger**") and as the lead manager (the "**Lead Manager**"), the Noteholders, the Note Trustee, the Security Trustee, the Swap Counterparty or any of their respective affiliates or any other entity other than the Issuer.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

Save for the information in the sections in this Prospectus headed "*Standard Chartered Bank*", "*Description of the Initial Reference Portfolio*", "*Trade Finance*" and "*SCB's Credit and Collection Policy*" and the information incorporated by reference in the section headed "*Documents Incorporated by Reference*" (together, the "**SCB Information**") (any information in this Prospectus other than the SCB Information being the "**Issuer Information**") the Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer, the Issuer Information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. SCB accepts responsibility for the SCB Information. To the best of the knowledge and belief of SCB, the SCB Information is in accordance with the facts and does not omit anything likely to affect the import of such information. SCB accepts no responsibility with regard to the contents of this Prospectus other than the SCB Information.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by either the Note Trustee or the Security Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Notes.

No dealer, salesman or other person has been authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such other information or representations must not be relied upon as having been authorised by the Issuer or the Lead Manager. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorised or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus at any time, nor any sale made in connection herewith, shall, in any circumstances, create an implication that there has been no change in the affairs of the Issuer since the date hereof or that the information contained herein is correct as of any time subsequent to such date.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such offer or a solicitation by anyone not authorised so to act. In particular, the Notes have not been and will not be registered under the Securities Act and are subject to U.S. federal income tax law requirements.

In connection with the issue of the Notes, SCB (the "**Stabilisation Manager**") (or persons acting on its behalf) may over-allot Notes (*provided* that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail.

However, there is no assurance that the Stabilisation Manager (or persons acting on its behalf) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may end at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted by the Stabilisation Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.

This Prospectus contains summaries believed to be accurate with respect to certain terms of certain documents and such summaries are qualified in their entirety by reference to such documents. The contents of this Prospectus are not to be construed as legal, business or tax advice.

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

The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

#### **ARTICLE 122A OF THE CAPITAL REQUIREMENTS DIRECTIVE**

Prospective investors should note that neither SCB nor any other entity has committed to retain a material net economic interest in the transaction in accordance with Article 122a of Directive 2006/48/EC (as amended) ("Article 122a") or any other similar requirements which may apply at any time in respect of any EU regulated investor. As a result, in general, a credit institution regulated in any Member State of the European Economic Area (the "EEA") (and any other entity required to comply with Article 122a or any similar requirements and/or any corresponding national implementing measures) seeking to invest in the Notes (on issue or after) will be unable to satisfy the requirements of Article 122a in respect of such investment. Failure to comply with one or more of the requirements set out in Article 122a may result in the imposition of a penal capital charge on any Notes acquired by a relevant investor.

If at a later date SCB commits to retain a material net economic interest in the transaction in accordance with Article 122a or any other similar requirements which may apply at such time in respect of any EU regulated investor, a notice shall be made to the Noteholders setting out, without limitation, the manner in which the material net economic interest is retained and such other information as SCB considers relevant. In such case, each investor will be required to independently assess and determine whether Article 122a and any corresponding local implementing rules which may be relevant have been complied with and none of the Issuer or SCB makes any representation that such information described above or in this Prospectus is sufficient in all circumstances for such purposes. Prospective investors are referred to the "Risk Factors" section of this Prospectus for further information on Article 122a and certain related considerations.

#### **NOTICE TO THE PUBLIC OF THE CAYMAN ISLANDS**

No invitation to any member of the public in the Cayman Islands, within the meaning of Section 175 of the Companies Law (2010 Revision) of the Cayman Islands, may be made to subscribe for the Notes and this Prospectus may not be issued or passed to any such person.

#### **REFERENCE TO WEBSITES**

Unless the contents of any website address referred to in this Prospectus have been incorporated into this Prospectus by reference, such website does not form part of this Prospectus for the purposes of the approval of this Prospectus and the listing of the Notes.

## **NOTICE TO U.S. INVESTORS**

Each purchaser of any of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Prospectus under "*Purchase and Transfer Restrictions*". The Notes have not been nor will be registered under the Securities Act, and such securities are subject to certain restrictions on transfer. Prospective investors are hereby notified that the seller of any Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Purchase and Transfer Restrictions*".

Offers and sales of the Notes in the United States will be made by the Lead Manager through its affiliates which are registered broker-dealers under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or in accordance with Rule 15a-6 thereunder.

## **AVAILABLE INFORMATION**

The Issuer has agreed, for so long as any of the Notes are "restricted securities" within the meaning of Rule 144A(a)(3) under the Securities Act, that it will, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the Exchange Act, or are exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act to any holder or beneficial owner of such restricted securities or to any prospective purchaser designated by such holder or beneficial owner of such restricted securities in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such restricted securities or any interest therein, in each case at the request of such holder, beneficial owner or prospective purchaser.

The Issuer has agreed, for so long as any of the Notes remain outstanding, to provide to the Note Trustee, among other things, proper books and accounts of the Issuer.

## **ENFORCEABILITY OF JUDGMENTS**

The Issuer is an exempted company with limited liability incorporated under the laws of the Cayman Islands. All of the officers and directors are residents of the Cayman Islands. As a result, it may not be possible to effect service of process within the United States upon the Issuer or such persons to enforce against them judgments of courts of the United States, including judgments predicated upon the civil liability provisions of the Federal or State securities laws of the United States. There is doubt as to the enforceability of judgments in the Cayman Islands, in original action or in actions for enforcements of judgments of U.S. courts, of civil liabilities predicated solely upon such securities laws.

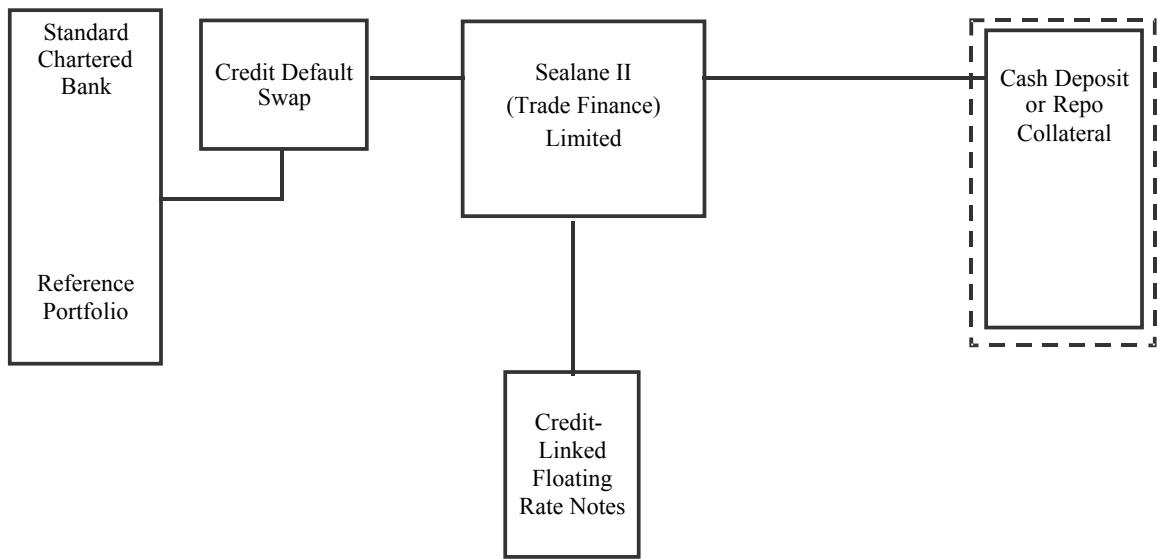
## **FORWARD-LOOKING STATEMENTS**

This Prospectus contains statements which constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Prospectus, are forward-looking statements and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans", or similar terms. Prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Lead Manager has not attempted to verify any such statements, nor does it make any representations, express or implied, with respect thereto.

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### TRANSACTION DIAGRAM



## SUMMARY OF TERMS

*The following summary of terms does not purport to be complete and is taken from, and qualified in its entirety by, the more detailed information contained elsewhere in this Prospectus and certain of the documents referred to below, and, without limitation, the Conditions. Words or expressions used but not expressly defined in this summary of terms shall have the meanings given to them elsewhere in this Prospectus, including the Conditions. An index of defined terms is set out at the back of this Prospectus.*

### Transaction Overview

Concurrently with the issuance of the Notes the Issuer will, on the Closing Date, enter into the Credit Default Swap with the Swap Counterparty pursuant to which the Issuer will sell credit protection to the Swap Counterparty in respect of a portfolio, designated by the Swap Counterparty, of Reference Entities and related Reference Obligations. In return for periodic payments of Swap Premium, the Issuer will be liable to make payments of Cash Settlement Amounts to the Swap Counterparty upon the occurrence of a Credit Event in relation to any of the Reference Entities and the fulfilment of certain other conditions.

Upon the occurrence of each Event Determination Date under the Credit Default Swap and/or any Payment Date upon which the Issuer is obliged to pay an Additional Loss Payment to the Swap Counterparty, subject to the terms of the Conditions and taking into account, among other things, the Threshold Amount, the Outstanding Principal Balance of the Notes will be reduced on such Event Determination Date or Payment Date, as applicable, without any commensurate payment to Noteholders, by the amount of the relevant Defaulted Notional Amount or Additional Loss Payment, as applicable, on a *pro rata* and *pari passu* basis until the Outstanding Principal Balance of each Note is reduced to USD 1 (one U.S. Dollar) or, on the Final Payment Date, zero. The Adjusted Outstanding Principal Balance of the Notes will be adjusted automatically and interest shall not accrue on any Note if and for so long as the Adjusted Outstanding Principal Balance of such Note is USD 1 or less.

On the Closing Date, the proceeds of the issue of the Notes will be deposited by the Issuer into the Principal Collections Account. The Swap Counterparty may, at any time and from time to time, direct the Issuer to terminate any then current Collateral Investment and to invest the Collateral Principal Proceeds in the Alternative Collateral Investment.

Collateral Principal Proceeds will be applied from time to time to pay any Cash Settlement Amounts that may be payable under the Credit Default Swap and, to the extent not so applied, will be used to redeem the Notes as described below. If as at the Notes Termination Date the Collateral Principal Proceeds consist of Repo Collateral and any Notes remain outstanding on such date, the balance of the Repo Proceeds shall be deposited into the Principal Collections Account and applied in paying any Cash Settlement Amount that may fall due thereafter or, to the extent not so

required, in redemption of the Notes.

Swap Premium, Collateral Income Proceeds and Collateral Principal Proceeds will, from time to time, be applied, subject to the priority of payments and security provisions as described herein, to discharge the Issuer's payment obligations under the Notes, the Credit Default Swap and the other Transaction Documents.

## **Parties**

<i>Issuer</i>	Sealane II (Trade Finance) Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands (registered number 253724) whose registered office is at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.
<i>Arranger</i>	Standard Chartered Bank
<i>Lead Manager</i>	Standard Chartered Bank
<i>Swap Counterparty</i>	Standard Chartered Bank
<i>Repo Counterparty</i>	Any entity having the Required Repo CP Rating as may be selected by the Swap Counterparty in accordance with the terms of the Collateral Switch Agreement.
<i>Note Trustee</i>	Deutsche Trustee Company Limited
<i>Security Trustee</i>	Deutsche Trustee Company Limited
<i>Custodian</i>	Any entity having the Required Custodian Rating as may be selected by the Swap Counterparty in accordance with the terms of the Collateral Switch Agreement.
<i>Administrator</i>	Deutsche Bank AG, London Branch
<i>Agent Bank and Principal Paying Agent</i>	Deutsche Bank AG, London Branch
<i>Registrar and Paying Agent in the United States</i>	Deutsche Bank Trust Company Americas
<i>Calculation Agent</i>	Standard Chartered Bank
<i>Credit Event Monitor Agent</i>	Standard Chartered Bank
<i>Account Bank</i>	Standard Chartered Bank
<i>Listing Agent</i>	NCB Stockbrokers Limited
<i>Corporate Services Provider</i>	MaplesFS Limited

## **The Notes**

<i>Initial Principal Balance</i>	The Notes will have an Initial Principal Balance of USD 180,000,000.
	The Notes will be issued on the terms and conditions set forth in, and have the benefit of, the Note Trust Deed and will be secured pursuant to the Security Trust Deed and any appropriate local law security arrangements.
	The Notes will be issued by the Issuer.
<i>Scheduled Maturity Date</i>	12 February 2015 (subject to adjustment in accordance with the Following Business Day Convention).
<i>Final Maturity Date</i>	12 February 2016 (subject to adjustment in accordance with the Following Business Day Convention).
<i>Following Business Day Convention</i>	If such day would otherwise fall on a day that is not a Business Day, the following Business Day.
<i>Business Day</i>	Any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange currency deposits) in New York, Singapore and London.
<i>Ratings</i>	The Notes will not be rated by any rating agency.
<i>Status</i>	The Notes will constitute secured, limited recourse obligations of the Issuer and each Note will at all times rank <i>pari passu</i> with each other Notes.
<i>Interest in respect of the Notes</i>	Interest on each Note will accrue on a daily basis at the relevant Rate of Interest on the Adjusted Outstanding Principal Balance of such Note from and including the Closing Date and will accrue provided the Adjusted Outstanding Principal Balance of such Note is in excess of USD 1.  Interest payable on each Note in respect of an Interest Period will be calculated as an amount determined by the Agent Bank to be the product of:  (a) the Rate of Interest for the relevant Interest Period;  (b) the arithmetic average of the Adjusted Outstanding Principal Balance of such Note for each day in such Interest Period (after any adjustments to the Adjusted Outstanding Principal Balance thereof due to be made on each such day); and  (c) the actual number of days in such Interest Period divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

Such interest shall be payable in arrear, on each Payment Date subject as provided in Condition 8 (*Payments*).

The amount of interest payable on any Payment Date may be adjusted in accordance with Condition 6.12 (*Interest on Principal Reinstatement*), if applicable.

*Rate of Interest*

The Rate of Interest applicable prior to the Notes Termination Date in respect of the Notes shall be USD LIBOR plus 14 per cent. per annum.

The Rate of Interest applicable on and after the Notes Termination Date in respect of the Notes shall be USD LIBOR plus 2 per cent. per annum.

USD LIBOR will be determined by the Agent Bank for each Interest Period pursuant to the Conditions.

*Interest Payment Dates*

12 February, 12 May, 12 August and 12 November of each year, from and including 12 November 2011 to and including the Final Maturity Date (in each case subject to the Following Business Day Convention).

*Outstanding Principal Balance*

Amounts of principal payable in respect of the Notes will be determined by reference to the Outstanding Principal Balance of the Notes.

The Outstanding Principal Balance means:

- (a) with respect to the Notes on any date or time of determination, an amount equal to:
  - (i) the Initial Principal Balance of the Notes;
  - (ii) *minus* the aggregate amount of Defaulted Notional Amounts allocated to the Notes in reduction of the Outstanding Principal Balance of the Notes pursuant to the Conditions on or before such date or time;
  - (iii) *plus* the aggregate amount of Reinstatement Amounts, if any, applied in the reinstatement of the Outstanding Principal Balance of the Notes made pursuant to the Conditions on or before such date or time;
  - (iv) *minus* the aggregate amount of Additional Loss Payments, if any, allocated to the Notes in reduction of the Outstanding Principal Balance of the Notes pursuant to the Conditions on or before such date or time; and

- (v) *minus* the aggregate amount of payments, if any, of principal made in respect of the Notes on or before such date or time; and
  
  - (b) with respect to a Note on any date or any time of determination, a proportion of the Outstanding Principal Balance of the Notes on that date or time of determination equal to the proportion of the Initial Principal Balance of the relevant Note bears to the Initial Principal Balance of the Notes.
- Adjusted Outstanding Principal Balance*
- Amounts of interest payable in respect of the Notes will be determined by reference to the Adjusted Outstanding Principal Balance of the Notes.
- The Adjusted Outstanding Principal Balance means:
- (a) with respect to the Notes, on any date or time of determination, an amount equal to:
    - (i) the Initial Principal Balance of the Notes;
    - (ii) *minus* the aggregate amount of Assumed Loss Amounts allocated to the Notes in reduction of the Adjusted Outstanding Principal Balance pursuant to the Conditions on or before such date or time;
    - (iii) *plus* the aggregate amount of Adjusted Reinstatement Amounts, if any, applied in the reinstatement of the Adjusted Outstanding Principal Balance of the Notes made pursuant to the Conditions on or before such date or time;
    - (iv) *minus* the aggregate amount of Additional Loss Payments, if any, allocated to the Notes in reduction of the Adjusted Outstanding Principal Balance of the Notes pursuant to the Conditions on or before such date or time; and
    - (v) *minus* the aggregate amount of payments, if any, of principal made in respect of the Notes on or before such date or time.
  
  - (b) with respect to a Note, on any date or any time of determination, a proportion of the Adjusted Outstanding Principal Balance of the Notes on that date or time of determination equal to the proportion that the Initial Principal Balance of the relevant Note bears to the Initial Principal Balance of the Notes.

*Reductions of Outstanding Principal Balance*

Upon the occurrence of each Event Determination Date under the Credit Default Swap and/or any Payment Date upon which the Issuer is obliged to pay an Additional Loss Payment to the Swap Counterparty, subject to the terms of the Conditions and taking into account, among other things, the Threshold Amount, the Outstanding Principal Balance of the Notes will be reduced on such Event Determination Date or Payment Date, as applicable, without any commensurate payment to Noteholders, by the amount of the relevant Defaulted Notional Amount or Additional Loss Payment, as applicable, on a *pro rata* and *pari passu* basis until the Outstanding Principal Balance of each Note is reduced to USD 1 (one U.S. Dollar) or, on the Final Payment Date, zero. The Adjusted Outstanding Principal Balance of the Notes will be adjusted automatically and interest shall not accrue on any Note if and for so long as the Adjusted Outstanding Principal Balance of such Note is USD 1 or less.

*Principal Reinstatement*

Upon the determination of a Verified Loss Amount or on the date on which a Credit Event is Cured under the Credit Default Swap and on any Payment Date on which a Loss Adjustment Payment is paid by the Swap Counterparty to the Issuer under the Credit Default Swap, the Outstanding Principal Balance of the Notes will be increased, without any corresponding payment to the Noteholders, by:

- (a) an amount (each such amount, a "**Note Recovery Amount**") determined by the Calculation Agent equal to (A) (Initial Principal Balance of the Notes *minus* Tranche Loss) *minus* (B) (the greater of (i) the aggregate of Defaulted Notional Amounts relating to any Defaulted Reference Obligations which have not, as at such date, become Liquidated Reference Obligations *minus* the Adjusted Threshold Balance and (ii) zero), in each case following the determination of such Verified Loss Amount *minus* (C) the Outstanding Principal Balance of the Notes immediately prior to such determination, *provided* that the Note Recovery Amount shall not be less than zero; or
- (b) to the extent not accounted for pursuant to paragraph (a) above, the Loss Adjustment Payment,

as applicable, in order to reinstate any amounts previously applied in reduction of the Outstanding Principal Balance of the Notes such that the Outstanding Principal Balance of the Notes following such re-instatement reflects the then current aggregate losses and potential losses under the Reference Portfolio, taking into account, amongst other things, the Threshold Balance (the date of such increase being a "**Reinstatement Date**"). Such reinstatement shall be allocated to the Notes until the Outstanding Principal Balance of the Notes is equal to its Initial Principal Balance *less* any Redemption Amounts previously paid in respect of the Notes (the

amount so allocated to the Notes being the "**Reinstatement Amount**").

For the purposes hereof, "**Adjusted Threshold Balance**" means, on any date of determination, the greater of: (a) zero; and (b) (A) the Threshold Amount *minus* (B) the Adjusted Cumulative Loss Amount.

*Interest on Principal Reinstatement*

On the Payment Date immediately following the Reinstatement Date relating to a Note Recovery Amount (or, if such Payment Date falls less than two Business Days after such Reinstatement Date, the next following Payment Date) and on each Reinstatement Date relating to a Loss Adjustment Payment, the Issuer shall, subject to Condition 8 (*Payments*), pay, with respect to any Notes the Outstanding Principal Balance of which is to be reinstated:

- (a) the Aggregate Make-up Amount (if a positive number) in respect of each Liquidated Reference Obligation to which any Loss Amount relates, together with any Aggregate Make-up Compound Amount (if a positive number) in respect of that Payment Date; and
- (b) in respect of any Payment Date upon which an Excess Adjustment Period ends, each Regular Interest Amount, together with each Compounded Interest Amount, in respect of each Payment Date falling within such Excess Adjustment Period.

On the Payment Date immediately following the Reinstatement Date relating to a Note Recovery Amount (or, if such Payment Date falls less than two Business Days after such Reinstatement Date, the next following Payment Date), the Issuer shall reduce the amount of interest payable on the Notes in respect of that Payment Date (subject to a minimum of zero) by an amount equal to the sum of

- (a) the absolute value of any Aggregate Make-up Amount (if a negative number) in respect of the Notes; and
- (b) the absolute value of any Aggregate Make-up Compound Amount (if a negative number) in respect of the Notes,

(such sum, the "**Interest Reduction Amount**"). If on any such Payment Date the Interest Reduction Amount in respect of the Notes is greater than the amount of interest payable in respect of the Notes on such Payment Date, such excess shall be deducted from the amount of interest payable in respect of the Notes on future Payment Dates until any such excess has been reduced to zero. Interest shall accrue on such unsatisfied excess amounts at USD LIBOR and be compounded on future Payment Dates until paid.

In the event that any such excess (including accrued interest

thereon) remains unpaid on the Notes Termination Date or on any Redemption Date thereafter and/or any Interest Reduction Amount is payable on the Notes Termination Date or on any Redemption Date thereafter and the amount of interest payable on the Notes on the Notes Termination Date or on any such Redemption Date thereafter is less than the sum of such excess amount and such Interest Reduction Amount (the difference being the "**Interest Deduction Amount**"), the Outstanding Principal Balance of the Notes shall be reduced on the Notes Termination Date or on any such Redemption Date thereafter, before any payments are made to Noteholders on such date and without corresponding payment to the Noteholders, by the Interest Deduction Amount. The Issuer shall pay an amount equal to the Interest Deduction Amount to the Swap Counterparty on such Payment Date by means of an additional payment under the Credit Default Swap.

*Timing of Redemption*

The date on which payment in full of principal on the Notes is scheduled to commence is the Scheduled Maturity Date, being 12 February 2015 (or, if such day is not a Business Day, on the following Business Day).

However, payment of principal on the Notes may commence prior to the Scheduled Maturity Date as a result of (a) the determination of an Amortised Amount under the Credit Default Swap, (b) the occurrence of an Early Redemption Date (including a Tax Redemption Date or a Swap Optional Termination Date), or (c) the occurrence of an Enforcement Date.

To the extent not previously paid or reduced, the Notes will be redeemed in full on the Final Maturity Date.

*Amortised Redemption*

If at any time after the Replenishment Period and during a relevant Amortisation Period, the Tranche Notional Amount under the Credit Default Swap has been reduced by one or more Writedown Amounts pursuant to the terms of the Credit Default Swap, the Issuer shall, on the immediately following Interest Payment Date, subject to any prior ranking claims in accordance with the applicable Order of Priority, apply the Principal Collections in an amount equal to the aggregate Amortised Amounts determined during such Amortisation Period (but only after the expiry of the Replenishment Period) and, to the extent of interest due, Interest Collections available for distribution on that date towards redemption of the Notes (together with any accrued but unpaid interest thereon) until the Outstanding Principal Balance of each Note is at the Minimum Balance.

*Redemption on and after Notes Termination Date*

On the Notes Termination Date and on each Redemption Date thereafter the Issuer shall, subject to any prior ranking claims in accordance with the applicable Order of Priority, allocate and apply the Principal Collections in an amount equal to the Distributable Principal Amount for that date together with Interest Collections available for distribution on that date towards

redemption of the Notes (together with any accrued but unpaid interest thereon) until the Outstanding Principal Balance of each Note is at the Minimum Balance.

*Distributable Principal Amount*

The aggregate amount of principal to be paid on the Notes on the Notes Termination Date and, if applicable, on any Redemption Date thereafter will be an amount equal to the Distributable Principal Amount, being an amount equal to the aggregate Outstanding Principal Balance of the Notes on such date (after giving effect to any adjustments applicable thereto as a result of any Cash Settlement Amount to be paid by the Issuer on such date or any Reinstatement Amount to be applied thereto on such date or applied during the preceding Interest Period but before giving effect to any adjustments applicable thereto as a result of any principal payments to be made on such date) *minus* the Payable Maximum Cash Settlement Amount.

*Maximum Cash Settlement Amount*

The Maximum Cash Settlement Amount, on any date of determination, shall be equal to the aggregate of (A) the aggregate Defaulted Notional Amount of all Defaulted Reference Obligations, (B) the aggregate Verified Loss Amount in respect of all Pending Liquidated Reference Obligations, and (C) the aggregate Reference Obligation Notional Amount of all Potential Defaulted Reference Obligations.

The Maximum Cash Settlement Amount (and, taking into account the Threshold Balance (if any), the Distributable Principal Amount) on any Redemption Date will be dependent upon the existing and/or potential payment liabilities of the Issuer under outstanding credit protection claims made pursuant to the Credit Default Swap.

See "*General Terms – Termination of the Credit Default Swap and Outstanding Potential Credit Protection Claims*", "*Credit Protection Claims – Notice Delivery Period*" under the "*Description of the Credit Default Swap*" summary below for a summary of the circumstances in which a valid credit protection claim may be made with respect to the Credit Default Swap as well as the circumstances in which the time period for making credit protection claims in respect of the Credit Default Swap may be extended beyond the Initial Termination Date.

*Redemption upon Tax Redemption Event*

Upon the occurrence of a Tax Redemption Event the Issuer may, subject to certain conditions, designate any Interest Payment Date as the Tax Redemption Date on giving not less than 30 calendar days' or more than 45 calendar days' irrevocable notice to the Noteholders. See "*Terms and Conditions of the Notes – Condition 6.3 (Designation of a Tax Redemption Date)*".

*Redemption upon Swap Optional Termination Date*

If:

- (a) a Clean Up Event; or

(b) a Regulatory Event occurs,

*provided* that a Scheduled Maturity Date has not already occurred, the Swap Counterparty will have the right under the Credit Default Swap to designate a Swap Optional Termination Date on giving not less than five Business Days' prior written notice. See "*Terms and Conditions of the Notes — Condition 6.4 (Designation of a Swap Optional Termination Date)*".

*Clean-up Event*

A Clean-up Event will occur when, on any date of determination following the end of the Replenishment Period, the Portfolio Notional Amount is equal to or less than 10 per cent. of the Initial Portfolio Notional Amount.

*Regulatory Event*

A Regulatory Event will occur when, in the sole opinion of the Swap Counterparty, there is a material change in the Swap Counterparty's ability to reflect the full benefit of the Credit Default Swap as anticipated on the Closing Date to an extent which is material to the Swap Counterparty, as a result of an enactment of or supplement or amendment to, or a change in, law, policy or official interpretation of any relevant regulations or as a result of any official communication, interpretation or determination made by any relevant regulatory authority.

*Events of Default*

The Events of Default are set out in Condition 10 (*Events of Default and Acceleration*) and include, without limitation, (a) unremedied defaults by the Issuer relating to the payment of principal or interest on the Notes or relating to the performance of its other obligations under or in respect of the Notes for a continuous period, (b) the Security ceasing to be valid and enforceable and (c) insolvency of the Issuer. Subject to the terms of the Security Trust Deed and, subject to being indemnified and/or secured and/or prefunded to its satisfaction, the Security Trustee (1) shall upon receipt by it of a Note Default Notice, or (2) following the occurrence of an Enforcement Event, may, at its discretion or, shall, if so directed by the Instructing Party and subject in each case to it being indemnified and/or secured and/or prefunded to its satisfaction unless it has already given such notice at such time, give an Enforcement Notice to the Issuer (with a copy to the Note Trustee and each Agent) either declaring (A) that the Security has become enforceable pursuant to and upon the delivery of a Note Default Notice or (B) the Security to be enforceable following the occurrence of an Enforcement Event.

The occurrence of an Early Termination Date (as described herein) under the ISDA Master Agreement may result in the occurrence of an Enforcement Event. In the event that the Enforcement Date occurs, the Notes may be redeemed as described above. If an Early Termination Date occurs under the Credit Default Swap other than due to the occurrence of a Swap Tax Event or Swap Acceleration Event, the Notes shall become immediately due and payable in accordance with Condition 6.2 (*Redemption on or after the Notes*

*Termination Date*) without any further notice or other action on the part of the Security Trustee, the Note Trustee or the Noteholders.

*Taxation of Payments on the Notes*

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within any applicable jurisdiction or any political subdivision thereof or by any authority thereof or therein having power to tax, unless such withholding or deduction is required by any applicable law. In that event the Issuer shall make such payments after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to pay any additional amounts to the Noteholders in respect of such withholding or deduction.

However, in that event, *provided* that the Issuer has been specifically provided with funds by the Swap Counterparty (at the option of the Swap Counterparty) for such purpose, the Issuer will pay such additional amounts ("**Additional Amounts**") as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had become required, except that no Additional Amounts will be payable in respect of any Notes in the circumstances set out in Condition 9(a) (*Taxation*).

In the event that the Issuer is required or would, if provided with funds therefor, be required to pay any Additional Amounts to Noteholders and the Swap Counterparty has elected to terminate the Credit Default Swap or has failed to pay any additional amount which it has elected to pay under the Credit Default Swap or has elected not to indemnify the Issuer in respect of any Tax incurred by it or for any Additional Amount which the Issuer would, if it were so funded, be obliged to pay to Noteholders under Condition 9 (*Taxation*), the Notes will be redeemed in accordance with Condition 6.3 (*Designation of a Tax Redemption Date*).

*United Kingdom Taxation*

See "*Taxation of Noteholders – United Kingdom Taxation*".

*Cayman Islands Taxation*

See "*Taxation of Noteholders – Cayman Islands Taxation*".

*United States Taxation*

See "*Material United States Federal Income Tax Considerations*".

*Certain ERISA and other considerations*

See "*Certain ERISA and Other Considerations*".

*Conditions*

References to the Conditions (or any Condition) are to the terms and conditions of the Notes in the form scheduled to the Note Trust Deed, as those terms and conditions may be modified from time to time in accordance with the terms of the Note Trust Deed. See "*Terms and Conditions of the Notes*".

<b>Credit Default Swap</b>	On the Closing Date, the Issuer will enter into the Credit Default Swap with SCB as Swap Counterparty pursuant to which the Issuer will provide credit protection in respect of a number of Reference Entities and the related Reference Obligations. The Credit Default Swap will be documented under the ISDA Master as supplemented by the Swap Confirmation. The principal terms of the Credit Default Swap will be as set out below.
<i>Swap Premium</i>	As the buyer of credit protection, the Swap Counterparty will make periodic payments of the Swap Premium to the Issuer.
<i>The Reference Portfolio and Reference Entities</i>	The Swap Counterparty designated, with respect to the Initial Portfolio Composition Date, the Reference Portfolio which shall be the subject of the Credit Default Swap. The Reference Portfolio will, at any time consist of a pool of Reference Entities and the related Reference Obligations at that time which may or may not have been originated or acquired by the Swap Counterparty.
	The Reference Entities and the related Reference Obligations will be specified in the Reference Registry and will each be identified by an identification code in the Reference Registry.
<i>Initial Portfolio Composition Date</i>	22 July 2011.
<i>Reference Obligations</i>	Reference Obligations may be those obligations in respect of the Reference Entity (whether under loans, letters of credit, commercial bonds, guarantees, bills of exchange, promissory notes or any other document or instrument) which are (i) claims in respect of principal, interest, fees, disbursements or other like payments or any other payment obligation whether partial or contingent; (ii) reimbursement, repayment or indemnity claims; or (iii) any combination of the foregoing, in each such case arising in respect of Trade Financing Activities, as described more fully in the " <i>Description of the Credit Default Swap - Reference Portfolio - Reference Obligations</i> ".
<i>Reference Obligation Notional Amount</i>	The Swap Counterparty has designated a Reference Obligation Notional Amount in respect of each Reference Obligation in the Reference Registry.
	The Reference Obligation Notional Amount of a Reference Obligation may be reduced as a result of a Reduction or increased as a result of Replenishment, in the manner described below.
<i>Reference Registry</i>	The Swap Counterparty will be required to maintain a registry specifying certain detailed information in respect of each Reference Obligation and Reference Entity. See " <i>Reference Registry</i> " below for a description of the contents of the Reference Registry.
<i>Servicing</i>	The administration, collection and enforcement of each Reference Obligation including the enforcement of any related Reference Collateral, shall be carried out in accordance with the Servicing

Principles. The administration, collection and enforcement of each Reference Obligation, including the enforcement of any security granted in respect thereof, shall be carried out by (i) an SCB Entity or (ii) a third party agent bank on behalf of an SCB Entity or (iii) an agent bank duly appointed under a relevant Reference Obligation. See "*Reference Portfolio – Servicing*" under "*Description of the Credit Default Swap*" and "*SCB's Credit and Collection Policy*".

*Non-U.S. Dollar Reference Obligations*

In respect of each Non-U.S. Dollar Reference Obligation, the Swap Counterparty shall designate a U.S. Dollar amount as the Reference Obligation Notional Amount thereof, such U.S. Dollar amount being the U.S. Dollar equivalent of the amount in the currency of denomination of such Reference Obligation in respect of which the Swap Counterparty is buying credit protection converted into U.S. Dollars at the Relevant FX Rate.

The Relevant FX Rate is set on the Initial Portfolio Composition Date or the date that an obligation in the relevant currency is first included in the Reference Portfolio and may be subsequently reset by reference to the rate determined by the Swap Counterparty to be the mid-market foreign exchange rate prevailing on such date for the conversion of the relevant currency into U.S. Dollars applied by the Swap Counterparty for its own regular foreign exchange transactions.

In order to reflect fluctuations in the exchange rate between U.S. Dollars and the currency of such Non-U.S. Dollar Reference Obligations, subject to the provisions of the Credit Default Swap, the Swap Counterparty may but is not obliged to, from time to time and irrespective of whether the Replenishment Period has come to an end, reset the Relevant FX Rate applicable to any Non-U.S. Dollar Reference Obligation (excluding any Defaulted Reference Obligation or a Liquidated Reference Obligation) on the last day of each (or any) calendar month.

*Replenishments*

On any Business Day during the Replenishment Period on which the Maximum Portfolio Notional Amount exceeds the Portfolio Notional Amount, the Swap Counterparty may adjust the Reference Portfolio, by:

- (a) adding Reference Obligations relating to existing Reference Entities;
- (b) adding new Reference Entities and adding related Reference Obligations to the Reference Portfolio; or
- (c) increasing the Reference Obligation Notional Amount of any Reference Obligation then comprising the Reference Portfolio.

No Replenishment shall be permitted if the Cumulative Default

Trigger is breached.

"**Replenishment Period**" means the period from and including the Closing Date to but excluding the earliest of:

- (a) the date on which the Cumulative Default Trigger has been breached for a continuous period of 60 Business Days;
- (b) 12 November 2014; and
- (c) the Initial Termination Date.

See "*Description of the Credit Default Swap - Reference Portfolio - Replenishments*" for a description of the Cumulative Default Trigger and the additional conditions (including satisfaction of the Eligibility Criteria and Replenishment Conditions) that must be satisfied for the purposes of Replenishments.

*Reductions*

The Swap Counterparty may, at any time and from time to time, elect to reduce the Reference Obligation Notional Amount of any Reference Obligation (a "**Reduction**") as a result of the occurrence of any one of the events specified in the Credit Default Swap. See "*Description of the Credit Default Swap - Reference Portfolio – Reductions*" for a summary of the applicable events. Any such Reduction will be effective on the day on which it is made. Upon a Reduction, the Reference Obligation Notional Amount of the Reference Obligation that is the subject of a Reduction shall be reduced by the relevant Reduction Amount but without prejudice to the ability of the Reference Obligation Notional Amount for that Reference Obligation to be subsequently increased pursuant to a Replenishment. If the Reference Obligation Notional Amount of a Reference Obligation is reduced to zero it shall be removed from the Reference Portfolio, but without prejudice to the ability of such Reference Obligation to be subsequently included in the Reference Portfolio to the extent that it is the subject of a Replenishment.

*Credit Protection Term*

The Issuer will provide credit protection only with respect to Credit Events which occur during the Notice Delivery Period. See "*Credit Protection Claims – Notice Delivery Period*" and "*Credit Protection Claims – Conditions to Settlement*" under "*Description of the Credit Default Swap*".

*Notice Delivery Period*

The Notice Delivery Period means the period from and including the Closing Date to and including the Credit Protection Term End Date or, in respect of any Potential Defaulted Reference Obligation in respect of which a Potential Failure to Pay Extension Notice is delivered on or before the Credit Protection Term End Date, to and including the date falling 10 Business Days after the Grace Period Extension Date in respect of such Potential Defaulted Reference Obligation, *provided* that, in respect of a Credit Event, if a Credit Event Notice is not delivered within 90 days of the Reference Obligation Due Date in respect of the relevant Reference

Obligation, no Credit Event Notice may be delivered in respect of that Reference Obligation (but without prejudice to the right of the Swap Counterparty to deliver a Credit Event Notice in respect of any other Reference Obligation of the relevant Reference Entity).

See "*Description of the Credit Default Swap - Credit Protection Claims – Notice Delivery Period*".

#### *Credit Events*

Subject to the occurrence of one or more Credit Events and certain other conditions, the Issuer may become liable to make payments of Cash Settlement Amounts to the Swap Counterparty. A Credit Event means, with respect to a Reference Entity, Bankruptcy, Failure to Pay or Restructuring. See "*Description of the Credit Default Swap – Credit Protection Claims - Credit Events*".

Following the occurrence of a Credit Event with respect to a Reference Entity the Swap Counterparty may elect to make a credit protection claim in respect of that Reference Entity.

#### *Conditions to Settlement*

No Cash Settlement Amount will be payable by the Issuer as a result of the occurrence of a Credit Event unless the Conditions to Settlement have been satisfied. The Conditions to Settlement are satisfied if a Credit Event Notice and Notice of Accountant Certification have been delivered within certain defined time periods. See "*Description of the Credit Default Swap – Credit Protection Claims – Conditions to Settlement*".

#### *Loss Determination*

Following the occurrence of a Credit Event in respect of a Reference Entity, if the Swap Counterparty elects to make a credit protection claim then, subject to the satisfaction of the Conditions to Settlement (other than the Notice of Accountant Certification), the Calculation Agent will determine a Loss Amount in respect of the Reference Obligation(s) of the relevant Reference Entity. The Loss Amount will be determined by reference to recoveries upon a work-out or sale of the Reference Obligation(s) of the relevant Reference Entity or, in the event that recoveries cannot be determined prior to the Workout Cut-off Date, by reference to the Fallback Price or the Financial Provision Fallback Price as described in the definition of "Final Price". See "*Description of the Credit Default Swap - Settlement Provisions – Loss Determination*".

#### *Calculation Verification*

Upon determination of a Loss Amount in respect of a Reference Obligation, the Swap Counterparty is required to procure the delivery to the Calculation Agent, the Issuer and the Note Trustee of a written report by the Accountant verifying the computation by the Calculation Agent of the Loss Amount in respect of such Reference Obligation. With respect to any Reference Obligation, the amount so verified is the Verified Loss Amount and the date on which such Loss Amount is verified is the Verification Date.

#### *Cash Settlement Amount*

Following the satisfaction of the Conditions to Settlement and the

completion of the loss determination and verification procedures described above, the Calculation Agent will ascertain the Cash Settlement Amount payable by the Issuer to the Swap Counterparty. The Cash Settlement Amount will be determined as follows:

- (a) if the Adjusted Cumulative Loss Amount is greater than the Threshold Amount, the Cash Settlement Amount will be the amount equal to the Tranche Loss minus the Paid Loss; or
- (b) if the Adjusted Cumulative Loss Amount is less than or equal to the Threshold Amount, the Cash Settlement Amount will be zero,

*provided* that the Cash Settlement Amount may not be less than zero. The above is more fully described in "Description of the Credit Default Swap - Settlement Provisions - Cash Settlement Amount".

*Additional Swap Counterparty Payments*

The Swap Counterparty may be liable to make further payments of Loss Adjustment Payments to the Issuer following the determination of any Late Recovery Amount or Excess Loss Amount.

If a Loss Adjustment Payment is determined to be due by the Swap Counterparty to the Issuer, the Swap Counterparty shall, in addition, be required to pay, on the relevant Payment Date, as part of the Notes Funding Amount an amount equal to the sum of the Regular Interest Amount and the Compounded Interest Amount that is payable by the Issuer in respect of the Notes as a result of such Loss Adjustment Payment pursuant to Condition 6.12 (*Interest on Principal Reinstatement*). See "*Description of the Credit Default Swap - Settlement Provisions - Late Receipts, Erroneous Payments and Additional Payments*".

*Additional Issuer Payments*

The Issuer may, in certain circumstances, be liable to make further payments to the Swap Counterparty (being an Additional Loss Payment) following the determination of an Additional Loss Amount pursuant to the provisions of the Credit Default Swap. See "*Description of the Credit Default Swap - Settlement Provisions – Additional Payments*".

*Credit Default Swap Termination Date*

The Credit Default Swap will terminate at the earliest of the Scheduled Termination Date, the date on which the Tranche Notional Amount is reduced to zero and the aggregate Outstanding Principal Balance of all of the Notes is zero, an Early Termination Date, the Swap Optional Termination Date and the Tax Termination Date. See also "*Description of the Credit Default Swap - General Terms – Termination of the Credit Default Swap and Outstanding Potential Credit Protection Claims*" for a description of the circumstances in which the credit protection term

may be extended.

## **Collateral**

### *Note Proceeds*

On the Closing Date, the proceeds of the Notes will be deposited by the Issuer into the Principal Collections Account. Pursuant to the Account Bank Agreement, the Account Bank shall pay interest on the cash deposit at a rate of interest agreed from time to time between the Issuer, the Account Bank and the Swap Counterparty and shall pay to the Issuer from and to the extent of the credit balance of the Principal Collections Account such amount as may be required by the Issuer from time to time to pay Cash Settlement Amounts to the Swap Counterparty or principal in redemption of the Notes.

### *Switch to Repo*

Pursuant to the Collateral Switch Agreement, the Swap Counterparty may, at any time after the Closing Date, other than during a Repo Existence Period, by notice in writing to the Issuer, the Administrator and the Security Trustee: (a) designate an Interest Payment Date as a Repo Commencement Date, and (b) instruct the Issuer to, as at such Interest Payment Date, (1) enter into a Repurchase Agreement in the Approved Form with an entity (as seller of Eligible Securities) selected by the Swap Counterparty pursuant to which the Issuer will apply all of the Collateral Principal Proceeds in purchasing Eligible Securities from the Repo Counterparty, (2) enter into a Custody Agreement in the Approved Form with an entity (as custodian) selected by the Swap Counterparty pursuant to which the Custodian will be required to agree, among other things, to hold in custody the Eligible Securities purchased by the Issuer pursuant to the Repurchase Agreement and (3) apply all of the Collateral Principal Proceeds in purchasing Eligible Securities from the Repo Counterparty under the terms of the Repurchase Agreement.

The Swap Counterparty may, at any time and from time to time, direct the Issuer to terminate any then current Collateral Investment and to invest the Collateral Principal Proceeds in the Alternative Collateral Investment.

### *Repo Existence Period*

Any period during which the proceeds of the Notes (or the remainder thereof) are invested in Eligible Securities pursuant to a Repurchase Agreement.

## **Approved Form Repurchase Agreement**

### *Initial Purchase*

Pursuant to the Collateral Switch Agreement, the Issuer may be required to enter into a Repurchase Agreement with the relevant Repo Counterparty. The following summary applies with respect to and during any Repo Existence Period.

Pursuant to the Approved Form Repurchase Agreement, the Issuer will, on a Repo Commencement Date, purchase Eligible Securities

from the Repo Counterparty at an initial purchase price equal to the then current amount of the Collateral Principal Proceeds.

*Repo Collateral*

The Repo Collateral, if any, will be comprised of all Eligible Securities purchased by the Issuer from the Repo Counterparty or delivered by the Repo Counterparty to the Issuer by way of margin or substitution (or, if applicable, the cash proceeds thereof) and which, at such time, have not been repurchased by or redelivered to the Repo Counterparty.

Pursuant to the terms of the Approved Form Custody Agreement, which is the form of agreement that the relevant Custodian will be required to execute upon execution of the Repurchase Agreement, the Custodian will hold the Repo Collateral in the form of Eligible Securities in a designated custody securities account in the name of the Issuer. The Custodian will cause such holding on behalf of the Issuer to be reflected in its own records and, if permissible, in its client records with Euroclear and/or Clearstream, Luxembourg. Subject to the provisions of the Custody Agreement, (a) Collateral Income Proceeds in respect of any Repo Collateral received by or on behalf of the Custodian for the account of the Issuer from time to time will be deposited into the Interest Collections Account and (b) redemption and/or sale proceeds of any Repo Collateral which are received by or on behalf of the Custodian for the account of the Issuer from time to time will be transferred from the Custody Account and held in the Issuer's Principal Collections Account with the Account Bank.

*Substitutions for Cash*

On any Business Day upon which the Issuer holds the proceeds of redemption of any Repo Collateral, the Repo Counterparty shall deliver to the Issuer Eligible Securities with a Market Value at least equal to such proceeds in substitution for such proceeds. Such substituted Eligible Securities will constitute replacement Repo Collateral.

*Issuer Payments and Repurchase of Eligible Securities*

If on any Payment Date (occurring during a Repo Existence Period) the Issuer is required to pay any principal amount or a Cash Settlement Amount is due under the Credit Default Swap, it will sell Eligible Securities to the Repo Counterparty to the extent necessary to realise the funds required to make such payment. On each such Payment Date the Repo Counterparty shall repurchase Eligible Securities in exchange for a cash amount equal to the payment then due and the Initial Transaction shall be adjusted in the manner described in "*Approved Form of The Repurchase Agreement and Custody Agreement - Issuer Payment and Repurchase of Equivalent Securities*".

*Principal Reinstatements and Purchase of Eligible Securities*

On any Payment Date (occurring during a Repo Existence Period) on which the Outstanding Principal Balance of the Notes is to be increased by aggregate Reinstatement Amounts pursuant to the Conditions, the Issuer shall, on such date, apply an amount equal to the aggregate Reinstatement Amounts (but only to the extent that

such Reinstatement Amounts relate to Loss Adjustment Payments) in purchasing from the Repo Counterparty Eligible Securities the Market Value of which is at least equal to such aggregate Reinstatement Amounts multiplied by the Margin Ratio.

*Repo Premium*

The Repo Counterparty will pay to the Issuer, on each Payment Date, (occurring during a Repo Existence Period) the Repo Premium which shall accrue on a daily basis on the Purchase Price of the Repo Collateral and which will be determined as described in "*Approved Form of The Repurchase Agreement and Custody Agreement - Repo Premium*".

*Income on Eligible Securities*

The Custodian, on behalf of the Issuer, will, subject to the provisions of the Repurchase Agreement, pay over to the Repo Counterparty all Income received by the Custodian (on behalf of the Issuer) in respect of the Repo Collateral.

*Daily Mark to Market*

To collateralise its obligation to pay the Outstanding Repurchase Price, the Repo Counterparty may be obliged to deliver additional Eligible Securities to the Issuer from time to time. Any additional Eligible Securities so delivered to the Custodian shall constitute additional Repo Collateral. The Market Value of the Repo Collateral will be determined by the Custodian on a daily basis. See "*Approved Form of The Repurchase Agreement and Custody Agreement – Daily Mark to Market*".

*Ultimate Repurchase Obligation*

If the Notes Termination Date occurs during a Repo Existence Period, on the Notes Termination Date, the Repo Counterparty shall repurchase from the Issuer securities equivalent to all of the Repo Collateral on such date at a price equal to the Outstanding Repurchase Price as at such date.

In accordance with the Security Trust Deed, the proceeds of any repurchase payments made to the Issuer under the Repurchase Agreement on the Notes Termination Date shall be deposited into the Principal Collections Account which (along with the proceeds of such account) shall be subject to the Security created pursuant to the Security Documents.

*Termination*

See "*Approved Form of The Repurchase Agreement and Custody Agreement - Termination of Repurchase Agreement and Repo Event of Default*".

**Cash Administration**

*Accounts*

All payments of (a) Swap Premium and Collateral Income Proceeds will, upon receipt, be deposited into the Interest Collections Account and (b) the proceeds of the Notes or, during any Repo Existence Period, the Repo Proceeds, will, upon receipt, be deposited into the Principal Collections Account.

Each Account shall be established and maintained in the name of

the Issuer at the Account Bank.

*Collateral Principal Proceeds*

The proceeds of the Notes will, on the Closing Date, be deposited into the Principal Collections Account. The Collateral Principal Proceeds shall be on any date, (a) if the proceeds of the Notes (or the remainder thereof) are deposited in to the Principal Collections Account, the proceeds of such account, or (b) if the proceeds of the Notes (or the remainder thereof) are invested in Eligible Securities pursuant to a Repurchase Agreement, the Repo Proceeds credited to the Principal Collections Account.

*Collateral Income Proceeds*

Interest earned on the Principal Collections Account (or, during any Repo Existence Period, Repo Premium) and the Interest Collections Account will be paid to the Issuer from time to time and constitutes Collateral Income Proceeds.

## **Security**

*Security Documents*

The Security Documents will be comprised of the Security Trust Deed, any security document incorporating appropriate local law security arrangements and any other security document purporting to create security entered into from time to time by the Issuer in favour of the Security Trustee for the benefit of the Secured Parties.

*Secured Parties*

As at the Closing Date the Secured Parties will be the Account Bank, the Administrator, the Agents, the Corporate Services Provider, the Noteholders, the Note Trustee, the Security Trustee, the Swap Counterparty and any Receiver.

*Charged Assets*

Under the Security Trust Deed, the Issuer will grant to the Security Trustee, among other things, an assignment by way of first fixed security of its rights, if any, in and to the credit balance from time to time of each Account and its rights, if any, to delivery of the Eligible Securities held therein and an assignment of its rights, if any, in respect of the Transaction Documents.

After the Enforcement Date, the proceeds of realisation of the Charged Assets will be allocated and applied by the Security Trustee in the Enforcement Order of Priority in accordance with Clause 9.2 (*Application following Enforcement Date*) of the Security Trust Deed. See "Security and Cash Administration - Enforcement Order of Priority".

*Limited Recourse*

The Notes will constitute secured, limited recourse obligations of the Issuer. Notwithstanding any provisions of the Security Documents or of any Transaction Document, all payments of principal and interest to be made by the Issuer under the Notes and all payments to be made by the Issuer to the Secured Parties under the Transaction Documents will be payable only from the sums paid to, or net proceeds recovered by or on behalf of, the Issuer or the Security Trustee in respect of the Charged Assets and in accordance with the priority of application specified in Clause 9

(*Priority of Application*) of the Security Trust Deed. There will be no other assets of the Issuer available for any further payments by the Issuer. The Security Trustee and each other Secured Party will look solely to such sums, proceeds and the rights of the Issuer in respect of the Charged Assets in accordance with the terms of the Security Documents for payments to be made by the Issuer. Having enforced the Security and distributed the net proceeds thereof in accordance with the terms of the Security Trust Deed, none of the Security Trustee nor any other Secured Party may take any further steps against the Issuer to recover any unpaid sum or undischarged payment obligation, and the Issuer's liability for any such sum shall be extinguished.

#### **Transaction Documents**

As at the Closing Date, the Transaction Documents will be the Account Bank Agreement, Administration and Cash Management Agreement, the Agency Agreement, the Collateral Switch Agreement (including the Approved Form Custody Agreement and Approved Form Repurchase Agreement as set out therein), the Corporate Services Agreement, the Registered Office Agreement, the Credit Default Swap, the Notes, the Note Trust Deed, the Security Documents and the Subscription Agreement.

Particulars of the dates of, parties to and general nature of each Transaction Document are set out in various sections of this Prospectus.

#### *Use of Proceeds*

On the Closing Date, the proceeds of the offering of the Notes will be deposited by the Issuer into the Principal Collections Account. Collateral Principal Proceeds will be used to pay, among other things, Cash Settlement Amounts which the Issuer may become obliged to pay from time to time pursuant to the Credit Default Swap. See "*Security and Cash Administration — Enforcement Order of Priority*".

The Issuer will (with funds received on the Closing Date from the Swap Counterparty under the Credit Default Swap), on the Closing Date, pay (or procure the payment of) all fees incurred by it in connection with the issuance of the Notes (including the aggregate expenses related to the admission of the Notes to trading, which are estimated to be USD 20,000), and no amount will be deducted from the proceeds of the issuance of the Notes for such purpose.

#### *Form and Denomination of Notes*

The Notes will be in registered form. The Notes will initially be represented by a Global Note Certificate in fully registrable form without interest coupons or principal receipts attached, each of which is expected to be deposited with the Common Depository or, in the case of Rule 144A Notes, a nominee of DTC, on or about the Closing Date. Individual Note Certificates, evidencing holdings of Notes, will only be available in certain limited circumstances. The Notes will be offered in minimum denominations of USD 200,000 (and integral multiples of USD 10,000 in excess thereof). See

*"Form of Notes".*

**Registration**

The Notes have not been registered under the Securities Act. The Issuer has not been and will not be registered under the Investment Company Act. The Rule 144A Notes are being offered in the United States only to QIBs. The Issuer is relying on the exemption from the requirements of the Investment Company Act provided by Section 3(c)(7) thereunder. Accordingly, all United States investors are required to be QPs. The Notes are also being offered outside the United States in accordance with Regulation S. See "*Subscription and Sale*".

**Governing Law**

The Account Bank Agreement, the Administration and Cash Management Agreement, the Agency Agreement, the Collateral Switch Agreement, the Credit Default Swap, the Notes, the Note Trust Deed, the Security Trust Deed and any non-contractual obligations arising out of or in connection with them will be governed by, and will be construed in accordance with, English law and the parties have submitted to the non-exclusive jurisdiction of the English courts for all purposes in connection with such documents.

The Issuer will appoint Maples and Calder in England to accept service of process on its behalf in connection with such documents.

The Corporate Services Agreement and the Registered Office Agreement will be governed by the law of the Cayman Islands.

**Listing**

This Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.

There can be no assurance that any such listing will be obtained or, if obtained, will be maintained.

**Closing Date**

The date falling on or about 12 August 2011.

## RISK FACTORS

An investment in the Notes involves certain risks. Prospective investors should carefully consider the following investment considerations, in addition to the matters set forth elsewhere in this Prospectus, prior to investing in the Notes.

### Transaction Overview

Concurrently with the issuance of the Notes the Issuer will, on the Closing Date, enter into the Credit Default Swap with the Swap Counterparty pursuant to which the Issuer will sell credit protection to the Swap Counterparty in respect of a portfolio, designated by the Swap Counterparty, of Reference Obligations. In return for periodic payments of Swap Premium, the Issuer will be liable to make payments of Cash Settlement Amounts to the Swap Counterparty upon the occurrence of a Credit Event in relation to any of the Reference Entities and the fulfilment of certain other conditions.

Upon the occurrence of each Event Determination Date under the Credit Default Swap and/or any Payment Date upon which the Issuer is obliged to pay an Additional Loss Payment to the Swap Counterparty, subject to the terms of the Conditions and taking into account, among other things, the Threshold Amount, the Outstanding Principal Balance of the Notes will be reduced on such Event Determination Date or Payment Date, as applicable, without any commensurate payment to Noteholders, by the amount of the relevant Defaulted Notional Amount or Additional Loss Payment, as applicable, on a *pro rata* and *pari passu* basis until the Outstanding Principal Balance of each Note is reduced to USD 1 (one U.S. Dollar) or, on the Final Payment Date, zero. The Adjusted Outstanding Principal Balance of the Notes will be adjusted automatically and interest shall not accrue on any Note if and for so long as the Adjusted Outstanding Principal Balance of such Note is USD 1 or less. Reductions to the Outstanding Principal Balance of the Notes may, in certain circumstances, be subsequently reinstated with interest. To the extent not previously paid or reduced, the aggregate Outstanding Principal Balance of, and accrued and unpaid interest on, the Notes will be due and payable on the Final Maturity Date.

On the Closing Date, the proceeds of the issue of the Notes will be deposited by the Issuer into the Principal Collections Account. The Swap Counterparty may, at any time and from time to time, direct the Issuer to terminate any then current Collateral Investment and to invest the Collateral Principal Proceeds in the Alternative Collateral Investment.

Collateral Principal Proceeds will be applied from time to time to pay any Cash Settlement Amounts that may be payable under the Credit Default Swap and, to the extent not so applied, will be used to redeem the Notes as described below. If as at the Notes Termination Date the Collateral Principal Proceeds consist of Repo Collateral and any Notes remain outstanding on such date, the balance of the Repo Proceeds shall be deposited into the Principal Collections Account and applied in paying any Cash Settlement Amount that may fall due thereafter or, to the extent not so required, in redemption of the Notes.

Swap Premium, Collateral Income Proceeds and Collateral Principal Proceeds will, from time to time, be applied, subject to the priority of payments and security provisions as described herein, to discharge the Issuer's payment obligations under the Notes, the Credit Default Swap and the other Transaction Documents.

### General Risk Factors

#### *Investor Considerations*

The Notes are complex securities and prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk, that they have sufficient

knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and that they consider the suitability of the Notes as an investment in light of their own circumstances and financial condition.

#### *Suitability*

The Notes are not a suitable investment for all investors. Each investor should ensure that they understand the individual legal, tax, accounting, regulatory and financial implications of an investment in the Notes for such investor.

Investors may not rely on the Account Bank, the Administrator, the Agents, the Calculation Agent, the Corporate Services Provider, the Credit Event Monitor Agent, the Issuer, the Lead Manager, the Arranger, the Note Trustee, the Security Trustee, the Swap Counterparty or the Repo Counterparty (together, the "**Transaction Participants**") in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to in this risk factors section of this Prospectus. Neither the Issuer nor any of the other Transaction Participants is acting as an investment adviser, or assumes any fiduciary obligation, to any investor in the Notes. No Transaction Participant assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any Reference Entity or any other Transaction Participant.

#### **Synthetic Credit Risk**

The repayment of principal of and, due to the potential reduction in the principal amount, payment of interest on the Notes is conditional upon the performance of the Reference Entities and Reference Obligations as described herein.

Due to the credit-linked nature of the Notes, investors have a credit exposure to the Reference Entities and the Reference Obligations thereof via the Credit Default Swap. Defaults, valuations and actual or potential losses in respect of the Reference Obligations referenced under the Credit Default Swap may affect the extent of losses suffered by Noteholders.

Credit exposure via credit derivative transactions (as in the case of credit-linked notes or synthetic collateralised debt obligations) may involve risks that are additional to those which would occur if investors had a direct holding of the Reference Obligations of such Reference Entities. The terms of the Credit Default Swap include, in particular, credit events defined therein and a loss calculation methodology which may result in a different (and potentially greater) risk of loss and (if the measure of loss cannot initially be measured by reference to ultimate recoveries) a different (and potentially greater) measure of loss as compared to the risk of actual default and ultimate recovery applicable to an actual holding in the relevant Reference Obligations.

A Cash Settlement Amount may become due and payable if Credit Events occur with respect to Reference Entities (or one or more obligations thereof). Following the occurrence of a Credit Event in respect of a Reference Entity, if the Swap Counterparty elects to make a credit protection claim then, subject to the satisfaction of the Conditions to Settlement (other than the Notice of Accountant Certification), the Calculation Agent will determine a Loss Amount in respect of the Reference Obligation(s) of the relevant Reference Entity. To the extent that the Adjusted Cumulative Loss Amount is greater than the Threshold Amount, the Issuer will be obliged to pay one or more Cash Settlement Amounts to the Swap Counterparty following the satisfaction of the Conditions to Settlement.

The Issuer may be liable to make further credit protection payments to the Swap Counterparty in respect of the Credit Default Swap on each Payment Date following the determination of an Additional Loss Payment. See "*Description of the Credit Default Swap — Settlement Provisions – Additional Payments*".

Upon the occurrence of each Event Determination Date under the Credit Default Swap and/or any Payment Date upon which the Issuer is obliged to pay an Additional Loss Payment to the Swap Counterparty, subject to the terms of the Conditions and taking into account, among other things, the Threshold Amount, the Outstanding Principal Balance of the Notes will be reduced on such Event Determination Date or Payment Date, as applicable, without any commensurate payment to Noteholders, by the amount of the relevant Defaulted Notional Amount or Additional Loss Payment, as applicable, on a *pro rata* and *pari passu* basis until the Outstanding Principal Balance of each Note is reduced to USD 1 (one U.S. Dollar) or, on the Final Payment Date, zero. The Adjusted Outstanding Principal Balance of the Notes will be adjusted automatically and interest shall not accrue on any Note if and for so long as the Adjusted Outstanding Principal Balance of such Note is USD 1 or less. Reductions to the Outstanding Principal Balance of the Notes may, in certain circumstances, be subsequently reinstated with interest. To the extent not previously paid or reduced, the aggregate Outstanding Principal Balance of, and accrued and unpaid interest on, the Notes will be due and payable on the Final Maturity Date.

The occurrence of Event Determination Dates under the Credit Default Swap may, therefore, lead to a reduction of the Outstanding Principal Balance of the Notes and thereby a reduction in the amount of principal and, due to a related reduction in the Adjusted Outstanding Principal Balance, interest payable to the Noteholders and therefore the Noteholders will be exposed to the risk of loss upon a Credit Event occurring in respect of any Reference Entity. See also "*Risk Factors —Interest Entitlement*".

### **Reference Entities**

The Reference Entities and Reference Obligations referenced in the Credit Default Swap will be specified in the Reference Registry. The Reference Portfolio as of the Closing Date will be as set out in the Reference Registry, certain characteristics of which are set out in the section entitled "*Description of the Initial Reference Portfolio*". The Reference Registry will not disclose the names of the Reference Entities or the Reference Obligations (and will not contain information that the Swap Counterparty is legally constrained from disclosing under applicable banking secrecy laws).

#### *Limited Provision of Information about Reference Entities*

None of the Issuer, the Note Trustee, the Security Trustee nor any Noteholder will have the right to inspect any records of the Swap Counterparty or any affiliate thereof.

None of the Issuer, the Note Trustee, the Security Trustee or the Noteholders will have the right to know the identities of the Reference Entities or, except as specifically required under the terms of the Credit Default Swap, to receive any information regarding any obligation of any Reference Entity. Other than in respect of the reports and notices to be delivered under the terms of the Credit Default Swap (as described in "*Description of the Credit Default Swap — Reference Portfolio — Reporting*"), the Swap Counterparty will have no obligation to keep the Issuer, the Security Trustee, the Note Trustee or the Noteholders informed as to matters arising in relation to any Reference Entity or any Obligation, including whether or not circumstances exist under which there is a possibility of the occurrence of a Credit Event.

None of the Security Trustee, the Note Trustee or the Issuer is obliged to monitor Reductions, Cancellations or Replenishments with respect to the Reference Portfolio.

The Reference Entities and the related Reference Obligations comprising the Reference Portfolio may change from time to time in accordance with the terms of the Credit Default Swap.

#### *Reference Obligations*

A Cash Settlement Amount will be determined in respect of Reference Entities in respect of which Credit Events have occurred (and the Conditions to Settlement have been satisfied) by reference to the recovery,

sale or valuation (which may be an internal valuation by the Relevant Financier) of one or more Reference Obligations thereof and, in the case of Restructuring Credit Events, by reference to the amount of the value adjustment to the profit and loss account of the Relevant Financier in respect of the forgiveness or postponement of principal (but not interest or fees) relating to the Restructured Reference Obligations.

Reference Obligations will be designated by the Swap Counterparty on or before the Closing Date in respect of each Reference Entity and identified in the Reference Registry. The Reference Obligations will be required to be certain claims, including partial claims and contingent claims in respect of principal, interest, fees, disbursements or other like payments or any other payment obligation, reimbursement repayment or indemnity claims and any combination of the foregoing in respect of Trade Financing Activities. See "*Description of the Credit Default Swap – Reference Portfolio – Reference Obligations*".

In selecting Reference Obligations, the Swap Counterparty shall have regard to its own interests and not those of any other person.

#### *Diversification Risk*

The risk of Credit Events occurring with respect to the Reference Portfolio and the amount and extent of any Cash Settlement Amounts relating thereto may be adversely affected by the concentration of exposure within the Reference Portfolio to any one area, country, obligor or industry. See "*Eligibility Criteria*" and "*Replenishment Conditions*".

#### *Industry Sector Concentration of the Reference Entities*

Although the Reference Entities are involved in a range of different industry sectors, there may be either a higher concentration of Reference Entities in a particular industry or correlation between the creditworthiness of Reference Entities in different but related industry sectors. Deterioration in the economic conditions in any such industry sector or sectors may adversely affect the ability of the Reference Entities to pay the Reference Obligations and, therefore, could increase the risk of Credit Events occurring in relation to the related Reference Obligations. A greater concentration of Reference Entities in particular industry sectors may, therefore, result in a greater risk of loss than if such concentration had not been present.

Investors in the Notes should be aware that, although the Replenishment Conditions include limits on the concentration of Reference Obligation Notional Amounts in particular Moody's Industry Groups and S&P Industry Groups, the relative size of the Tranche Notional Amount as compared with the concentration limits may mean that investors still have significant exposure to particular Moody's Industry Groups and S&P Industry Groups.

#### *Geographical Concentration of the Reference Entities*

The Reference Entities may be located in, or may have material affiliates with a principal place of business in a Qualifying Country. "**Qualifying Country**" means (a) each of Argentina, Australia, Bahrain, Bangladesh, Bermuda, Botswana, Brazil, Cayman Islands, Channel Islands, China, France, Germany, Ghana, Hong Kong, India, Indonesia, Japan, Jordan, Kenya, Macau, Malaysia, Mauritius, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Singapore, South Africa, South Korea, Sri Lanka, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, United States of America, Vietnam, Virgin Islands (British), *provided* that if such ratings are available, such country shall not be a Qualifying Country if (i) the S&P foreign currency rating or the S&P transfer and convertibility rating for such country is below B-; or (ii) if S&P has not provided an S&P foreign currency rating and S&P transfer and convertibility rating, the Moody's foreign currency rating or the Moody's local currency rating for the countries is below B3; and (b) any other country that is not an Excluded Country and that

has a minimum S&P foreign currency rating of B+ or Moody's foreign currency rating of B1. "**Excluded Country**" means (i) each country in Africa, except Botswana, Ghana, Kenya, Nigeria and South Africa or (ii) Bolivia, Cuba, Ecuador, Jamaica, Nicaragua, Venezuela, Greece, Ireland, Italy, Portugal and Spain.

Any deterioration in the economic conditions in the countries in which the Reference Entities are located that causes an adverse effect on the ability of the Reference Entities to repay their obligations could increase the risk of losses on the Reference Obligations. A concentration of Reference Entities in such countries may therefore result in a greater risk of loss than if such concentration had not been present. Investors in the Notes should be aware that, although the Replenishment Conditions include limits on the concentration of Reference Obligation Notional Amounts in particular Countries of Domicile, the relative size of the Tranche Notional Amount as compared with the concentration limits may mean that investors still have significant exposure to particular Countries of Domicile. See "*Description of the Initial Reference Portfolio*" for a description of the countries included in the Reference Portfolio as at the Initial Portfolio Composition Date.

#### *Specific Risks Associated with Emerging Market Reference Entities*

As described above, many Reference Entities comprising the Reference Portfolio are located in emerging market countries. There may be a high degree of uncertainty and volatility associated with obligors from emerging market countries and the performance of and payment under the Notes may be directly impacted by certain political, economic and legal events and conditions.

Obligors from emerging markets countries may be affected by special risks related to regional economic conditions and sovereign risks which are not normally associated with obligors located in developed countries, including: (1) risks associated with political, economic and social uncertainty, including the risks of nationalisation or expropriation of assets, diplomatic developments, war and revolution; (2) fluctuations of currency exchange rates (i.e., the cost of converting foreign currency into U.S. Dollars); (3) lower levels of disclosure and regulation in foreign securities markets than in similar markets in developed countries; (4) confiscatory taxation, taxation of income earned in foreign nations or other taxes or restrictions imposed with respect to investment in foreign nations; (5) economic and political risks, including potential foreign exchange controls, interest rate controls and other protectionist measures (including documentation reporting) are approved requirements; (6) uncertainties as to the status, interpretation, application and enforcement of laws, including insolvency and bankruptcy laws, and (7) uncertainties as to the interpretation and enforcement by the local courts in these countries of the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500 ("**UCP 500**"), the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce, Publication No. 600 ("**UCP 600**") and the Uniform Rules for Bank-to-Bank Reimbursement under Documentary Credits, International Chamber of Commerce, Publication No. 525 ("**UCP 525**") and any amendments or further revisions of UCP 500, UCP 600 and UCP 525. In addition, there is often less publicly available information about foreign obligors than those in developed countries which may, among other things, have an effect on the assessment of the credit risks associated with a particular Reference Entity. Obligors in emerging market countries may not generally be subject to uniform accounting, auditing and financial reporting standards and auditing practices and requirements may not be comparable to those applicable to obligors located in developed countries.

The economies of individual emerging market countries may differ favourably or unfavourably from the economies of developed countries in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Governments of many emerging markets countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country.

Accordingly, government actions could have a significant effect on economic conditions in an emerging market country and on market conditions generally.

It may also be difficult to obtain and enforce a judgment relating to emerging markets debt in the jurisdiction in which the majority of the assets of an obligor is located. As a result, it may be difficult and time consuming to take control of or liquidate the collateral securing Reference Obligations.

#### *Extension of Credit Protection Term*

If, on the Credit Protection Term End Date, there exists a Reference Obligation of a Reference Entity in respect of which a Potential Failure to Pay has occurred but the Event Determination Date in respect thereof has not occurred (the Reference Obligation in respect of such Reference Entity each being a Potential Defaulted Reference Obligation), the Swap Counterparty may deliver to the Issuer (with a copy to the Calculation Agent, the Administrator and the Note Trustee) on or before the Credit Protection Term End Date a Potential Failure to Pay Extension Notice in respect of such Reference Obligation.

The delivery by the Swap Counterparty of a Potential Failure to Pay Extension Notice with respect to a Reference Obligation will have the effect of extending the Notice Delivery Period in respect of the relevant Reference Entity to the date falling 10 Business Days after the Grace Period Extension Date in respect of such Potential Defaulted Reference Obligation. The Issuer may be liable to pay a Cash Settlement Amount determined to be due to the Swap Counterparty under the Credit Default Swap if a Credit Event occurs thereunder on or prior to such Grace Period Extension Date.

### **Valuation of Credit Protection Claims**

#### *Calculation of Cash Settlement Amount*

Following the occurrence of a Credit Event with respect to a Reference Entity the Swap Counterparty may elect to make a credit protection claim in respect of that Reference Entity. If the Swap Counterparty elects to make a credit protection claim then, subject to the satisfaction of certain Conditions to Settlement, the Calculation Agent will determine a Loss Amount in respect of the Reference Obligation(s) of the relevant Reference Entity. To the extent that the Adjusted Cumulative Loss Amount is greater than the Threshold Amount, the Issuer will be obliged to pay one or more Cash Settlement Amounts to the Swap Counterparty following the satisfaction of the Conditions to Settlement. The Loss Amount will be determined by reference to recoveries upon a work-out or sale of the Reference Obligation(s) of the relevant Reference Entity (and, in the case of Restructuring Credit Events, by reference to the amount of the value adjustment to the profit and loss account of the Relevant Financier in respect of the forgiveness or postponement of principal (but not interest or fees) relating to the Restructured Reference Obligations) or, in the event that recoveries cannot be determined prior to the Workout Cut-off Date, by reference to market quotations or an amount determined by the Swap Counterparty or the Calculation Agent as described below.

#### *Liquidity and Volatility of Reference Obligations*

The Loss Amount will be determined by reference to recoveries upon a work-out or sale of the Reference Obligation(s) of the relevant Reference Entity. In the event that recoveries are not ascertained prior to the Workout Cut-off Date, the Loss Amount will be determined by the Calculation Agent by reference to: (i) if the Quotation Amount is equal to or less than USD 5,000,000, the Financial Provision Fallback Price; or (ii) if the Quotation Amount is greater than USD 5,000,000, the higher of (i) the sum of (A) the Fallback Price multiplied by the Inverse Recoveries Percentage and (B) the Recoveries Percentage; and (ii) the Financial Provision Fallback Price.

The Fallback Price is determined by reference to a market valuation procedure (including obtaining quotations) pursuant to which the Calculation Agent will attempt to obtain a market value for each relevant Reference Obligation of a Reference Entity in relation to which a credit protection claim has been made. There may be a limited market or absence of a market for the Reference Obligations thereof. The value of bid quotations (and consequently any Cash Settlement Amount determined) may be affected by factors other than the occurrence of a Credit Event including the amount of the obligation in respect of which the bid is given, the number and nature of dealers from which bids are sought, the number of attempts made to elicit bids, the amount of time between the occurrence of a Credit Event and the request for bids as well as general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Investors should be aware that in the case where the Calculation Agent is unable to obtain any firm quotation for the relevant Reference Obligation from dealers on or before the Initial Valuation Period End Date, the Fallback Price will be zero.

"**Financial Provision Fallback Price**" means, in respect of any Defaulted Reference Obligation, (i) if the Relevant Financier is an SCB Entity, a percentage equal to one *minus* the Financial Provision Rate; and (ii) if the Relevant Financier is not an SCB Entity, a percentage determined by the Calculation Agent in a commercially reasonable manner as being an estimate of the value of the principal amount of the relevant Reference Obligation, expressed as a percentage of the Quotation Amount and determined as of the Workout Cut-off Date. The "**Financial Provision Rate**" means the financial provision (in respect of principal) determined by the Relevant Financier divided by the Total Exposure of the Relevant Financier in respect of such Defaulted Reference Obligation, in each case, determined as of the Workout Cut-off Date. A wide degree of discretion is therefore conferred upon SCB (or the Relevant Financier) and, if applicable, the Calculation Agent, in determining the Financial Provision Rate and the Financial Provision Fallback Price. Investors should be aware that a high Financial Provision Rate (or a low Financial Provision Fallback Price) may increase the Loss Amount and the Cash Settlement Amount and thereby reduce the amount of principal (and interest) payable on the Notes to investors.

Investors in the Notes should be aware that the foregoing provisions will affect the calculation of the Loss Amount and the Cash Settlement Amount and therefore may affect the amount of principal (and interest) payable on the Notes to investors. See "*Description of the Credit Default Swap – Settlement Provisions – Loss Determination*" and "*Market for Loans and Trade Financing Obligations*".

#### *No Loss Required*

The Issuer's obligation to pay any Cash Settlement Amount exists regardless of whether the Swap Counterparty suffers a loss or is exposed to the risk of loss following the occurrence of a Credit Event, and regardless of whether it has any legal or beneficial interest in any obligations of any Reference Entity (including the Reference Obligation(s) of such Reference Entity) or any economic risk in respect thereof.

#### *No Legal or Beneficial Interest in Obligations of Reference Entities or Reference Obligations*

Under the terms of the Credit Default Swap, the Issuer will have a contractual relationship only with the Swap Counterparty and not with any Reference Entity. The Credit Default Swap does not constitute a purchase or other acquisition or assignment of any interest in any obligation of any Reference Entity. Accordingly, none of the Issuer, the Note Trustee, the Security Trustee or any other Secured Party will have any recourse against the obligor and/or guarantor of any Reference Obligation (or any other credit support provided in relation thereto). The Issuer will have no right directly to enforce compliance by the obligor and/or guarantor of a Reference Obligation with the terms of a Reference Obligation or any rights of set-off against the obligor and/or guarantor of a Reference Obligation or any voting rights with respect to any Reference Obligation. The Issuer will not directly benefit from any underlying assets or

enhancements supporting a Reference Obligation and will not have the benefits of any remedies that would normally be available to a holder of a Reference Obligation.

None of the Issuer, the Administrator, the Note Trustee, the Security Trustee, the Lead Manager nor the Arranger has undertaken any legal due diligence in respect of the Reference Portfolio, the Reference Entities or the terms of any Reference Obligation.

Save as described under "*Description of the Credit Default Swap — Settlement Provisions — Late Receipts, Erroneous Payments and Additional Payments*", the Swap Counterparty will not be obliged to account for any payments or amounts that a Relevant Financer may receive in respect of any Reference Obligation.

#### *Replenishment*

The Initial Portfolio Notional Amount for the Reference Portfolio is USD 3,000,000,000.

As Reductions (as described under "*Description of the Credit Default Swap — Reference Portfolio — Reductions*") occur or as recoveries are made, in each case, with respect to the Reference Portfolio, the Swap Counterparty will have the right, during the Replenishment Period and subject to the satisfaction of the applicable Replenishment Conditions, to adjust the Reference Portfolio by adding Reference Obligations thereto or increasing the Reference Obligation Notional Amount of any Reference Obligation then comprising the Reference Portfolio; *provided* that no Replenishment shall be permitted if the Cumulative Default Trigger is breached and other provisos set out in the first paragraph in the section headed "Replenishment Conditions" in this Prospectus are not complied with. Accordingly, the nature and extent of the risks assumed by the Issuer (and indirectly the Noteholders) will change over time and accordingly may do so in a manner adverse to the interests of the Issuer (and the Noteholders).

In making Replenishments, Reductions or Cancellations, the Swap Counterparty shall have regard to its own interests and not those of any other person. The Swap Counterparty will not be obliged to remove a Reference Obligation from the Reference Portfolio if either it or the relevant Reference Entity falls out of compliance with the Eligibility Criteria after the inclusion of such Reference Obligation in the Reference Portfolio.

#### *Resets of Non-U.S. Dollar Reference Obligations*

The Swap Counterparty may reset the Reference Obligation Notional Amount of Non-U.S. Dollar Reference Obligations (excluding Reference Obligations in respect of which a Credit Event has occurred) based on movements in the exchange rate between U.S. Dollars and the currency of denomination of such Non-U.S. Dollar Reference Obligation if certain conditions, described below, are complied with. See "*Description of the Credit Default Swap — Reference Portfolio — Non-U.S. Dollar Reference Obligations and Resets*".

Reductions of the Reference Obligation Notional Amount of a Reference Obligation as a result of a reset increase the Swap Counterparty's ability to replenish the Reference Portfolio during the Replenishment Period. Therefore, the number of changes in the composition of the Reference Portfolio over time during the Replenishment Period may be greater than if the Reference Portfolio were denominated entirely in U.S. Dollars. See "*Description of the Credit Default Swap — Reference Portfolio — Non-U.S. Dollar Reference Obligations and Resets*".

#### *Market for Trade Financing Obligations*

Pursuant to the Credit Default Swap, the Issuer (and indirectly the Noteholders) will be subject to exposure associated with Credit Events in relation to trade financing obligations and claims. Purchasers of trade financing obligations and claims currently include commercial banks, investment funds and

investment banks. There can be no assurance that future levels of supply and demand in the secondary market for trade finance obligations will provide an adequate degree of liquidity or that the current level of liquidity will continue. Trade financing obligations are not purchased or sold as easily as publicly traded securities are purchased or sold because, *inter alia*, holders of such trade financing obligations may be provided with confidential information relating to the obligor and due to the customised nature of certain of the trade financing obligation agreements. In addition, trading volumes in trade finance obligations are small relative to certain other debt markets. There can be no assurance in this regard that any quotations or firm bids which are required under the Credit Default Swap will be available at the relevant time, or that any such quotations or bids that are available will not be unfavourable to the Issuer and, ultimately, the Noteholders. For a further discussion of the trade finance business and the trade finance products of SCB, see "Trade Finance" below.

#### *Origination of Trade Financing Obligations*

Investors should be aware that the Reference Obligations comprise trade financing obligations and that the Replenishment Conditions include a requirement that the Tenor of each Reference Obligation in the Reference Portfolio must not exceed 366 days. If SCB does not effect Replenishments of the Reference Portfolio (which may be because it is unable to continue to originate or purchase a sufficient volume of Reference Obligations which satisfy the Eligibility Criteria and which would, when added to the Reference Portfolio, enable the Replenishment Conditions to be satisfied), the Reference Portfolio will amortise at a faster rate than it would otherwise have done (had the Replenishments been made) and the Notes may be redeemed prior to the Scheduled Maturity Date. Noteholders will bear the risk of reinvesting principal payments at a yield less than the yield on their Notes.

### **Reliance on Administration and Collection Procedures**

#### *Administration and Collection Policies*

The SCB Servicers, where applicable, will carry out the administration, collection and enforcement of the Reference Obligations in accordance with the Servicing Principles as described in "*Description of the Credit Default Swap — Reference Portfolio — Servicing*".

For syndicated Reference Obligations for which the Servicer is not an SCB Entity, the Servicing Agent Bank (or any agent bank duly appointed under the documentation governing such Reference Obligation) will carry out the administration, collection and enforcement of such syndicated Reference Obligations, including enforcement of any security granted in respect thereto, in accordance with the servicing requirements of the documentation governing the relevant Reference Obligation and also to a material degree in accordance with their own credit and collection policies. Any of SCB and its affiliates (collectively, the "**SCB Group**") that hold syndicated Reference Obligations will have only limited means under the documentation governing the relevant Reference Obligation to influence the servicing of the Reference Obligations by the Servicing Agent Banks (or, any agent bank, as the case may be). In some cases, the applicable servicing requirements may be changed by decision of the syndicate banks, without the consent of any relevant entity within the SCB Group that may be holding the syndicated Reference Obligation.

Accordingly, the Noteholders are relying on the business judgment and practices of the SCB Servicers, the Servicing Agent Banks and any other agent bank in administering the Reference Obligations, enforcing claims against Reference Entities (including enforcement of any security granted in respect thereto) and also, in the case of Reference Obligations serviced by the Servicing Agent Bank, on decisions of a majority of the syndicate banks.

### *Collateral Allocation Procedures*

Reference Obligations may from time to time be secured by Reference Collateral.

In some cases only a portion of the proceeds from the relevant Reference Collateral will be allocated to the relevant Reference Obligation(s); such portion may change from time to time as the claims of the Relevant Financier (or any others as may be relevant) secured by the Reference Collateral Pool may be redeemed and new claims secured by such Reference Collateral Pool created.

The SCB Servicer may in certain circumstances agree to the release by the Relevant Financier of any Reference Collateral.

In the event that the Reference Entity defaults on a Reference Obligation secured by Reference Collateral, the SCB Servicer is required to enforce the Reference Collateral in accordance with the then applicable Servicing Principles. However, there is no guarantee that the value of the portion of such Reference Collateral allocable to the Reference Obligation in the context of the enforcement, less external foreclosure costs, will fully cover the outstanding principal on the Reference Obligation.

The principles of the allocation of the proceeds from the Reference Collateral to the Reference Obligations are described under SCB's Credit and Collection Policy and Collateral Allocation Principles. See "*Reference Portfolio – Servicing*" under the "*Description of the Credit Default Swap*" and "*Collateral Allocation Principles*".

### *No Agency Relationship*

The Swap Counterparty and/or its affiliates will not be (and will not be deemed to be acting as) the agent or trustee of the Issuer, the Security Trustee, the Note Trustee, the Noteholders or any other Secured Party in connection with the exercise of, or the failure to exercise, any of the rights or powers of the Swap Counterparty and/or its affiliates arising under or in connection with their respective holding, if any, of any obligation of any Reference Entity.

### *Dealings with respect to Reference Obligations of Reference Entities*

Each of the Swap Counterparty, each other Transaction Participant and their respective affiliates may:

- (a) deal in each Reference Obligation;
- (b) accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business (including, without limitation, any Trade Financing Activities) with any Reference Entity, any affiliate of any Reference Entity, any other person or entity having obligations relating to any Reference Entity; and
- (c) act with respect to transactions described in the preceding paragraphs in the same manner as if the Credit Default Swap and the Notes did not exist regardless of whether any such action might have an adverse effect (including, without limitation, any action which might constitute or give rise to a Credit Event) on any Reference Entity or the position of either party to the Credit Default Swap or the Notes or otherwise.

Such parties may accordingly derive revenues and profits from such activities without any duty to account to any person therefor.

## **Information Regarding the Reference Portfolio**

### *No Investigation or Representations*

No investigations, searches or other inquiries have been made by or on behalf of the Transaction Participants in respect of any Reference Entity or Reference Obligation and no representations or warranties have been or are given by the Issuer or any other Transaction Participant in respect thereof. No Transaction Participant will have any responsibility or duty to make any such investigations, to keep any such matters under review or to provide the Noteholders with any information in relation to such matters or to advise as to the attendant risks.

### *No further Information*

The Issuer or any other Transaction Participant may acquire information with respect to a Reference Obligation, the obligor and/or guarantor of any Reference Obligation, or with respect to any other Transaction Participant that may be material in the context of the Notes and may or may not be publicly available or known. None of such persons shall be under any obligation to make such information available to Noteholders or otherwise save as expressly provided in the Transaction Documents.

### *Reductions and Replenishments deemed not to have occurred*

Under the terms of the Credit Default Swap, if certain changes in the Reference Portfolio made pursuant to the provisions relating to Replenishments and Reductions result in a Reference Portfolio not complying with any Replenishment Condition (or, if applicable, has caused the degree of non-compliance thereof to worsen) or cause the Cumulative Default Trigger to be breached, in the case of a Replenishment, if any of the Reference Obligations added to the Reference Portfolio or each Reference Obligation in respect of which the Reference Obligation Notional Amount is increased does not comply with the Eligibility Criteria, such Replenishment or Reduction shall, subject to certain conditions being met, be deemed not to have occurred.

## **Features of the Notes**

The amount of principal repayable in respect of the Notes at any time will be limited to the Outstanding Principal Balance of the Notes. The Outstanding Principal Balance of the Notes is credit-linked to the performance of the Reference Entities as described below. Noteholders will be exposed to the credit risks of the Reference Entities (and the Reference Obligations thereof) to the full extent of their investment in the Notes and must rely solely on Collateral Principal Proceeds, subject to the payment of Cash Settlement Amounts and certain prior ranking expenses, for the payment of the Outstanding Principal Balance of the Notes. The amount of principal repaid upon any redemption of the Notes may therefore be less than the amount invested and in certain cases may be zero.

### *Allocations of Loss*

Upon the occurrence of each Event Determination Date under the Credit Default Swap and/or any Payment Date upon which the Issuer is obliged to pay an Additional Loss Payment to the Swap Counterparty, subject to the terms of the Conditions and taking into account, among other things, the Threshold Amount, the Outstanding Principal Balance of the Notes will be reduced on such Event Determination Date or Payment Date, as applicable, without any commensurate payment to Noteholders, by the amount of the relevant Defaulted Notional Amount or Additional Loss Payment, as applicable, on a *pro rata* and *pari passu* basis until the Outstanding Principal Balance of each Note is reduced to USD 1 (one U.S. Dollar) or, on the Final Payment Date, zero. The Adjusted Outstanding Principal Balance of the Notes will be adjusted automatically and interest shall not accrue on any Note if and for so long as the Adjusted Outstanding Principal Balance of such Note is USD 1 or less. Reductions to the Outstanding

Principal Balance of the Notes may, in certain circumstances, be subsequently reinstated with interest. To the extent not previously paid or reduced, the aggregate Outstanding Principal Balance of, and accrued and unpaid interest on, the Notes will be due and payable on the Final Maturity Date.

#### *Interest Entitlement*

The amount of interest payable will be determined by reference to the Adjusted Outstanding Principal Balance of the Notes and reductions in the Adjusted Outstanding Principal Balance of the Notes will reduce the amount of such interest payable on the Notes accordingly. The Adjusted Outstanding Principal Balance of the Notes assumes a Loss Amount equal to 60 per cent. of the Reference Obligation Notional Amount will be determined in respect of each Defaulted Reference Obligation. To the extent that the Loss Amount actually determined is less than 60 per cent. of the Reference Obligation Notional Amount, following determination of the Loss Amount a make-whole payment in respect of such interest will be made. To the extent that the Loss Amount actually determined is greater than 60 per cent. of the Reference Obligation Notional Amount, following determination of the Loss Amount, the Interest Amount in respect of the Notes will be reduced to account for the difference in the amount that was paid over the amount that would have been paid had the actual Loss Amount been determined on the Event Determination Date.

If any Notes remain outstanding on or after the Notes Termination Date, such Notes will continue to accrue interest at a rate of USD LIBOR plus 2 per cent. per annum only.

Interest payments due on the Notes will be funded by (a) Swap Premium payments made by the Swap Counterparty under the Credit Default Swap, (b) (during a Repo Existence Period) any Repo Premium payments made by the Repo Counterparty, and (c) interest earned on each of the Principal Collections Account and the Interest Collections Account.

#### *Redemption*

##### *Redemption of the Notes*

The date on which payment in full of principal on the Notes is scheduled to commence is the Scheduled Maturity Date.

However, payment of principal on the Notes may commence prior to the Scheduled Maturity Date as a result of (a) the determination of an Amortised Amount under the Credit Default Swap, (b) the occurrence of an Early Redemption Date (including a Tax Redemption Date or a Swap Optional Termination Date), or (c) the occurrence of an Enforcement Date.

To the extent not previously paid or reduced to zero, Notes will be redeemed in full on the Final Maturity Date.

To the extent that the Notes are redeemed prior to the Final Maturity Date, the holders of the Notes will bear the risk of reinvesting principal payments at a yield less than the yield on their Notes.

##### *Deferred Redemption*

Repayment of principal on the Notes on the Notes Termination Date may be deferred to the extent of the Issuer's potential liability for unsettled claims or potential claims pursuant to the terms of the Credit Default Swap.

If, as at the Scheduled Maturity Date, there exists a positive Maximum Cash Settlement Amount (in respect of any Cash Settlement Amount due or potentially due after such date), then the redemption of the

Notes may be deferred to the extent that and until such Cash Settlement Amounts have been paid or, until the date on which the applicable Conditions to Settlement can no longer be satisfied.

#### *Amortised Redemption*

If, at any time after the Replenishment Period and during a relevant Amortisation Period, the Tranche Notional Amount under the Credit Default Swap has been reduced by one or more Writedown Amounts pursuant to the terms of the Credit Default Swap, the Issuer shall, on the immediately following Interest Payment Date, subject to any prior ranking claims in accordance with the applicable Order of Priority, apply the Principal Collections in an amount equal to the aggregate Amortised Amounts determined during such Amortisation Period (but only after the expiry of the Replenishment Period) and, to the extent of interest due, Interest Collections available for distribution on that date in or towards redemption of the Notes (together with any accrued but unpaid interest thereon) until the Outstanding Principal Balance of the Notes is at the Minimum Balance.

#### *Redemption of the Notes on and after the Notes Termination Date*

On the Notes Termination Date and on each Redemption Date thereafter, the Issuer shall, subject to any prior ranking claims in accordance with the applicable Order of Priority, allocate and apply the Principal Collections in an amount equal to the Distributable Principal Amount for that date together with Interest Collections available for distribution on that date in or towards redemption of the Notes (together with any accrued but unpaid interest thereon) until the Outstanding Principal Balance of the Notes is at the Minimum Balance.

On each Redemption Date (other than the Final Maturity Date) the amount of funds available for the payment of principal on the Notes will be limited to a Distributable Principal Amount equal to the aggregate Outstanding Principal Balance of the Notes on such date (after giving effect to any adjustments applicable thereto as a result of any Cash Settlement Amount to be paid by the Issuer on such date or any Reinstatement Amount to be applied thereto on such date or in the preceding Interest Period but before giving effect to any adjustments applicable thereto as a result of any principal payments to be made on such date) *minus* the Payable Maximum Cash Settlement Amount. For so long as a positive Maximum Cash Settlement Amount exists, the Notes or a portion thereof will remain outstanding.

#### *Redemption upon Tax Redemption Event*

Upon the occurrence of a Tax Redemption Event the Issuer may, subject to certain conditions, designate any Interest Payment Date as the Tax Redemption Date on giving not less than 30 calendar days' or more than 45 calendar days' irrevocable notice to the Noteholders. See "*Terms and Conditions of the Notes — Condition 6.3 (Designation of a Tax Redemption Date)*".

If the repayment of principal has not commenced prior to the Tax Redemption Date, the repayment of principal will commence in accordance with the provisions described herein on the Tax Redemption Date.

#### *Redemption upon Swap Optional Termination Date*

Upon the occurrence of a Clean-up Event or Regulatory Event the Swap Counterparty may, subject to certain conditions, designate any Business Day as the Swap Optional Termination Date on giving not less than five Business Days' irrevocable notice to the Issuer (with a copy to the Calculation Agent, the Note Trustee and the Administrator). See "*Terms and Conditions of the Notes — Condition 6.4 (Designation of a Swap Optional Termination Date)*".

The Credit Default Swap defines "**Regulatory Event**" to mean a material change in SCB's ability to reflect the full benefit of the Credit Default Swap as anticipated on the Closing Date to an extent which is material to the Swap Counterparty, as a result of an enactment of or supplement or amendment to, or a

change in, law, policy or official interpretation of any relevant regulations or as a result of any official communication, interpretation or determination made by any relevant regulatory authority, all as determined in the sole opinion of the Swap Counterparty. Investors should be aware that the Swap Counterparty has considerable discretion in determining whether a Regulatory Event has occurred and, in making any such determination, it may consider not only the anticipated regulatory capital benefits of the Credit Default Swap but all other benefits of whatever nature. Given the range of factors that might interfere with SCB's ability to reflect the full benefit of the Credit Default Swap, investors should make their own evaluation of the likelihood of such an occurrence and the timing thereof.

If the repayment of principal has not commenced prior to the Swap Optional Termination Date, the repayment of principal will commence in accordance with the provisions described herein on the Swap Optional Termination Date.

#### *Swap Acceleration Event*

The occurrence of a Swap Acceleration Event under the Credit Default Swap will result in the occurrence of the Enforcement Date under Condition 10.3(c) (*Acceleration and Enforcement*) and the Notes will be redeemed as described below.

#### *Enforcement and Note Trustee and Security Trustee Action*

If an Event of Default occurs, then the Note Trustee may, at any time, and shall if so directed in writing by an Extraordinary Resolution of the Noteholders, and subject, in each case, to it being indemnified and/or secured and/or prefunded to its satisfaction, deliver a Note Default Notice to the Issuer (with a copy to the Security Trustee and each Agent) declaring the Notes to be immediately due and payable.

A Swap Acceleration Event will occur upon the occurrence of an Early Termination Date as a result of a Swap Event of Default occurring in relation to either the Issuer or the Swap Counterparty under the Credit Default Swap. See "*Description of the Credit Default Swap — Early Termination Date*" for a description of the Early Termination Dates under the Credit Default Swap.

Subject to the terms of the Security Trust Deed and subject to being indemnified and/or secured and/or prefunded to its satisfaction, the Security Trustee (1) shall upon receipt by it of a Note Default Notice, or (2) following the occurrence of an Enforcement Event, may, at its discretion or, shall, if so directed by the Instructing Party and unless it has already given such notice at such time, give an Enforcement Notice to the Issuer (with a copy to the Note Trustee and each Agent) either declaring (A) that the Security has become enforceable pursuant to and upon the delivery of a Note Default Notice to the Issuer pursuant to the Security Trust Deed or (B) the Security to be enforceable following the occurrence of an Enforcement Event.

The Security shall become enforceable on the Enforcement Date. The Enforcement Date shall be the date which is the earliest of (1) the Note Default Notice Delivery Date, (2) the date that an Enforcement Notice is delivered to the Issuer pursuant to the Security Trust Deed or (3) the date upon which a Swap Acceleration Event occurs.

Upon an acceleration of the Notes as described above, no assurance can be given that, in such circumstances, the Notes will be redeemed in full (with any accrued interest thereon).

#### *No Gross-up Provisions*

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within any applicable

jurisdiction or any political subdivision thereof or by any authority thereof or therein having power to tax, unless such withholding or deduction is required by any applicable law.

In that event and, *provided* that the Issuer has been specifically provided with funds by the Swap Counterparty (at the option of the Swap Counterparty) for such purpose and subject to certain exceptions described in the Conditions, the Issuer will pay such Additional Amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had become required. There can be no guarantee that the Swap Counterparty will elect to provide the Issuer with funds for such purpose.

If the Swap Counterparty elects not to pay such Additional Amounts the Issuer will not be obliged to pay any additional amounts to the Noteholders in respect of such withholding or deduction and will withhold or deduct from any such payments any amounts on account of tax where so required by law or any relevant taxing authority.

#### *Limited Liquidity*

There is currently no market for the Notes. Although the Lead Manager may make a market in the Notes, the Lead Manager is under no obligation to make a market in, or otherwise purchase, the Notes and, following the commencement of any market-making, may discontinue the same at any time. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity or that it will continue for the life of the Notes. Moreover, the limited scope of information available to the Issuer, the Note Trustee, the Security Trustee and the Noteholders regarding the Reference Entities, the Reference Obligations and the nature of any Credit Event, including uncertainty as to the extent of any reduction of the Outstanding Principal Balance of the Notes if a Credit Event has occurred but, at such time, any relevant Cash Settlement Amount has not been determined, may adversely affect the liquidity of the Notes. In addition, the Notes are subject to certain selling restrictions and can only be offered or sold to certain persons as described under "*Subscription and Sale*". The Notes are also subject to certain transfer restrictions and can only be transferred to certain transferees as described under "*Purchase and Transfer Restrictions*". Such restrictions on the transfer of Notes may further limit the liquidity of the Notes. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of the Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict when these circumstances will change and if and when they do whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

#### *Leveraged Investment*

Under the Credit Default Swap, the Issuer will be obligated to pay Cash Settlement Amounts to the Swap Counterparty as a result of Credit Events occurring in respect of the Reference Obligations of the Reference Entities comprising the Reference Portfolio or, where applicable, in respect of such Reference Entities. The Credit Default Swap is a leveraged arrangement because the Issuer is (and therefore the Noteholders are) exposed to the risks on the entire Reference Portfolio (with an Initial Portfolio Notional Amount of USD 3,000,000,000) while the potential liability of the Issuer for Cash Settlement Amounts to the Swap Counterparty under the Credit Default Swap is limited to the Tranche Notional Amount under the Credit Default Swap, which is an amount initially equal to the aggregate Initial Principal Balance of the Notes of USD 180,000,000. The excess of the Initial Portfolio Notional Amount of the Reference Portfolio over the Tranche Notional Amount under the Credit Default Swap increases the risk of loss to

the Issuer and the Noteholders. Accordingly, the Noteholders are subject to a higher risk of losing all or part of their investment.

#### *Volatility*

The market value of the Notes is likely to vary substantially over time and may be significantly less than par (or even zero) in certain circumstances.

#### *Conflicts of Interest*

Save as provided in the Conditions and/or the Security Trust Deed in connection with the exercise by it of any of its trusts, powers, authorities, duties, rights, obligations and discretions under the Security Trust Deed, while any amounts are due by the Issuer to the Swap Counterparty under the Credit Default Swap, the Security Trustee is required to have regard *first*, to the interests of the Swap Counterparty (for so long as the Swap Counterparty is the Instructing Party), *second*, to the interests of the Noteholders and *finally*, to the interests of the other Secured Parties.

#### *Book-Entry Interests*

Unless and until Individual Note Certificates are issued, persons acquiring Notes will not be the legal owners or holders of such Notes but will have rights in their capacity as Participants in accordance with the rules and procedures of the relevant Clearing System and, in the case of Indirect Participants, their agreements with Direct Participants (such rights, "**Book-Entry Interests**"). After payment to the Common Depository and the DTC Custodian, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the DTC Custodian, DTC, Euroclear, Clearstream, Luxembourg, the Common Depository or to holders of Book-Entry Interests. Either Cede as nominee of DTC (in the case of the Rule 144A Notes) or the nominee for the Common Depository (in the case of the Regulation S Notes) will be the registered holder and legal owner of the Notes for so long as the Notes are represented by one or more Global Note Certificates. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of the Common Depository, the DTC Custodian, DTC, Euroclear and Clearstream, Luxembourg and, if such person is an Indirect Participant in such entities, on the procedures of the Direct Participant through which such person holds its interest, to exercise any rights of Noteholders under the Note Trust Deed.

So long as the Notes are in global form, payments of principal and interest on, and other amounts due in respect of, Notes will be made to Cede as nominee of DTC (in the case of the Rule 144A Notes) and to the Common Depository (in the case of the Regulation S Notes). Upon receipt of any payment, DTC, Euroclear and Clearstream, Luxembourg will promptly credit Direct Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests, as shown on their records. The Issuer expects that payments by Direct Participants or Indirect Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in 'street name', and will be the responsibility of such Direct Participants or Indirect Participants. None of the Issuer, the Note Trustee, the Security Trustee, the DTC Custodian, any Paying Agent or Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike holders of Individual Note Certificates, holders of the Book-Entry Interests will not have direct rights under the Note Trust Deed or Security Trust Deed to act upon solicitations of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from DTC, Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, Direct Participants. There

can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Book-Entry Interests will be restricted to acting through the DTC Custodian, DTC, Euroclear, Clearstream, Luxembourg (as the case may be) unless and until Individual Note Certificates are issued. There can be no assurance that the procedures to be implemented by the DTC Custodian, DTC, Euroclear or Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Note Trust Deed or the Security Trust Deed.

### **Transaction Participant Risk**

#### *Reliance on Creditworthiness and Performance of Transaction Parties*

The ability of the Issuer to meet its obligations under the Notes will be dependent, where applicable, upon the payment of all sums due from the Swap Counterparty under the Credit Default Swap (during any Repo Existence Period) the payment by the Repo Counterparty of any sums payable under the relevant Repurchase Agreement, the payment of all sums due under the Account Bank Agreement by the Account Bank and the payment by the Paying Agents of payments required pursuant to the Agency Agreement and upon the performance by all Transaction Participants of their respective obligations under the Transaction Documents.

Noteholders are exposed, among other things, to the creditworthiness of the Swap Counterparty, the Account Bank, the issuer(s) of the Repo Collateral and the Paying Agents.

None of the Transaction Participants (other than the Paying Agents and pursuant to that role only) is obliged to make payments to the Noteholders in respect of the Notes. None of the Issuer or any other Transaction Participant guarantees the value of the Notes at any time or is obliged to make good on any losses suffered as a result of Credit Events under the Credit Default Swap or otherwise.

#### *Conflicts*

Various potential and actual conflicts of interest may arise between the interests of the Noteholders, on the one hand, and the interests of any of the Transaction Participants, on the other hand, as a result of the various businesses and activities of the Transaction Participants, and none of such persons is required to resolve such conflicts of interest in favour of the Noteholders.

#### *Roles of Transaction Participants*

SCB and certain of its affiliates will be acting in a number of capacities in connection with the transactions described herein. SCB will be the Swap Counterparty, the Calculation Agent, the Account Bank and the Credit Event Monitor Agent under the Credit Default Swap.

In its role as the Calculation Agent under the Credit Default Swap, SCB will, among other things, determine any Cash Settlement Amounts to be paid to the Swap Counterparty.

Deutsche Bank AG, London Branch will be the Principal Paying Agent, Agent Bank and Administrator. Deutsche Trustee Company Limited will be Security Trustee and Note Trustee. Deutsche Bank Trust Company Americas will be the Registrar and the Paying Agent in the United States. Each of Deutsche Bank AG, London Branch, SCB, Deutsche Trustee Company Limited, Deutsche Bank Trust Company Americas and/or their respective affiliates, acting in such capacities in connection with such transactions, will have only the duties and responsibilities expressly agreed to by such entity in the relevant capacity and will not, by virtue of its or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity.

#### *Other Business of the Swap Counterparty*

The Swap Counterparty and its affiliates may engage in other business and furnish investment management, advisory and other types of services to other clients whose investment policies differ from those followed by the Swap Counterparty under the Credit Default Swap and from which they may derive revenues and profits in addition to the fees stated in the various Transaction Documents, without any duty to account to any person therefor. The Swap Counterparty may make recommendations to or effect transactions with other clients which may differ from those effected with respect to the Credit Default Swap.

#### *Conflicts between the Swap Counterparty and the Noteholders*

Under the Security Trust Deed, the Security Trustee will hold a security interest in the Charged Assets for the benefit of, among others, the Noteholders whose rights on an enforcement of the security interest will be subordinate to, the prior rights of, among others, the Swap Counterparty in respect of the Issuer's obligations to the Swap Counterparty under the Credit Default Swap (other than in respect of the Swap Termination Fee).

#### *Conflicts between the Operating Creditors and the Noteholders*

Under the Security Trust Deed, the Security Trustee will hold a security interest in the Charged Assets for the benefit of, among others, the Noteholders whose rights on an enforcement of the security interest will be subordinate to the prior rights of, among others, the Operating Creditors in respect of the Issuer's obligations to the Operating Creditors under the Transaction Documents.

#### *Security Trustee to take into account interests of Swap Counterparty*

The Security Trustee will be obliged, in certain circumstances, to take into account the interests of the Swap Counterparty in taking any discretionary action or making any discretionary determination with respect to the Charged Assets in priority to the interests of the Noteholders. In certain circumstances the Security Trustee will, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, be obliged to act at the direction of the Swap Counterparty and the Security Trustee may act with respect to certain matters relating to the Notes and the other Transaction Documents without regard to the interests of the Noteholders.

#### **Consideration by SCB Servicer of the interests of the Issuer**

If and to the extent that the Swap Counterparty or any of its Affiliates at any time owns any Reference Obligations in respect of which the Servicer is an SCB Servicer, the SCB Servicer will service, agree to the release of any Reference Collateral in respect of, or agree any payment rescheduling or debt restructuring in respect of, any such Reference Obligation in accordance with SCB's Credit and Collection Policy. None of the Issuer, the Note Trustee, the Security Trustee or the Noteholders has any right or power to compel the Swap Counterparty or any of its Affiliates to take or refrain from taking any action in respect of any Reference Obligations that it might own or control. The Swap Counterparty or its Affiliates may also be part of a syndicate in respect of any Reference Obligations they hold and may not therefore have control in respect of any such Reference Obligation. There is no obligation on the Swap Counterparty to retain all or any part of the Reference Obligations which it owns and may, subject to the terms of such Reference Obligations, freely transfer such Reference Obligations to any other entity. There is no obligation on the part of the Swap Counterparty to own all or any part of, or have any legal or beneficial interest in, the Reference Obligations or have any economic risk in respect thereof.

## **Nature of the Issuer's Obligations**

### *Limited Funds Available to the Issuer to Pay Operating Expenses*

The funds available to the Issuer to pay Expenses and certain fees and expenses of the Note Trustee and for payment of the Issuer's other accrued and unpaid administrative expenses are limited. In the event that such funds are not sufficient to pay such Expenses or those of the Note Trustee, the ability of the Issuer to operate effectively may be impaired, and it may not be able to defend or prosecute legal proceedings that may be brought against it or that it might otherwise bring to protect the interests of the Issuer.

### *Issuer's Third Party Litigation*

The Issuer's investment activities subject it to the normal risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Issuer and would reduce the amounts available for distribution and the Issuer's net assets.

### *Limited Assets*

The Issuer has no substantial assets or sources of revenue other than the Issuer's rights to or in the Charged Assets.

### *Operating History*

The Issuer is a newly organised special purpose entity established for the sole purpose of carrying out the activities contemplated under the Transaction Documents and has no prior operating history. Accordingly, the Issuer has no performance history for a prospective investor to consider.

### *Limited Recourse and subordination of interest and principal on the Notes to certain expenses*

The Notes will be limited recourse obligations of the Issuer, payable solely out of the Charged Assets subject to the Security provided by the Issuer to secure, among other things, the Notes.

On an enforcement of the Security granted by the Issuer in favour of the Security Trustee, the rights of the Noteholders to be paid amounts due under the Notes will be subordinate to, among others:

- (a) the prior rights of the Note Trustee and the Security Trustee, any Receiver and the Operating Creditors to their respective Expenses (except, in the case of the Operating Creditors, Exceptional Expenses); and
- (b) (other than in respect of the Swap Termination Fee) the prior rights of the Swap Counterparty in respect of any amounts owing or potentially owing by the Issuer to the Swap Counterparty under the Credit Default Swap.

If the proceeds of enforcement of the Security are insufficient to make payments on the Notes in full, no other assets will be available for payment of such deficiency and the obligations of the Issuer to pay such deficiency shall be extinguished.

### *Non Petition*

None of the Noteholders, the Note Trustee, the Security Trustee or any other Secured Party shall be entitled to petition or take any other step for the winding-up, reorganisation, administration, liquidation, bankruptcy or insolvency or other analogous proceedings of the Issuer for so long as any Note is

outstanding or for one year and a day after all amounts outstanding under the Transaction Documents have been paid in full.

#### *Limited Liability of the Issuer; Regulation*

The Issuer is an exempted company with limited liability incorporated under the Companies Law (2010 Revision) of the Cayman Islands. Because the Issuer is a Cayman Islands exempted company with limited liability and its directors reside in the Cayman Islands, it may not be possible for Noteholders to effect service of process outside the Cayman Islands on such persons or to enforce against them or against the Issuer in courts outside the Cayman Islands judgments predicated upon the provisions of laws of jurisdictions other than the Cayman Islands.

The Issuer believes that it is not required to be licensed, registered or authorised under any current securities, commodities or banking laws of the Cayman Islands and will operate without supervision by any authority in any jurisdiction. There can be no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws. The taking of a contrary view by such regulatory authorities could have a material adverse effect on the Issuer or the Noteholders.

#### *Investment Company Act*

The Issuer has not registered with the SEC as an investment company pursuant to the Investment Company Act. The Issuer has not so registered in reliance on an exception for investment companies organized under the laws of a jurisdiction other than the United States or any state thereof (i) whose investors residing in the United States are solely "qualified purchasers" or "knowledgeable employees" (within the meaning given to such terms in the Investment Company Act and the regulations of the SEC thereunder) or certain transferees thereof identified in Rule 3c-6 under the Investment Company Act and (ii) which do not make a public offering of their securities in the United States. No opinion or no-action position with respect to the registration of either of the Issuer or the Reference Portfolio under the Investment Company Act has been requested of, or received from, the SEC.

If the SEC or a court of competent jurisdiction were to find that the Issuer is required, but in violation of the Investment Company Act has failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer could sue the Issuer and recover any damages caused by the violation; and (iii) any contract to which the Issuer is party whose performance involves a violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act.

#### **Miscellaneous**

##### *No Rating*

The Notes are not rated by any credit rating agency.

##### *Senior Credit Default Swap*

Investors in the Notes should be aware that on or about the Closing Date the Swap Counterparty is expected to enter into a credit default swap (the "**Senior CDS**") with Standard Chartered (CT) Limited (the "**Senior Credit Protection Seller**") pursuant to which the Swap Counterparty will purchase credit protection from the Senior Credit Protection Seller in respect of the Initial Reference Portfolio (although the credit risk is expected ultimately to be retained within the SCB Group). The relevant terms of the Senior CDS will be similar to those of the Credit Default Swap except that it will be divided into three

tranches: A tranche, B tranche and C tranche, and each of these tranches will be rated by Moody's. The A tranche will have an attachment point of USD 450,000,000 and a detachment point of USD 480,000,000. The B tranche will have an attachment point of USD 330,000,000 and a detachment point of USD 450,000,000. The C tranche will have an attachment point of USD 210,000,000 and a detachment point of USD 330,000,000. The eligibility criteria and replenishment conditions for reference entities and reference obligations referenced by the Senior CDS are the same as the Eligibility Criteria and Replenishment Conditions in respect of the Credit Default Swap and it is expected that the composition of the reference portfolio for the Senior CDS will be the same as the Reference Portfolio for the Credit Default Swap. It is expected that Moody's will assign an Aaa rating to the A tranche; an A1 rating to the B tranche and an A3 rating to the C tranche. Investors should note that although ratings are expected to be assigned to the Senior CDS by Moody's, neither the Credit Default Swap nor the Notes will be rated by Moody's or any other credit rating agency. Investors should not infer that any rating assigned by Moody's from time to time to the Senior CDS is indicative of the rating that Moody's (or any other rating agency) would assign to the Credit Default Swap or the Notes if they were to be rated. Although the reference portfolios for both the Senior CDS and the Credit Default Swap are expected to be the same, the Senior CDS references more senior risk tranches than the Credit Default Swap and, if the Notes were to be rated, the rating of the Notes may also be influenced by other factors.

#### *Description of the Transaction Documents*

The descriptions of the Account Bank Agreement, the Administration and Cash Management Agreement, the Agency Agreement, the Collateral Switch Agreement (including the Approved Form Custody Agreement and Approved Form Repurchase Agreement as set out therein), the Corporate Services Agreement, the Registered Office Agreement, the Credit Default Swap, the Notes, the Note Trust Deed, the Security Documents, and the Subscription Agreement contained in this Prospectus are summaries only and Noteholders are bound by, and are deemed to have notice of, all the provisions of such documents.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

*Implementation of and/or changes to the Basel II framework may affect the capital requirements and/or the liquidity associated with a holding of the Notes for certain investors*

In 1988, the Basel Committee on Banking Supervision (the "**Basel Committee**") adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006 the Basel Committee finalised and published new risk-adjusted capital guidelines ("**Basel II**"). Basel II includes the application of risk-weighting which depends upon, amongst other factors, the external or, in some circumstances and subject to approval of supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

Basel II has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II framework is implemented in the European Union by the Capital Requirements Directive. Certain amendments have been made to the Capital Requirements Directive, including by Directive 2010/76/EU (the so-called "**CRD III**"), which is required to be implemented by Member States by the end of 2011 and which introduces (amongst other things) higher capital requirements for certain trading book positions and re-securitisation positions.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as "**Basel III**") and on 1 June 2011 issued its final guidance, which envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a minimum leverage ratio for financial institutions. In particular, the changes include, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The Basel Committee is also considering introducing additional capital requirements for systemically important institutions. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

The European authorities support the work of the Basel Committee on the approved changes in general and, on 20 July 2011, the European Commission adopted a legislative package of proposals (known as "**CRD IV**") to implement the changes through the replacement of the existing Capital Requirements Directive with a new Directive and Regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### *Impact of regulatory reform is not clear*

Various efforts are underway to legislate and implement changes in banking regulation (collectively, "**Regulatory Reform**"). These include broad-based, international efforts around capital (for example, Basel III, which is discussed at "*Risk Factors — Implementation of and/or changes to the Basel II framework may affect the capital requirements and/or the liquidity associated with a holding of the Notes*

*for certain investors*" above) and more localised efforts around permitted banking business and remuneration (for example, US Dodd-Frank Wall Street Reform and Consumer Protection Act, and the current work by the UK Independent Banking Commission). Also, local regulators will continue their effort around specific local policy objectives, some of which may have extraterritorial impact (for example, continued development of the US sanctions regime), and some of which could have more local impact designed to develop or protect markets. It is premature to be able to form conclusive assessments on the impact of Regulatory Reform on the performance of the Reference Obligations, or, more broadly, on the permitted structure of banks in the short to medium term future, which could impact the type of business conducted by SCB in general and SCB's financial condition or results of operations. This could have either positive or negative impact as regards the risk composition of business that SCB as Swap Counterparty is permitted to conduct and SCB may incur significant costs as a result of any change in its composition of business. Given the continuing nature of these efforts, investors should consult their own advisers in assessing the potential impact of Regulatory Reform on a decision to acquire the Notes.

*Article 122a of the Capital Requirements Directive; decreased liquidity in respect of the Notes*

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation positions and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Lead Manager or the Arranger makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

Investors should be aware of Article 122a of Directive 2006/48/EC (as amended). In general, Article 122a restricts an EEA regulated credit institution (including its consolidated entities) from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the relevant credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 122a. Article 122a also requires a relevant investor to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a may result in the imposition of a penal capital charge on the notes acquired by the relevant investor. It should be noted that EEA states may implement Article 122a (and related provisions) differently.

Neither SCB nor any other entity has committed to retain a material net economic interest in the transaction in accordance with Article 122a. As a result, an EEA regulated credit institution (and any other entity required to comply with Article 122a or any other similar requirements and/or any corresponding national implementing measures) seeking to invest in the Notes (on issue or at any time thereafter) will be unable to satisfy the requirements of Article 122a in respect of such investment. It should be noted that similar requirements to those set out in Article 122a are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) in the future. Article 122a and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

If at a later date SCB commits to retain a material net economic interest in the transaction in accordance with Article 122a or any other similar requirements which may apply at such time in respect of any EU regulated investor, a notice shall be made to the Noteholders setting out, without limitation, the manner in

which the material net economic interest is retained and such other information as SCB considers relevant. In such case, each investor will be required to independently assess and determine whether Article 122a and any corresponding local implementing rules which may be relevant have been complied with and none of the Issuer or SCB makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

In general, each prospective investor should consider its regulatory position and obtain any necessary advice in relation to any potential investment in the Notes prior to making any such investment.

#### *Characterization of the Notes for U.S. Federal Income Tax Purposes*

Under U.S. federal income tax principles, a strong likelihood exists that the Notes will be treated as equity, and accordingly the Issuer and each U.S. Holder of a Note will treat such Note as equity in the Issuer for U.S. federal income tax purposes. The Issuer is a passive foreign investment company ("PFIC"). As such, a U.S. Holder investing in the equity of the Issuer typically has an option to either (1) treat the Issuer as a qualified electing fund ("QEF") and to pay income tax on its *pro rata* share of the Issuer's income and again computed on an accrual basis or (2) pay income taxes generally on the amount of cash distributions received, subject to a possible interest charge at a statutory rate on certain "excess distributions" and gains recognized on the disposition of the PFIC interest. However, depending on the ultimate composition of the pool of equity investors, the Issuer may be classified as a controlled foreign corporation, in which case a U.S. Holder may be required to pay income tax currently based on its *pro rata* share of the Issuer's income.

Generally, a QEF election should be made on or before the due date for filing the U.S. Holder's U.S. federal income tax return for the first taxable year during which such U.S. Holder holds the Note that is deemed to be an equity interest of the Issuer for U.S. federal income tax purposes. A U.S. Holder making this election is required to report its *pro rata* share of the Issuer's income regardless of whether the Issuer makes cash distributions during the period. A U.S. Holder that makes a QEF election therefore may be required to recognize income in amounts greater than the distributions received from the Issuer. An electing U.S. Holder generally has the ability to defer paying the tax on such income until the cash is received, subject to a non-deductible interest charge.

A U.S. Holder that makes no QEF election generally will pay income tax on the amount of cash received in any year including both certain distributions by the PFIC and any gain recognized upon the disposition of the PFIC interest. Annually, commencing in the second year of the investment, to the extent that distributions exceed 125 per cent. of the average distribution for the prior three years (or lesser period if held for less than three (3) prior years), such "excess distributions" are allocated ratably over the U.S. Holder's holding period and subject to income tax on ordinary income in the current year and at the highest rate in effect for individuals or corporations in the preceding years. A non-deductible interest charge at a statutory rate may also be imposed as if the excess distributions were earned ratably over the holder's holding period.

The above discussion is a very general discussion of the tax treatment of an equity investment by a U.S. taxpayer. Taxpayers should review this Prospectus and consult with their tax adviser to the extent necessary to determine the appropriate tax reporting and to assist them with the proper filings.

#### *ERISA Considerations*

Each purchaser or transferee of a Note or any interest therein, other than an Original Purchaser, will be deemed to represent and warrant that during the period such purchaser or transferee holds any interest in such Note, that (i) it is not, and is not acting on behalf of, a Benefit Plan Investor or a governmental plan, foreign plan or church plan subject to any federal, state, foreign or local law that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar

**Law") or (ii) it is a plan subject to Similar Law and its acquisition, holding and disposition of such Notes will not constitute or otherwise result in a non-exempt prohibited transaction or another violation of Similar Law.** See "*Certain ERISA And Other Considerations*" below.

#### *Possibility of U.S. withholding tax on payments*

On 18 March 2010, the Hiring Incentives to Restore Employment Act (the "**HIRE Act**") was enacted, containing provisions from the United States Foreign Accounts Tax Compliance Act ("**FATCA**") that could require a 30 per cent. withholding tax to be imposed (i) on payments to holders of Notes with respect to certain U.S. assets held by the Issuer or (ii) on payments to the Issuer with respect to interest, dividends and sales proceeds from certain U.S. assets held by the Issuer or on certain payments received from "compliant Foreign Financial Institutions" (as defined in the HIRE Act). The future application of FATCA to the Issuer and the holders of Notes is uncertain and may be subject to significant modifications. Based on the current U.S. Internal Revenue Service (the "**IRS**") guidance on FATCA, the Issuer may be required to enter into an agreement with the IRS pursuant to which it collects information from holders of Notes and provides information to the IRS in respect of any U.S. Holders, as defined under "Material United States Federal Income Tax Considerations". If the Issuer fails to enter into the agreement with the IRS or fails to comply with its obligations under that agreement, the Issuer would be subject to a 30 per cent. withholding tax on all, or a portion of all, payments received from U.S. sources and from "compliant Foreign Financial Institutions", including the Account Bank, the Swap Counterparty and the Repo Counterparty, if they are compliant financial institutions.

Under the Conditions, each holder of an interest in a Note agrees that if the Issuer is required to comply with FATCA in order to receive any payments without withholding tax, then such holder shall (i) provide the Issuer with the necessary information for FATCA reporting; and (ii) permit the Issuer to (x) share such information with the IRS, (y) compel or effect the sale of Notes held by any such holder, or in respect of which such holder has an interest, that fails to comply with the foregoing requirement, and (z) make other amendments to the Transaction Documents to enable the Issuer to comply with FATCA. To the extent that the Transaction Documents do not permit the Issuer to take any of the actions that may be required for the Issuer to comply with FATCA, each such holder, by entering into the Transaction Documents or acquiring an interest in the Notes, authorises the amendment of the Transaction Documents to provide for such action.

#### *Central Bank Considerations*

This Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such listing will be obtained or, if obtained, will be maintained.

#### *UK Banking Act 2009*

The Banking Act 2009 (the "**Banking Act**"), which came into effect on 21 February 2009, includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society (such as the Arranger, the Lead Manager, the Swap Counterparty and the Account Bank). In particular, in respect of UK banks, such tools include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and two new special insolvency procedures which may be commenced by UK

authorities (i.e. bank insolvency and bank administration). It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the United Kingdom. The Act includes provisions related to compensation in respect of transfer instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the UK authorities may choose to exercise them.

If an instrument or order were to be made under the Banking Act in respect of SCB, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in modifications to such documents. In particular, modifications may be made pursuant to powers permitting certain trust arrangements to be removed or modified and/or via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined "default events" have occurred. As a result, the making of an instrument or order in respect of SCB may affect the ability of the Issuer to meet its obligations in respect of the Notes. While there is provision for compensation in certain circumstances under the Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entity referred to above and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

This document should be read and construed in conjunction with the following documents (or sections of documents) which have been previously published or are published simultaneously with this document and which have been approved by the Central Bank or filed with it: the audited annual consolidated accounts of SCB for the year ended 31 December 2007, 31 December 2008, 31 December 2009 and 31 December 2010 (in each case, including the audit report thereon).

Such documents shall be deemed to be incorporated in, and form part of, this document, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document. Any documents themselves incorporated by reference in the documents incorporated by reference in this document shall not form part of this document.

Copies of documents incorporated by reference in this document have been filed with the Irish Stock Exchange and may be obtained from the Listing Agent at its Specified Office.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes as they will be scheduled to the Note Trust Deed and would appear on the Notes if delivered in definitive form subject to completion and amendment. The meaning of any term referred to but not fully defined in these terms and conditions may be ascertained by reference to other sections of this Prospectus and/or the Note Trust Deed.*

The USD 180,000,000 Credit-Linked Floating Rate Notes (the "Notes") due on 12 February 2016 of Sealane II (Trade Finance) Limited (the "Issuer") will be issued by the Issuer on a limited recourse basis.

The Notes:

- (a) are subject to, and have the benefit of, a note trust deed dated the Closing Date (as amended or supplemented from time to time, the "**Note Trust Deed**") between the Issuer and Deutsche Trustee Company Limited as note trustee (the "**Note Trustee**", which expression includes all persons for the time being appointed note trustee or note trustees under the Note Trust Deed) and as security trustee (the "**Security Trustee**", which expression includes all persons for the time being appointed security trustee or security trustees under the Security Trust Deed);
- (b) are the subject of an agency agreement dated the Closing Date (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Deutsche Bank Trust Company Americas as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), Deutsche Bank AG, London Branch as agent bank (the "**Agent Bank**", which expression includes any successor agent bank appointed from time to time in connection with the Notes) and Deutsche Bank Trust Company Americas as paying agent in the United States (a "**Paying Agent**", which expression includes any successor paying agent appointed from time to time in connection with the Notes and, together with the Principal Paying Agent and any additional paying agents that may be appointed thereunder, the "**Paying Agents**"), the Note Trustee, the Security Trustee, Standard Chartered Bank as Swap Counterparty (the "**Swap Counterparty**") and Calculation Agent (the "**Calculation Agent**") and others. References herein to the "**Agents**" are to the Registrar, the Principal Paying Agent, the Transfer Agents, the Paying Agents, the Calculation Agent and the Agent Bank and any reference to an "**Agent**" is to any of them.

Certain provisions of the terms and conditions of the Notes (the "**Conditions**") are summaries of or otherwise related to the Transaction Documents and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents. Copies of the Transaction Documents are available for inspection by Noteholders during normal business hours at the principal office of the Note Trustee being, at the date hereof, Winchester House, 1 Great Winchester Street, London EC2N 2DB and at the Specified Office of each of the Paying Agents and the Listing Agent.

1. Form, Denomination and Status
  - 1.1 Form and Denomination

The Notes are in individual fully registered form, without interest coupons or principal receipts attached, in the applicable Minimum Denomination. An Individual Note Certificate will be issued to each Noteholder in respect of its registered holding or holdings of Notes.

1.2 Status

The Notes constitute secured, limited recourse obligations of the Issuer and each Note shall at all times rank *pari passu* with each other Note.

2. Register, Title and Transfer

2.1 Register

The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, an "**Individual Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Individual Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

2.2 Title

The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Individual Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Individual Note Certificate) and no person shall be liable for so treating such Holder.

2.3 Transfers

Subject to Conditions 2.6 (*Closed periods*) and 2.7 (*Regulations concerning transfers and registration*) below, a Note may be transferred in whole or part only in the nominal amounts equal to the Minimum Denomination in excess thereof upon surrender of the relevant Individual Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Notes represented by the surrendered Individual Note Certificate are the subject of the transfer, a new Individual Note Certificate in respect of the balance of the Notes will be issued to the transferor.

2.4 Registration and delivery of Individual Note Certificates

Within five business days of the surrender of an Individual Note Certificate in accordance with Condition 2.3 (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Individual Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition 2, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

2.5 No charge

The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such

Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

2.6 Closed periods

Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

2.7 Regulations concerning transfers and registration

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Note Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3. Security

3.1 Security

As security for the payment of all monies payable by the Issuer in respect of the Notes and the other Secured Obligations, the Issuer will, on the Closing Date, enter into the Security Trust Deed with the Security Trustee and others pursuant to which the Issuer will grant the following security interests to the Security Trustee for the benefit of the Secured Parties:

- (a) an assignment by way of first fixed security of all of its rights, title, interests and benefits (present and future), if any, in and to all sums of money to which it is or may be entitled and are from time to time and at any time standing to the credit of the Principal Collections Account, the Interest Collections Account and any other bank or other account present or future in any jurisdiction (other than the Cayman Islands or elsewhere in which the paid up ordinary share capital of the Issuer and any Issuer Transaction Fee have been deposited) in which it may at any time acquire any right, title, interest or benefit together with all interest accruing from time to time thereon and the debt represented by such accounts;
- (b) an assignment by way of first fixed security of all of its rights, title, interests and benefits (present and future), if any, under each of the Account Bank Agreement, the Administration and Cash Management Agreement, the Agency Agreement, the Corporate Services Agreement, the Registered Office Agreement, the Collateral Switch Agreement, the Credit Default Swap, the Notes, the Note Trust Deed, (save for any rights, title, interests and benefits, present and future that it may have against the Security Trustee under the Security Trust Deed) the Security Trust Deed and the Subscription Agreement;
- (c) an assignment by way of first fixed security of any and all of its rights, title, interests and benefits (present and future), if any, in and to any amounts that may be held from time to time by any custodian under any custody or other agreement and to any securities credited from time to time to any custody or other account;
- (d) an assignment by way of first fixed security of any and all its rights, title, interests and benefits (present and future), if any, in and to any custody account including, without limitation, its rights against any custodian for the delivery of any specified securities or an equivalent number or nominal value thereof arising in connection with such assets being held in a clearing system or through a financial intermediary and, to the extent

that the same may be assigned, all of its rights, title, interest and benefits (present and future), if any, in and to all assets and property thereafter belonging to it and deriving from such assets together with all rights attaching thereto and income deriving therefrom;

- (e) an assignment by way of first fixed security of all of its rights, title, interests and benefits (present and future), if any, under any repurchase agreement or other agreement entered into pursuant to or as contemplated in the Transaction Documents from time to time; and
- (f) a first floating charge over the whole of its undertaking, property, assets, rights and revenues (other than those situated in the Cayman Islands or elsewhere in which the paid up ordinary share capital of the Issuer and any Issuer Transaction Fee have been deposited) to the extent not effectively encumbered by the assignments described above.

All of the assets and property which are expressed to be subject to the Security created under or pursuant to the Security Documents are herein referred to as the "**Charged Assets**". On enforcement of the Security in accordance with Conditions 10 (*Events of Default and Acceleration*), 17 (*Enforcement*) and the Security Trust Deed, the Security Trustee is required to apply monies available for distribution in accordance with the Enforcement Order of Priority.

If, pursuant to the terms of the Collateral Switch Agreement, the Issuer is required to enter into a Repurchase Agreement, a Custody Agreement or a replacement Account Bank Agreement in the Approved Form, then in accordance with the terms of the Security Trust Deed, the Issuer will be required to enter into a supplemental deed and/or such other documents as may be required by the Security Trustee pursuant to which the Issuer will grant additional security to the Security Trustee for the benefit of the Secured Parties over its rights, interests and benefits under any such agreements and including in respect of any securities purchased or held on its behalf pursuant to such agreements.

### 3.2 Rights of the Note Trustee and the Security Trustee

Pursuant to the Note Trust Deed, the Issuer has agreed to pay to, or to the order of, the Note Trustee, sums equal to any sums owing to the Noteholders under the Notes as and when the same fall due for payment under the Notes; and, pursuant to the Security Trust Deed, the Issuer has agreed to pay to, or to the order of, the Security Trustee, sums equal to any sums owing to the Secured Parties (including the Noteholders) in respect of the Secured Obligations as and when the same fall due for payment.

## 4. Covenants of the Issuer

The Issuer covenants and agrees in the Note Trust Deed, among other things, that, so long as any of the Notes remain outstanding, it shall not, without the prior written consent of the Note Trustee or except as otherwise permitted by the Transaction Documents:

- (a) engage in any business or other activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that it will engage;
- (b) declare or pay any dividend or make any other distribution to its shareholders;
- (c) have any subsidiaries or any employees or own, rent, lease or be in possession of any buildings or equipment;

- (d) have its Centre of Main Interests or conduct the management of its affairs in any Member State of the European Union including holding any board meetings in any Member State of the European Union;
- (e) (i) be resident in the United Kingdom for United Kingdom tax purposes (residence being determined in these circumstances by the location of the central management and control of the Issuer) or issue or account for the Notes through a permanent establishment in the United Kingdom or (ii) maintain, or carry on any business in the UK through, a branch, agency or other "permanent establishment" in the United Kingdom which is required to be registered at the Companies Registry pursuant to Part 34 of the Companies Act 2006;
- (f) incur or permit to subsist any indebtedness in respect of borrowed money otherwise than in respect of the Notes or give any guarantee or indemnity in respect of any indebtedness or assume any liability except for its reasonable expenses incurred in the ordinary course of its business;
- (g) sell, factor, discount, transfer, convey, assign, lend or otherwise dispose of any of its rights, title or interests in or to the Charged Assets or agree or purport to do so, other than in accordance with the Security Documents;
- (h) create or permit to exist upon or affect any of the Charged Assets, any mortgage, submortgage, assignment, charge, sub-charge, pledge, lien (unless arising by operation of law or imposed by any clearing system in which any of the Repo Collateral is held), hypothecation or other encumbrance or security interest whatsoever (other than the Security) or otherwise permit the validity or effectiveness of the Security Documents or the priority of any Security created thereby to be amended, terminated, postponed or discharged;
- (i) consolidate or merge with any other person or convey or transfer its properties or assets substantially in their entirety to any person or be acquired by any other entity;
- (j) amend or consent to the amendment of any Transaction Document or permit any person with obligations under any Transaction Document to be released from such obligations without the consent of the Security Trustee;
- (k) issue any further shares to any other entity other than to the share trustees for the time being of it (or its nominees) or alter any rights to its shares in existence on the date hereof;
- (l) open or have an interest in any account whatsoever with any bank or other financial institution;
- (m) purchase, subscribe for or otherwise acquire any shares (or other securities or any interest therein) in, or incorporate, any other company or agree to do any of the foregoing;
- (n) amend or alter its Memorandum or Articles of Association;
- (o) commingle its assets with those of any other person; or
- (p) allow or permit its ordinary shares to be held by a United States resident within the meaning of the United States Investment Company Act of 1940, as amended.

5. Interest

5.1 Accrual of interest

- (a) Interest on each Note will accrue on a daily basis at the relevant Rate of Interest on the Adjusted Outstanding Principal Balance of such Note, *provided* that the Adjusted Outstanding Principal Balance of such Note is in excess of USD 1. Such interest shall be payable on each Interest Payment Date.
- (b) Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (after as well as before judgment) until whichever is the earlier of:
  - (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
  - (ii) the day which is seven days after the Principal Paying Agent or the Note Trustee has notified the relevant Noteholder that it has received all sums due in respect of such Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

5.2 Rate of Interest

- (a) For each Interest Period, interest will accrue on the Notes at the USD London Interbank Offered Rate ("**USD LIBOR**") for such Interest Period plus the Interest Margin (together, the "**Rate of Interest**" for that Interest Period).
- (b) The "**Interest Margin**" means:
  - (i) in respect of any Interest Period falling before the Notes Termination Date, 14 per cent. per annum; and
  - (ii) in respect of any Interest Period falling from and including the Notes Termination Date, 2 per cent. per annum.
- (c) The Rate of Interest for the Notes for each Interest Period will be determined by the Agent Bank on the following basis:
  - (i) the Agent Bank will determine USD LIBOR for deposits in U.S. Dollars for a period equal to the Designated Maturity which appears on Reuters Screen LIBOR01 Page as of 11.00 a.m. (London time) on the Interest Determination Date;
  - (ii) if such rate does not appear on that page, the Agent Bank will:
    - (A) request that each of the four major banks (selected by the Agent Bank) in the London interbank market provide a quotation of the rate at which deposits in U.S. Dollars are offered by it in the London interbank market at approximately 11.00 a.m. (London time) on the Interest Determination Date to prime banks in the London interbank market for a period equal to the Designated Maturity (and commencing on the first day of the relevant Interest Period) and in an

amount that is representative for a single transaction in that market at that time, assuming an Actual/360 day count basis;

- (B) if at least two quotations are provided, determine the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, 0.0005 being rounded upwards) of such quotations and determine USD LIBOR for such Interest Period as being such arithmetic mean;
  - (C) if such rate does not appear on that page and if fewer than two such quotations are provided as requested, the Agent Bank will request further quotations from one or more major banks in the London interbank market (selected by the Agent Bank) at approximately 11.00 a.m. (London time) on the Interest Determination Date, of the rate at which loans in U.S. Dollars to leading London banks are made for a period equal to the Designated Maturity (commencing on the first day of the relevant Interest Period) and in an amount that is representative for a single transaction in that market at that time, and USD LIBOR for such Interest Period shall be the rate or, as the case may be, the arithmetic mean of the rates (rounded, if necessary, as aforesaid) so determined; and
- (iii) if, however, the Agent Bank is unable to determine a rate or, as the case may be, an arithmetic mean in accordance with the above provisions in respect of any Interest Period, the USD LIBOR during such Interest Period will be the USD LIBOR, or, as the case may be, the arithmetic mean last determined in the immediately preceding Interest Period.

### 5.3 Calculation of Interest Amount

- (a) The Agent Bank will, on the Interest Determination Date in relation to each Interest Period, calculate (in accordance with these Conditions) USD LIBOR and the Rate of Interest payable in respect of each Note for such Interest Period.
- (b) The Agent Bank will:
  - (i) as soon as reasonably practicable in relation to each Interest Period, determine the Interest Payment Date in respect of such Interest Period and calculate (in accordance with these Conditions) the Interest Amount that would be payable in respect of each Note on the next following Interest Payment Date and assuming that no reduction or reinstatement will be made to the Adjusted Outstanding Principal Balance of the Notes after the determination of the Interest Amount; and
  - (ii) in the event that an Interest Period is extended or shortened for any reason or that the Adjusted Outstanding Principal Balance is reduced or reinstated in each case following the determination of the Interest Amount and the Agent Bank is so notified in writing of such extension or shortening or reduction and/or reinstatement prior to the day falling two Business Days before the Interest Payment Date, promptly re-calculate the Interest Amount payable in respect of each Note for such Interest Period.

- (c) The Interest Amount for each Note will be calculated by applying the Rate of Interest for the relevant Interest Period to the arithmetic average of the Adjusted Outstanding Principal Balance of such Note for each day in such Interest Period (after any adjustments to the Adjusted Outstanding Principal Balance thereof due to be made on each such day and *provided* that if the Adjusted Outstanding Principal Balance of such Note on any day is USD 1 or less, the Adjusted Outstanding Principal Balance shall be deemed to be zero on such date for the purposes of calculating the Interest Amount), multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).
- (d) The Interest Amount payable in respect of the Notes and any Interest Period shall be adjusted in accordance with Condition 6.12 (*Interest on Principal Reinstatement*), if applicable.

#### 5.4 Notification of Determinations

The Agent Bank shall, as soon as practicable after any such determination is made and in respect of payments to be made on the relevant Interest Payment Date in respect of such Interest Period (unless otherwise directed by any party hereafter referred to) cause USD LIBOR, each Rate of Interest, the Interest Amount, any recalculated Interest Amount, and, if applicable, any amount of interest payable or to be deducted in accordance with Condition 6.12 (*Interest on Principal Reinstatement*), determined by it in respect of the Notes, together with the next following Interest Payment Date to be notified to the Paying Agents, the Note Trustee, the Security Trustee, the Issuer, the Administrator, the Calculation Agent, the Swap Counterparty and each stock exchange, competent listing authority, quotation system and/or regulated market (if any, and if so required by the rules thereof), on which or by which the Notes are then listed, quoted and/or traded. The Principal Paying Agent will cause notice thereof to be promptly given to the Noteholders in accordance with Condition 20 (*Notices*).

#### 5.5 Notifications generally

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 or Condition 6 (*Redemption*) by the Agent Bank will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Note Trustee, the Security Trustee, the Noteholders and the other Secured Parties and (subject as aforesaid) no liability to any such person will attach to the Agent Bank or (in the circumstances referred to in Condition 5.6 (*Failure of Agent Bank*) below) the Note Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

#### 5.6 Failure of Agent Bank

If the Agent Bank fails at any time to determine, notify and/or publish the USD LIBOR, any Rate of Interest, Interest Amount, recalculated Interest Amount, amount of interest payable or to be deducted in accordance with Condition 6.12 (*Interest on Principal Reinstatement*) (as applicable) and the Interest Payment Date applicable to the Notes for any Interest Period as provided in this Condition 5, it shall forthwith notify the Issuer, the Note Trustee and the Principal Paying Agent of such failure and the Note Trustee or an agent acting on its behalf will, at the cost of the Issuer, determine or procure the determination, notification or publication, as the case may be, of any such USD LIBOR, Rate of Interest, Interest Amount, recalculated Interest Amount or amount of interest payable or to be deducted in accordance with Condition 6.12 (*Interest on Principal Reinstatement*) (as applicable) and next Interest Payment Date,

applicable to the Notes as it, in its discretion, considers fair and reasonable in the circumstances (having such regard, as it thinks fit, to Condition 5.2 (*Rate of Interest*) above) or, as the case may be, calculate, determine or procure to be calculated or determined such USD LIBOR, Interest Amount, recalculated Interest Amount, any amount of interest payable or to be deducted in accordance with Condition 6.12 (*Interest on Principal Reinstatement*), Rate of Interest or Interest Payment Date in accordance with this Condition 5. Any such determination made by or procured by the Note Trustee (or an agent on its behalf) will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Security Trustee, the Noteholders and the other Secured Parties and no liability to any such person will attach to the Note Trustee in respect of such determination, notification or publication, as the case may be.

6. Redemption

6.1 Amortised Redemption

If at any time after the Replenishment Period and during a relevant Amortisation Period, the Tranche Notional Amount under the Credit Default Swap has been reduced by one or more Writedown Amounts pursuant to the terms of the Credit Default Swap, the Issuer shall, on the immediately following Interest Payment Date, subject to any prior ranking claims in accordance with the applicable Order of Priority, apply the Principal Collections in an amount equal to the aggregate Amortised Amounts determined during such Amortisation Period (but only after the expiry of the Replenishment Period) and, to the extent of interest due, Interest Collections available for distribution on that date in or towards redemption of the Notes (together with any accrued but unpaid interest thereon) until the Outstanding Principal Balance of each Note is at the Minimum Balance.

6.2 Redemption on or after the Notes Termination Date

On the Notes Termination Date and on each Redemption Date thereafter, the Issuer shall, subject to any prior ranking claims in accordance with the applicable Order of Priority, allocate and apply the Principal Collections in an amount equal to the Distributable Principal Amount for that date together with Interest Collections available for distribution on that date in or towards redemption of each of the Notes (together with any accrued but unpaid interest thereon) until the Outstanding Principal Balance of each Note is at the Minimum Balance.

6.3 Designation of a Tax Redemption Date

The Issuer may, *provided* that it satisfies the Note Trustee that a Tax Redemption Event has occurred, by giving not less than 30 calendar days' or more than 45 calendar days' notice to the Noteholders (which notice will be irrevocable) designate an Interest Payment Date as a redemption date (the "**Tax Redemption Date**"). On the Tax Redemption Date and on each Redemption Date thereafter, the Issuer shall, subject to any prior ranking claims in accordance with the applicable Order of Priority, allocate and apply the Principal Collections in an amount equal to the Distributable Principal Amount for that date together with Interest Collections available for distribution on that date in or towards redemption of the Notes (together with any accrued but unpaid interest thereon) until the Outstanding Principal Balance of each Note is at the Minimum Balance.

A "Tax Redemption Event" shall occur if:

- (a) In respect of the Issuer, any of the following events occurs:
  - (i) the Issuer determines that it has, or there is a substantial likelihood that it will within 90 calendar days of the date of determination (such determination being made by the Issuer relying on an opinion of independent legal advisers, as described below), become obliged to withhold or deduct an amount in respect of any Tax from any payment of principal of, interest on, or any other amount payable in respect of, the Notes as a result of any change in, or amendment to the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction);
  - (ii) the Issuer determines that it has, or there is a substantial likelihood that it will, within 90 calendar days of the date of determination (such determination being made by the Issuer relying on an opinion of independent legal advisers, as described below), become subject to any circumstance or to a tax charge (whether by direct assessment or by withholding at source), regulatory imposition, or other imposition by the Cayman Islands or any other jurisdiction which would materially increase the costs to it of complying with its obligations under the Note Trust Deed or, under the Notes or materially increase the operating or administrative expenses of the Issuer or the trust under which the shares in the Issuer are held or reduce the amount of any sums received or receivable by the Issuer or otherwise oblige the Issuer to make any payment on, or calculated by reference to, the amount of any sum received or receivable by the Note Trustee and/or the Security Trustee on behalf of the Issuer as contemplated in the Note Trust Deed or the Security Trust Deed, as the case may be;
  - (iii) payments of interest due to the Issuer on any of the Accounts or on any income due to the Issuer in respect of any other Collateral Investment are, or there is a substantial likelihood that they will, within 90 calendar days of the date of determination (such determination being made by the Issuer relying on an opinion of independent legal advisers, as described below), become subject to deduction or withholding for or on account of any Tax;
  - (iv) a Swap Tax Event occurs under the Credit Default Swap; or
  - (v) during a Repo Existence Period, a Repo Tax Event occurs under the relevant Repurchase Agreement; and
- (b) in the case where any of the events described in Condition 6.3(a)(i) to (iii) has occurred, the Issuer determines that any obligation, imposition, withholding or deduction incurred as a result of such event cannot be avoided by the Issuer taking reasonable measures available to it (without incurring additional cost); and
- (c) the Swap Counterparty:
  - (i) elects to terminate the Credit Default Swap; or

- (ii) fails, after any applicable grace period, to pay any additional amount which it is obliged to pay under the Credit Default Swap or elects not to indemnify the Issuer for any Tax incurred by it or for any Additional Amount which the Issuer would, if it were so funded, be obliged to pay to the Noteholders under Condition 9 (*Taxation*).

Prior to the publication of any notice designating a Tax Redemption Date pursuant to this Condition 6.3, the Issuer shall deliver to the Note Trustee in form and substance satisfactory to the Note Trustee, (a) an opinion of independent legal advisers of recognised standing to the effect that the relevant Tax Redemption Event applies as of the date of such opinion or will apply within 90 calendar days of the date of such opinion and (b) a Tax Certificate. The Note Trustee shall be entitled to accept such opinion and Tax Certificate (but may accept other evidence in lieu thereof, which in its sole opinion is satisfactory to the Note Trustee) as sufficient evidence of the existence of a Tax Redemption Event, in which event it shall be conclusive and binding on the Noteholders. A notice delivered by the Issuer designating a Tax Redemption Date will be irrevocable.

#### 6.4 Designation of a Swap Optional Termination Date

If:

- (a) a Clean-up Event occurs; or
- (b) a Regulatory Event occurs,

*provided* that a Scheduled Maturity Date has not already occurred, the Swap Counterparty shall notify in writing the Calculation Agent, the Note Trustee and the Administrator as soon as reasonably practicable after the occurrence of such Clean-up Event or Regulatory Event, as the case may be, and shall have the right to designate a Business Day (such date, the "**Swap Optional Termination Date**") on which the Credit Default Swap will terminate by giving the Issuer (with a copy to the Calculation Agent, the Note Trustee and the Administrator) at least five Business Days' prior written notice. On the Swap Optional Termination Date and on each Redemption Date thereafter, the Issuer shall, subject to any prior ranking claims in accordance with the applicable Order of Priority, allocate and apply the Principal Collections in an amount equal to the Distributable Principal Amount for that date together with Interest Collections available for distribution on that date in or towards redemption of the Notes (together with any accrued but unpaid interest thereon) until the Outstanding Principal Balance of each Note is at the Minimum Balance.

#### 6.5 Final Redemption

Unless previously redeemed or cancelled, the Notes will be redeemed at their Outstanding Principal Balance together with any accrued but unpaid interest on the Payment Date scheduled to fall on 12 February 2016 (subject to adjustment in accordance with the Following Business Day Convention) (the "**Final Maturity Date**"), subject as provided in Condition 8 (*Payments*).

#### 6.6 No other Redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in this Condition 6 (*Redemption*) or as provided in Condition 10 (*Events of Default and Acceleration*).

#### 6.7 Purchase

The Issuer may not purchase Notes in the open market or otherwise.

6.8 Cancellation

All Notes so redeemed by the Issuer shall be cancelled and may not be reissued or resold.

6.9 Notice of Principal Repayment

If in accordance with these Conditions, principal on any Note is payable on any date other than the Final Maturity Date, the Issuer shall procure that the date and amount of any such payments are notified to Noteholders (in accordance with Condition 20 (*Notices*)), the Note Trustee, the Agents and any stock exchange, competent listing authority and/or quotation system, if any, on which or by which the Notes are then listed, quoted and/or traded as soon as practicable after the determination of such date and amount.

6.10 Reduction of Outstanding Principal Balance

Under the terms of the Credit Default Swap, the Calculation Agent is required to inform the Issuer of (a) any Defaulted Notional Amount in respect of an Event Determination Date; and (b) any Additional Loss Payment payable by the Issuer thereunder. For each Defaulted Notional Amount or Additional Loss Payment payable by the Issuer an amount (the "**Outstanding Principal Balance Reduction Amount**") equal to:

- (a) the greater of (i) such Defaulted Notional Amount *less* the Unutilised Threshold Balance at the time of such calculation; and (ii) zero, and/or
- (b) such Additional Loss Payment,

as applicable, will be applied in reduction of the aggregate Outstanding Principal Balance of the Notes without any corresponding payment to the Noteholders. Such Outstanding Principal Balance Reduction Amount will be allocated to the Notes until the Outstanding Principal Balance of each Note is reduced to USD 1 (one U.S. Dollar) or, on the Final Payment Date, zero. Allocations of Outstanding Principal Balance Reduction Amounts relating to Additional Loss Payments to the reduction of the Outstanding Principal Balance shall be deemed to occur automatically on the date on which the relevant Additional Loss Payment is payable by the Issuer and without further action by any party. Allocations of Outstanding Principal Balance Reduction Amounts relating to Defaulted Notional Amounts to the reduction of the Outstanding Principal Balance shall be deemed to occur automatically on the date of the relevant Event Determination Date and without any further action by any party. The Calculation Agent shall, as soon as reasonably practicable thereafter, notify in writing the Issuer, the Agent Bank, the Principal Paying Agent, the Administrator and the Note Trustee of the Outstanding Principal Balance and the Adjusted Outstanding Principal Balance following such reduction.

In this Condition 6.10, "**Unutilised Threshold Balance**" means on any date of determination:

- (A) the Threshold Balance existing on such date (*less*, to the extent not already taken into account in calculating such Threshold Balance, any Additional Loss Payment previously determined on such date), *less*
- (B) the aggregate of the Verified Loss Amounts for any Pending Liquidated Reference Obligation existing on such date, *less*
- (C) the aggregate of the Defaulted Notional Amounts arising on or prior to such date relating to any Defaulted Reference Obligations which have not, as at such date, become Liquidated Reference Obligations;

and *provided* that if the result of such calculation would be a negative number, the "**Unutilised Threshold Balance**" for such date of determination shall be zero.

6.11 Principal Reinstatements

Upon the determination of a Verified Loss Amount or on the date on which a Credit Event is Cured under the Credit Default Swap and on any Payment Date on which a Loss Adjustment Payment is paid by the Swap Counterparty to the Issuer under the Credit Default Swap, the Outstanding Principal Balance of the Notes will be increased, without any corresponding payment to the Noteholders, by:

- (a) an amount (each such amount, a "**Note Recovery Amount**") determined by the Calculation Agent equal to (A) (Initial Principal Balance of the Notes *minus* Tranche Loss) *minus* (B) (the greater of (i) the aggregate of Defaulted Notional Amounts relating to any Defaulted Reference Obligations which have not, as at such date, become Liquidated Reference Obligations *minus* the Adjusted Threshold Balance and (ii) zero), in each case following the determination of such Verified Loss Amount *minus* (C) the Outstanding Principal Balance of the Notes immediately prior to such determination, *provided* that the Note Recovery Amount shall not be less than zero; or
- (b) to the extent not accounted for pursuant to paragraph (a) above, the Loss Adjustment Payment,

as applicable, in order to reinstate any amounts previously applied in reduction of the Outstanding Principal Balance of the Notes such that the Outstanding Principal Balance of the Notes following such re-instatement reflects the then current aggregate losses and potential losses under the Reference Portfolio, taking into account, amongst other things, the Threshold Balance (the date of such increase being a "**Reinstatement Date**"). Such reinstatement shall be allocated to the Notes until the Outstanding Principal Balance of the Notes is equal to its Initial Principal Balance *less* any Redemption Amounts previously paid in respect of the Notes (the amount so allocated to the Notes being the "**Reinstatement Amount**"). The Calculation Agent shall, as soon as reasonably practicable thereafter, notify in writing the Issuer, the Agent Bank, the Principal Paying Agent, the Administrator and the Note Trustee of the Outstanding Principal Balance and the Adjusted Outstanding Principal Balance following such reinstatement. For the purposes hereof, "**Adjusted Threshold Balance**" means, on any date of determination, the greater of: (a) zero; and (b) (A) the Threshold Amount *minus* (B) the Adjusted Cumulative Loss Amount.

6.12 Interest on Principal Reinstatement

On the Payment Date immediately following the Reinstatement Date relating to a Note Recovery Amount (or, if such Payment Date falls less than two Business Days after such Reinstatement Date, the next following Payment Date) and on each Reinstatement Date relating to a Loss Adjustment Payment, the Issuer shall, subject to Condition 8 (*Payments*), pay to the Noteholders, with respect to any Notes, the Outstanding Principal Balance of which is to be reinstated:

- (a) the Aggregate Make-up Amount (if a positive number), together with any Aggregate Make-up Compound Amount (if a positive number), in respect of that Payment Date; and
- (b) in respect of any Payment Date upon which an Excess Adjustment Period ends, each Regular Interest Amount, together with each Compounded Interest Amount, in respect of each Payment Date falling within such Excess Adjustment Period.

On the Payment Date immediately following the Reinstatement Date relating to a Note Recovery Amount (or, if such Payment Date falls less than two Business Days after such Reinstatement Date, the next following Payment Date), the Issuer shall reduce the amount of interest payable pursuant to Condition 5 (*Interest*) on the Notes in respect of that Payment Date (subject to a minimum of zero) by an amount equal to the sum of:

- (a) the absolute value of any Aggregate Make-up Amount (if a negative number) in respect of that Payment Date; and
- (b) the absolute value of any Aggregate Make-up Compound Amount (if a negative number) in respect of that Payment Date,

(such sum, the "**Interest Reduction Amount**").

If on any such Payment Date the Interest Reduction Amount in respect of the Notes is greater than the amount of interest payable in respect of the Notes on such Payment Date, such excess shall be deducted from the amount of interest payable in respect of the Notes on future Payment Dates until any such excess has been reduced to zero. Interest shall accrue on such unsatisfied excess amounts at USD LIBOR and be compounded on future Payment Dates until paid. In the event that any such excess (including accrued interest thereon) remains unpaid on the Notes Termination Date or on any Redemption Date thereafter and/or any Interest Reduction Amount is payable on the Notes Termination Date or on any Redemption Date thereafter and the amount of interest payable on the Notes on the Notes Termination Date or on any such Redemption Date thereafter is less than the sum of such excess amount and such Interest Reduction Amount (the difference being the "**Interest Deduction Amount**"), the Outstanding Principal Balance of the Notes shall be reduced on the Notes Termination Date or on any such Redemption Date thereafter, before any payments are made to Noteholders on such date and without corresponding payment to the Noteholders, by the Interest Deduction Amount. The Issuer shall pay an amount equal to the Interest Deduction Amount to the Swap Counterparty on such Payment Date by means of an additional payment under the Credit Default Swap.

#### 6.13 Notification of Reductions and Reinstatements of the Outstanding Principal Balance and the Adjusted Outstanding Principal Balance

The Principal Paying Agent shall, as soon as reasonably practicable after being notified in writing by the Calculation Agent of the Outstanding Principal Balance and/or the Adjusted Outstanding Principal Balance of the Notes after any reduction or reinstatement pursuant to Conditions 6.10 (*Reduction of Outstanding Principal Balance*) and 6.11 (*Principal Reinstatements*), notify the Noteholders in accordance with Condition 20 (*Notices*) and each stock exchange (if any) on which the Notes are then listed of any reduction or reinstatement of the Outstanding Principal Balance or Adjusted Outstanding Principal Balance of the Notes and any amount of interest payable or to be deducted in accordance with Condition 6.12 (*Interest on Principal Reinstatement*).

### 7. Allocation of Collections

Pursuant to the Security Trust Deed, the Issuer or, in the case of Condition 7.3 (*Proceeds on Enforcement*), the Security Trustee, shall apply or cause to be applied funds standing to the credit of the Accounts in the following manner:

## 7.1 Application of Interest Collections

- (a) On each Payment Date falling before the Enforcement Date the Issuer shall, subject to Condition 7.2 (*Application of Principal Collections*), apply, or cause to be applied, the Interest Collections for such Payment Date as follows:
- (i) first, to pay or provide for payment to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses (excluding Exceptional Expenses) due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date;
  - (ii) second, to pay or provide for payment to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date, subject to a maximum of USD 250,000 in any one calendar year;
  - (iii) third, to pay or provide for payment to the Operating Creditors, on a *pro rata* and *pari passu* basis, any Budgeted Expenses (excluding Exceptional Expenses) due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date;
  - (iv) fourth, to pay any accrued and unpaid interest including any Aggregate Make-up Amount, Aggregate Make-up Compound Amount, Regular Interest Amount and Compounded Interest Amount payable in accordance with Condition 6.12 (*Interest on Principal Reinstatement*) on the Notes due on such Payment Date;
  - (v) fifth, to pay or provide for payment to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date, to the extent not funded pursuant to sub-paragraph (ii) above;
  - (vi) sixth, to pay or provide for payment to the Operating Creditors, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date;
  - (vii) seventh, to pay to the Issuer the Issuer Transaction Fee, if any, due on such Payment Date; and
  - (viii) eighth, on the Final Payment Date only, to pay any remaining balance of the Interest Collections Account into the Principal Collections Account.
- (b) On any other date prior to the Enforcement Date the Issuer will apply, or cause to be applied, the funds standing to the credit of the Interest Collections Account, to pay, in the Order of Priority, to the Security Trustee, the Note Trustee and any relevant Operating Creditors any unpaid Budgeted Expenses determined as of the immediately preceding Payment Date which are payable to such party and which have not previously been paid out of the Interest Collections Account.

## 7.2 Application of Principal Collections

On each Payment Date falling before the Enforcement Date, the Issuer shall apply, or cause to be applied, the Principal Collections for such Payment Date as follows:

- (a) first, to pay to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses (excluding Exceptional Expenses) due and unpaid on such Payment Date to the extent not paid out of Interest Collections;
- (b) second, to pay to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date to the extent not paid out of Interest Collections, subject to a maximum of USD 250,000 in any one calendar year;
- (c) third, to pay to the Operating Creditors, on a *pro rata* and *pari passu* basis, any Budgeted Expenses (excluding Exceptional Expenses) due and unpaid on such Payment Date to the extent not paid out of Interest Collections;
- (d) fourth, to pay to the Swap Counterparty each Cash Settlement Amount, Loss Adjustment Amount or Interest Deduction Amount, if any, due on such Payment Date;
- (e) fifth, to make payments of principal due on, and reduce to the Minimum Balance the Outstanding Principal Balance (after giving effect to the allocation of any Defaulted Notional Amounts or Additional Loss Payments, if any, on such Payment Date or in the preceding Interest Period) of the Notes;
- (f) sixth, to pay the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date to the extent not paid out of Interest Collections and to the extent not funded pursuant to sub-paragraph (b) above;
- (g) seventh, to pay the Operating Creditors, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date to the extent not paid out of Interest Collections;
- (h) eighth, after the reduction of the Outstanding Principal Balance of each Note to the Minimum Balance, to pay to the Swap Counterparty the remaining funds standing to the credit of the Principal Collections Account (to the extent such funds exceed any due but unpaid Issuer Transaction Fee) toward payment of the Swap Termination Fee which is then due and payable; and
- (i) ninth, to pay the balance of the Principal Collections Account to the Issuer.

## 7.3 Proceeds on Enforcement

- (a) If the Enforcement Date occurs during a Repo Existence Period, then on the Enforcement Date, if the Repurchase Agreement is accelerated as a result of a Repo Event of Default, the obligation of the Repo Counterparty to pay the Outstanding Repurchase Price will on the Repurchase Date be accelerated and netted against the obligation of the Issuer, in such circumstances, to pay the Default Market Value of the Repo Collateral (together with accrued income thereon) to the Repo Counterparty. The excess, if any, of the Default Market Value of the Repo Collateral over the Outstanding Repurchase Price will be paid to the Repo Counterparty as at such date. In such case, only the net proceeds of sale of the Repo Collateral (after payment of any such excess

to the Repo Counterparty) will be available for application by the Security Trustee pursuant to the Enforcement Order of Priority.

- (b) On or after the Enforcement Date, the Security Trustee shall (subject to any applicable laws including laws of bankruptcy, insolvency, liquidation or other laws affecting creditors' rights generally) apply or cause to be applied the proceeds of realisation of the Charged Assets in the order of priority (the "**Enforcement Order of Priority**") set forth below:
- (i) first, to pay or provide for, in no order of priority, *inter se*, but *pro rata* to the respective amounts payable under the provisions of the Security Trust Deed, the Note Trust Deed and the other Transaction Documents by way of remuneration and/or indemnification or which are otherwise payable by the Issuer to the Security Trustee and the Note Trustee and/or any Receiver appointed pursuant to the Security Trust Deed or the Note Trust Deed, their respective Expenses;
  - (ii) second, to pay, or provide for on a *pari passu* basis and *pro rata* to the respective amounts payable to the Operating Creditors their respective Expenses (excluding Exceptional Expenses) payable and not previously paid;
  - (iii) third, to pay or provide for amounts payable to the Swap Counterparty, in respect of the Issuer's obligations to the Swap Counterparty (excluding the Swap Termination Fee) under the Credit Default Swap;
  - (iv) fourth, to pay, in respect of the Notes, firstly, all amounts of interest then due and payable in respect of the Adjusted Outstanding Principal Balance of the Notes (including any Aggregate Make-up Amount, Aggregate Make-up Compound Amount, Regular Interest Amount and Compounded Interest Amount payable in accordance with Condition 6.12) and, secondly, all amounts of principal then due and payable in respect of the Outstanding Principal Balance of the Notes;
  - (v) fifth, to pay, or provide for on a *pari passu* basis and *pro rata* to the respective amounts payable to the Operating Creditors their respective Exceptional Expenses payable and not previously paid;
  - (vi) sixth, to apply the remaining funds, if any, to the extent such funds exceed the amount of any due but unpaid Issuer Transaction Fee, available for distribution toward payment of the Swap Termination Fee; and
  - (vii) seventh, to pay the balance, if any, to the Issuer.

## 8. Payments

### 8.1 Principal

Payments of principal shall be made by U.S. dollar cheque drawn on, or upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City upon surrender (or, in the case of part payment only, endorsement) of the relevant Individual Note Certificates at the Specified Office of any Paying Agent.

8.2 Interest

Payments of interest shall be made by U.S. dollar cheque drawn on, or upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Individual Note Certificates at the Specified Office of any Paying Agent.

8.3 Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

8.4 Payments on Business Days

Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value on the due date, or, if the due date is not a business day, for value on the following business day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Individual Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 8 (*Payments*) arriving after the due date for payment or being lost in the mail. In this Condition, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and London and, in the case of surrender (or, in the case of part payment only, endorsement) of an Individual Note Certificate, in the place in which the Individual Note Certificate is surrendered (or, as the case may be, endorsed).

8.5 Partial payments

If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of an Individual Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Individual Note Certificate.

8.6 Record date

Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

9. Taxation

- (a) All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges ("**Taxes**" and each, a "**Tax**") of whatsoever nature imposed, levied, collected, withheld or assessed by or within any applicable jurisdiction

or any political subdivision thereof or by any authority thereof or therein having power to tax, unless such withholding or deduction is required by any applicable law. In that event the Issuer shall make such payments after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to pay any additional amounts to the Noteholders in respect of such withholding or deduction.

However, in that event, *provided* that the Issuer has been specifically provided with funds by the Swap Counterparty (at the option of the Swap Counterparty) for such purpose, the Issuer will pay such additional amounts ("**Additional Amounts**") as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had become required, except that no Additional Amounts will be payable in respect of any Notes:

- (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the relevant jurisdiction other than the mere holding of such Note; or
  - (ii) where (in the case of a payment of principal or interest on redemption) the relevant Individual Note Certificate is surrendered for payment more than 30 days after the Note Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Individual Note Certificate on the last day of such period of 30 days; or
  - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to EU Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iv) where (in the case of a payment of principal or interest on redemption) the relevant Individual Note Certificate is surrendered for payment by a Holder who would have been able to avoid such withholding or deduction by surrendering the relevant Note Certificate to another Paying Agent in a Member State of the European Union.
- (b) In these Conditions, "**Note Relevant Date**" means whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received by the Paying Agent or the Note Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.
- (c) In the event that the Issuer is required or would, if provided with funds therefor, be required to pay any Additional Amounts to Noteholders and the Swap Counterparty has elected to terminate the Credit Default Swap or has failed to pay any additional amount which it has elected to pay under the Credit Default Swap or has elected not to indemnify the Issuer in respect of any Tax incurred by it or for any Additional Amount which the Issuer would, if it were so funded, be obliged to pay to Noteholders under this Condition 9 (*Taxation*), the Notes will be redeemed in accordance with Condition 6.3 (*Designation of a Tax Redemption Date*).

(d) Any reference in these Conditions to principal or interest will be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable (subject to the discretion of the Swap Counterparty electing to fund such payments) under this Condition 9 (*Taxation*).

10. Events of Default and Acceleration

10.1 Events of Default

The occurrence of any of the following events shall constitute an "**Event of Default**":

(a) Non-payment

there is default in the payment of any interest or principal due in respect of any Notes and such default continues for a period of 5 (five) Business Days after the due date or, if the Principal Paying Agent notifies the Note Trustee in writing that any default in payment is solely as a result of technical problems in the interbank payment systems, 10 (ten) Business Days;

(b) Breach of other obligations

the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Note Trust Deed or any other Transaction Document or causes the occurrence of a Swap Event of Default with respect to the Issuer only, which default is, in the sole opinion of the Note Trustee (i) materially prejudicial to the interests of the Noteholders and (ii) incapable of remedy or, if capable of remedy, continues unremedied for a period of 30 calendar days following the delivery by the Note Trustee of written notice thereof to the Issuer;

(c) Security unenforceable

the Security Trustee ceases to have a valid and enforceable security interest in all or, in the sole opinion of the Security Trustee, a material part of the Charged Assets;

(d) Insolvency proceedings

(i) proceedings are initiated against the Issuer under any applicable liquidation (voluntary or judicial), insolvency, bankruptcy, composition, reorganisation or other similar laws (together, "**Insolvency Law**"), and such proceedings are not, in the sole opinion of the Note Trustee, being disputed in good faith and with a reasonable prospect of success, having received such legal advice and or other legal and/or other professional advice as it may deem necessary and on which it may rely without any liability for so doing; or

(ii) a receiver, trustee, administrator, custodian, conservator or other similar official (a "**receiver**") is appointed pursuant to any Insolvency Law or any other Security Document or the Security Trust Deed in relation to the Issuer or in relation to the whole or substantially the whole of the undertaking or assets of the Issuer; or

(iii) a winding up petition is presented in respect of, or a distress or execution or other process is levied or enforced upon or sued out against, the whole or substantially the whole of the undertaking or assets of the Issuer and such

possession or process, as the case may be, is not discharged or does not otherwise cease to apply within 30 calendar days; or

- (iv) an application is made for the appointment of an administrator in relation to the Issuer, or the Issuer is deemed by a court to be insolvent, bankrupt or unable to pay its debts; or
- (v) the Issuer initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a receiver or an administrator, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved in writing by the Note Trustee).

#### 10.2 Note Default Notice

If an Event of Default occurs, the Note Trustee may among other things, at any time, and, shall if so directed by an Extraordinary Resolution of the Noteholders, and subject, in each case, to it being indemnified and/or secured and/or prefunded to its satisfaction, deliver a notice (a "**Note Default Notice**") to the Issuer (with a copy to the Security Trustee and each Agent) declaring the Notes to be immediately due and payable (in accordance with Condition 6.2 (*Redemption on or after the Notes Termination Date*)).

#### 10.3 Acceleration and Enforcement

- (a) The Notes will become immediately due and payable in accordance with Condition 6.2 (*Redemption on or after the Notes Termination Date*) without any further notice or other action on the part of the Note Trustee or the Noteholders on the date a Note Default Notice is delivered by the Note Trustee to the Issuer pursuant to the Note Trust Deed (the "**Note Default Notice Delivery Date**"). In the event that an Enforcement Date occurs, the Notes shall (unless already accelerated pursuant to the delivery of a Note Default Notice or otherwise) become immediately due and payable in accordance with Condition 6.2 (*Redemption on or after the Notes Termination Date*) without any further notice or other action on the part of the Security Trustee, the Note Trustee or the Noteholders.
- (b) Subject to the terms of the Security Trust Deed and subject to being indemnified and/or secured and/or prefunded to its satisfaction, the Security Trustee (1) shall, upon receipt by it of a Note Default Notice, or (2) following the occurrence of an Enforcement Event, may, at its discretion or, shall if so directed by the Instructing Party (as provided by the terms of the Security Trust Deed) and unless it has already given such notice at such time, give a notice (an "**Enforcement Notice**") to the Issuer (with a copy to the Note Trustee and each Agent) either declaring (A) that the Security has become enforceable pursuant to and upon the delivery of a Note Default Notice to the Issuer (pursuant to the Security Trust Deed) or (B) the Security to be enforceable following the occurrence of an Enforcement Event.
- (c) The Security shall become enforceable on the Enforcement Date in accordance with the terms of the Security Trust Deed. The "**Enforcement Date**" shall be the date which is the earliest of (1) the Note Default Notice Delivery Date, (2) the date that an Enforcement Notice is delivered to the Issuer pursuant to the Security Trust Deed or (3) the date upon which a Swap Acceleration Event occurs.

- (d) If an Early Termination Date occurs under the Credit Default Swap other than due to the occurrence of a Swap Tax Event or Swap Acceleration Event, the Notes shall become immediately due and payable in accordance with Condition 6.2 (*Redemption on or after the Notes Termination Date*) without any further notice or other action on the part of the Security Trustee, the Note Trustee or the Noteholders.
- (e) The Issuer shall procure that the Noteholders are notified (in accordance with Condition 20 (*Notices*)) of the receipt by the Issuer of a Note Default Notice and/or an Enforcement Notice as soon as is practicable thereafter.

11. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Individual Note Certificates are surrendered for payment within ten years of the appropriate Note Relevant Date.

12. Replacement of Individual Note Certificates

If any Individual Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar and the Transfer Agent having its Specified Office in the United States, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Individual Note Certificates must be surrendered before replacements will be issued.

13. Note Trustee, Security Trustee and Agents

13.1 Indemnification of the Note Trustee and the Security Trustee

Under the Note Trust Deed and the Security Trust Deed, each of the Note Trustee and the Security Trustee are entitled to be indemnified and/or secured and/or prefunded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its remuneration, costs and expenses in priority to the claims of the Noteholders and the other Secured Parties.

13.2 Trustees' consideration of interests

Subject to the Note Trust Deed, where the Note Trustee is required in connection with the exercise of its powers, trusts, authorities, duties and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution) to have regard to the interests of all the Noteholders as a class and, in particular but without prejudice to the generality of the foregoing, the Note Trustee will not have regard to, or be in any way liable for, the consequences of such exercise for individual holders of Notes resulting from their being for any purposes domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise no holder of a Note will be entitled to claim (via the Note Trustee or otherwise), from the Issuer or any other person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

In connection with the exercise by it of any of its powers, trusts, authorities, duties and discretions under the Security Trust Deed (including, without limitation, any modification, waiver, authorisation, determination or substitution), while any amounts are due by the Issuer to the Swap Counterparty under the Credit Default Swap, the Security Trustee is required to have regard *first*, to the interests of the Swap Counterparty (for so long as the Swap Counterparty is

the Instructing Party), *second*, to the interests of the Noteholders and *finally*, to the interests of the other Secured Parties.

13.3 Trustees entitled to assume

The Note Trustee and the Security Trustee will each be entitled in considering, for the purposes of exercising any power, trust, authority, duty or discretion (including, without limitation, any modification, waiver, authorisation, determination or substitution) under or in relation to these Conditions or any other Transaction Document, whether such exercise would be materially prejudicial to the interests of any Noteholders or, as the case may be, the Secured Parties, to consider such factors as it, in its discretion, considers relevant. The Note Trustee or, as the case may be, the Security Trustee may in its sole discretion obtain advice satisfactory to the Note Trustee or, as the case may be, the Security Trustee, from a financial (or other) advisor satisfactory to the Note Trustee or, as the case may be, the Security Trustee, prior to the exercise by the Note Trustee or, as the case may be, the Security Trustee, in any particular circumstance of any such power, trust, authority, duty or discretion. All costs and expenses of, or incurred in connection with, such advice shall be borne by the Issuer.

13.4 Trustees not liable to account

As more fully set out in the Note Trust Deed and the Security Trust Deed, each of the Note Trustee and the Security Trustee are not precluded from making any contracts or entering into any transactions in the ordinary course of business with, among others, the Issuer or any other party to the Transaction Documents and neither the Note Trustee nor the Security Trustee shall be accountable to, among others, the Noteholders, the Issuer or any other party to the Transaction Documents for, among other things, any profit arising or resulting from any such contracts or transactions.

13.5 Security Trustee not liable with respect to the Charged Assets

As more fully set out in the Security Trust Deed, the Security Trustee shall not be:

- (a) under any obligation to insure any of the Security or any deeds or documents of title or other evidence in respect of the Security or to require any other person to maintain any such insurance or monitor the adequacy of any such insurance and shall not be responsible for any Liability which may be suffered as a result of the lack of or inadequacy of any such insurance, and is not liable with respect to any loss, theft or reduction in value with respect to the Charged Assets; or
- (b) liable to any Secured Party or other person for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Assets and shall not be responsible for any claim arising from the fact that any of the Charged Assets are held in safe custody by the Custodian or held in a clearing system.

13.6 Trustees not liable for Transaction Documents or Transaction Parties

Neither the Note Trustee nor the Security Trustee shall be:

- (a) responsible for:
  - (i) any recitals, statements, representations, warranties of any person contained in the Note Trust Deed, the Notes, any other Transaction Document or any

document relating to the Security or other documents entered into in connection therewith;

- (ii) the validity, sufficiency of either the whole or any part of the Note Trust Deed or the other Transaction Documents;
  - (iii) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Note Trust Deed or the other Transaction Documents or any document relating thereto or any Security constituted thereby; or
  - (iv) the accuracy and/or completeness of any information supplied to it by the Issuer or any other person in connection with, or for the legality, validity, effectiveness, adequacy or enforceability of any documents, certificates, reports and accounts relating thereto or the nature, status, creditworthiness or solvency of the Issuer or any other party to any of the Transaction Documents and shall not (save as otherwise provided in the Note Trust Deed or, as the case may be, the Security Trust Deed) be liable or responsible for any losses to any person, howsoever caused, as a result of taking or omitting to take any action whatsoever in relation to any such documents, or otherwise;
- (b) obliged to monitor or supervise the functions of any other person under the Note Trust Deed or, as the case may be, the Security Trust Deed or any other Transaction Document and each of the Note Trustee and the Security Trustee shall be entitled, in the absence of express notice of a breach of obligation, to assume that each other such person is properly performing its obligations; or
  - (c) under any obligation to monitor, verify or make any determination or have any Liability to any Noteholder, or, as the case may be, any Secured Party, or other person with respect to:
    - (i) the Credit Default Swap, any list of Reference Entities in respect thereof, the occurrence or type of any Credit Event, any amount determined pursuant to any valuation procedure thereunder, or any Cash Settlement Amount payable thereunder; or
    - (ii) the value of any Repo Collateral then in existence or the amount of any Eligible Securities to be transferred in any circumstance in relation thereto.

### 13.7 Role of Agents

- (a) In acting under the Agency Agreement and in connection with the Notes, the Paying Agents and other Agents act solely as agents of the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.
- (b) The initial Paying Agents and their initial Specified Offices are as stated in the Agency Agreement.
- (c) Subject to Condition 13.7(e) below, the Issuer may, with the prior written approval of the Note Trustee, terminate the appointment of any Agent at any time and/or appoint a successor principal paying agent or registrar or, as the case may be, additional or successor paying agents and transfer agents in accordance with the Agency Agreement.

- (d) Subject to Condition 13.7(e) below, all or any of the Agents may resign their respective appointments at any time in accordance with the Agency Agreement.
- (e) So long as any of the Notes are outstanding, any appointment, variation, resignation or termination pursuant to Conditions 13.7(c) or (d) shall not be effective unless upon the expiry of the relevant notice required to be given under the Agency Agreement there is:
  - (i) a Principal Paying Agent;
  - (ii) a Paying Agent having a Specified Office in a city of a member state of the European Union which has opted for exchange of information, rather than withholding pursuant to the EU Council Directive 2003/48/EC;
  - (iii) a Paying Agent having a Specified Office in the United States;
  - (iv) an Agent Bank;
  - (v) a Calculation Agent;
  - (vi) a Registrar; and
  - (vii) a Transfer Agent.
- (f) Notice of any change in any of the Agents or in the Specified Office of any Paying Agent will promptly be given to the Noteholders in accordance with Condition 20 (*Notices*).

#### 14. Meetings of Noteholders

The Note Trust Deed contains provisions for convening Meetings of Noteholders to consider matters relating to such Notes, including, without limitation, the modification of any provision of these Conditions or the Note Trust Deed affecting such Notes. Subject as provided in the Note Trust Deed, any such modification may be made if sanctioned by an Extraordinary Resolution of the Noteholders.

##### 14.1 Extraordinary Resolution

- (a) The majority required to pass an Extraordinary Resolution of the Noteholders is three quarters or more of the votes cast at such Meeting.
- (b) Such a Meeting may be convened by the Issuer or by the Note Trustee at any time (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders holding not less than one-tenth of the aggregate Outstanding Principal Balance of the outstanding Notes.

##### 14.2 Quorum

- (a) The quorum at any Meeting convened to vote on an Extraordinary Resolution will be one or more Voters holding or representing more than two-thirds of the aggregate Outstanding Principal Balance of the outstanding Notes or, at any adjourned meeting (adjourned for want of a quorum), one or more Voters holding or representing holders of the Notes whatever the principal amount of the Notes held or represented by him or them actually present at the Meeting; provided that certain proposals, including:

- (i) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable (other than in accordance with the Conditions) on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment;
- (ii) to change the currency in which amounts due in respect of any Notes are payable;
- (iii) to change the quorum requirements at any Meeting or the majority required to pass an Extraordinary Resolution;
- (iv) to vary or modify the Security;
- (v) to effect the exchange, conversion or substitution of any Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (vi) to amend the Order of Priority; or
- (vii) to amend the definition of "Reserved Matter",

(each, a "**Reserved Matter**") may only be sanctioned by an Extraordinary Resolution passed at a Meeting of the holders of the Notes at which one or more Voters holding or representing not less than three-quarters or, at any adjourned Meeting (adjourned for want of a quorum), one-quarter of the aggregate Outstanding Principal Balance of the outstanding Notes form a quorum.

- (b) Any resolution (extraordinary or otherwise) passed at a Meeting of the Noteholders shall be binding upon all Noteholders, whether or not present at such Meeting, and each of the Noteholders shall be bound by it accordingly.
- (c) A resolution in writing signed by or on behalf of the holders of three-quarters of the Outstanding Principal Balance of the Notes for the time being outstanding will take effect as if it were an Extraordinary Resolution of the Noteholders. Such a resolution in writing may be contained in a document or several documents in the same form, each signed by or on behalf of one or more of the holders of the Notes and shall take effect on the final such signature.
- (d) Consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the holders of not less than three-quarters of the Outstanding Principal Balance of the Notes for the time being outstanding will take effect as if it were an Extraordinary Resolution of the Noteholders.
- (e) Notice of the result of every vote on an Extraordinary Resolution shall be given to the Noteholders, the Paying Agents and the Agent Bank (with a copy to the Issuer when the Meeting is convened by the Note Trustee or, where the relevant Meeting was convened by the Issuer and the Note Trustee) within 14 calendar days of the conclusion of the Meeting.

15. Modification and Waiver

15.1 Note Trustee

The Note Trustee may (and may direct the Security Trustee to), without the consent of the Noteholders or any other Secured Party and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time:

- (a) authorise or waive any proposed breach or breach of any of the covenants or provisions contained in these Conditions or in any Transaction Document or determine that any Event of Default shall not be treated as an Event of Default for the purposes of these Conditions, if and in so far as in its opinion the interests of the Noteholders will not be materially prejudiced thereby; or
- (b) agree to any modification of these Conditions or any Transaction Document which is, in the sole opinion of the Note Trustee, proper to make (1) (other than in respect of a Reserved Matter) if in the sole opinion of the Note Trustee, such modification will not be materially prejudicial to the interests of any Noteholders; or (2) if, in the sole opinion of the Note Trustee, such modification is of a formal, minor or technical nature or is to correct a manifest error or an error proven to the satisfaction of the Note Trustee or (3) if such modification has been requested in writing by the Issuer to allow it to comply with the requirements as may be prescribed by any stock exchange, competent listing authority and/or quotation system and/or regulated market (if any and if so required by the rules thereof) on which or by which the Notes are then listed, quoted and/or traded in respect of the listing of the Notes from time to time.

15.2 Notification

Any such authorisation, waiver or modification shall be made on terms and subject to such conditions as may seem fit and proper to the Note Trustee and shall be binding on the Noteholders and if the Note Trustee so requires the Issuer shall cause such modification to be notified to the relevant Noteholders in accordance with these Conditions as soon as practicable thereafter. If making any such notification to the relevant Noteholders, the Issuer shall in addition cause such modification to be notified to each stock exchange, competent listing authority, quotation system and/or regulated market (if any and if so required by the rules thereof) on which or by which the Notes are then listed, quoted and/or traded.

15.3 Security Trustee

Subject as provided in the Security Trust Deed, the Security Trustee shall, without the consent of any Secured Party and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if so directed by the Note Trustee with the prior written consent of the Instructing Party:

- (a) authorise or waive any proposed breach or breach of any of the covenants or provisions contained in the Security Trust Deed or in any other Transaction Document; or
- (b) concur with the Issuer and any other party to the Transaction Documents in making any modification to the Conditions, the Security Trust Deed, or any other Transaction Documents.

15.4 Binding

Any such authorisation, waiver or modification shall be made on terms and subject to such conditions as may seem fit and proper to the Note Trustee with respect to such modification, waiver or authorisation and shall be binding on the Secured Parties.

15.5 No obligation to act

Notwithstanding any other Condition hereof or the provisions of the Security Trust Deed and the Note Trust Deed, neither the Note Trustee nor the Security Trustee shall be obliged to agree to any amendment or modification, waiver or substitution which in the opinion of the Note Trustee or the Security Trustee, as the case may be, would have the effect of:

- (a) exposing the Note Trustee or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or
- (b) increasing the obligations or duties or decreasing the protections of the Note Trustee or the Security Trustee in these Conditions or any Transaction Document.

16. Substitution of the Issuer

Subject to the provisions of the Security Trust Deed and the Note Trust Deed, the Note Trustee may agree, and the Security Trustee shall agree if so directed by the Note Trustee, to a written request from the Issuer, without the consent of the Noteholders or any other Secured Party but subject to (i) the prior written consent of the Swap Counterparty (which consent shall not be unreasonably withheld or delayed); and (ii) such amendment to the Security Trust Deed, the Note Trust Deed and such other conditions as the Note Trustee and the Security Trustee may require or agree, that another entity incorporated or formed in another jurisdiction from that of the Issuer's be substituted in place of the Issuer as principal debtor under the Security Trust Deed and/or the Note Trust Deed and/or the Notes and/or as a party to any Transaction Document, *provided* that, among other things, in the sole opinion of the Note Trustee, such substitution will not be materially prejudicial to the interests of the Noteholders.

17. Enforcement

17.1 Security Trustee Action

After the Enforcement Date, the Security Trustee or any Receiver, may at its discretion and without notice, institute or take such proceedings against the Issuer as it thinks fit to enforce its rights under the Security Trust Deed or the other Transaction Documents in respect of the Notes or the Security, but it shall not be bound to take any such action unless:

- (a) it has received a Note Default Notice; or
- (b) it has been so requested in writing by the Instructing Party; or
- (c) otherwise instructed by the Note Trustee (acting as directed by the Noteholders in accordance with the Note Trust Deed),

and, in any case, subject to and in accordance with the Security Trust Deed, it has been indemnified and/or secured and/or prefunded to its satisfaction.

## 17.2 Conflicting Instructions

To the extent that any such directions in relation to Condition 17.1 (*Security Trustee Action*) received from the Instructing Party and the Note Trustee conflict, the Security Trustee will act in accordance with the instructions of the Instructing Party, save that if the Security Trustee has commenced any actions or proceedings on the basis of instructions received from the Instructing Party or the Note Trustee prior to receiving any conflicting instructions, the Security Trustee will be entitled to proceed on the basis of the instructions first received regardless of whether the Instructing Party or the Noteholders gave such instructions and shall have no liability for so doing.

## 18. Limited Recourse and No Petition

### 18.1 Limited Recourse

The Notes will be limited recourse obligations of the Issuer. Notwithstanding any provisions of the Security Documents or of any Transaction Document, all payments of principal and interest to be made by the Issuer under the Notes and all payments to be made by the Issuer to the Secured Parties under the Transaction Documents will be payable only from the sums paid to, or net proceeds recovered by or on behalf of, the Issuer or the Security Trustee in respect of the Charged Assets and in accordance with the priority of application specified in Clause 9 (*Priority of Application*) of the Security Trust Deed. There will be no other assets of the Issuer available for any further payments by the Issuer. The Security Trustee and each other Secured Party will look solely to such sums, proceeds and the rights of the Issuer in respect of the Charged Assets in accordance with the terms of the Security Documents for payments to be made by the Issuer. Having enforced the Security and distributed the net proceeds thereof in accordance with the terms of the Security Trust Deed, none of the Security Trustee nor any other Secured Party may take any further steps against the Issuer to recover any unpaid sum or undischarged payment obligation and the Issuer's liability for any such sum shall be extinguished.

### 18.2 Security Trustee only to Enforce

Only the Security Trustee may pursue the remedies available under applicable laws, under the Notes, the Security Documents and the other Transaction Documents to enforce the rights of the Secured Parties against the Issuer and no other Secured Party shall be entitled to proceed directly against the Issuer unless the Security Trustee, having become bound to proceed in accordance with the terms of the Security Documents after an Event of Default under these Conditions or an Enforcement Event has occurred, fails to do so within a reasonable time and such failure is continuing *provided* that nothing in this Condition 18.2 shall limit the exercise of the powers, trusts, authorities, duties and discretions of the Note Trustee under the Note Trust Deed.

### 18.3 No Petition

Neither the Security Trustee nor any other Secured Party shall be entitled to petition or take any other step for the winding-up, reorganisation, administration, liquidation, bankruptcy, insolvency or other analogous proceeding of the Issuer for so long as any Note is outstanding or for one year and a day after all amounts outstanding under the Transaction Documents have been paid in full, *provided* that the Security Trustee may prove or lodge a claim in liquidation of the Issuer initiated by another party and *provided further* that the Security Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Security Documents.

19. Directors, Shareholders and Officers

No person shall have any recourse against any director, shareholder or officer of the Issuer in respect of any obligation, covenant or agreement entered into or made by the Issuer pursuant to the Security Documents, the Notes or any other Transaction Document to which it is a party or any notice or document which it is requested to deliver hereunder or thereunder. It being expressly understood and agreed that the Issuer's obligations under the Transaction Documents are corporate obligations of the Issuer and no liability shall attach to or be incurred by the shareholders, officers, agents or directors of the Issuer as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained within the Transaction Documents or implied therefrom, and any or all personal liability for breaches by the Issuer of any such obligations, covenants or agreements either by law or by statute of constitution, of every such shareholder, officer, agent or director is hereby expressly waived as a condition of and in consideration for the execution of the Transaction Documents.

20. Notices

Notices to the Noteholders shall be published in a leading newspaper having general circulation in Ireland (which is expected to be *The Irish Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe if such publication is requested by the competent listing authority on which or by which the Notes are listed. Any such notice shall be deemed to have been given on the date of first publication.

21. Provision of Information and FATCA

21.1 Provision of Information

The Issuer shall, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any Holder of a Note which is a "restricted security" within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933 (the "**Securities Act**") or to any prospective purchaser of such securities designated by such Holder, upon the written request of such Holder or (as the case may be) prospective Holder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

21.2 FATCA

Each holder of an interest in a Note agrees that if the Issuer is required to comply with the United States Foreign Accounts Tax Compliance Act ("**FATCA**") in order to receive any payments without withholding tax, then such holder shall (i) provide the Issuer with the necessary information for FATCA reporting; and (ii) permit the Issuer to (x) share such information with the U.S. Internal Revenue Service or its Successors, (y) compel or effect the sale of Notes held by any such holder, or in respect of which such holder has an interest, that fails to comply with the foregoing requirement, and (z) make other amendments to the Transaction Documents to enable the Issuer to comply with FATCA. To the extent that the Transaction Documents do not permit the Issuer to take any of the actions that may be required for the Issuer to comply with FATCA, each such holder, by entering into the Transaction Documents or acquiring an interest in the Notes, authorises the amendment of the Transaction Documents to provide for such action.

The Note Trustee shall not be obliged to agree to any such amendment which, in the sole opinion of the Note Trustee, would have the effect of (a) exposing the Note Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Note Trustee in the Transaction Documents and/or the Conditions.

22. Contracts (Rights Of Third Parties) Act 1999

No person will have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

23. Governing Law and Jurisdiction

23.1 Governing law

The Note Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

23.2 Jurisdiction

- (a) The Issuer has in the Note Trust Deed (a) submitted irrevocably to the non-exclusive jurisdiction of the courts of England for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Note Trust Deed or the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with such documents); (b) waived any objection which it might have to any such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum; and (c) designated Maples and Calder, 5th Floor, Princes Court, 7 Princes Street, London EC2R 8AQ, attention: Corporate Department/Process Agency to accept service of any process on its behalf.
- (b) The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Note Trustee, the Security Trustee or any of the Noteholders to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

24. Agreed Upon Procedures

None of the Issuer, the Administrator, the Swap Counterparty, the Arranger, the Lead Manager, the Note Trustee or the Security Trustee will be liable for any loss suffered by any Noteholder which arises as a result of the Agreed Upon Procedures (as defined in the Credit Default Swap) being insufficient for either:

- (a) any Noteholder's purposes; or
- (b) the Issuer's purposes, the Administrator's purposes, the Note Trustee's purposes or the Security Trustee's purposes.

None of the Issuer, the Note Trustee, the Administrator or the Security Trustee has been involved in the negotiation of the Agreed Upon Procedures and none of the Issuer, the

Administrator, the Swap Counterparty, the Arranger, the Lead Manager, the Note Trustee or the Security Trustee is responsible for determining whether the Agreed Upon Procedures are sufficient for any Noteholder's purposes.

25. Definitions

In these Conditions, the following expressions have the meanings given to them below, or, where not otherwise defined herein, capitalised terms have the meaning given to them in the Note Trust Deed or Credit Default Swap, as appropriate.

**"Account Bank"** means SCB in its capacity as account bank under the Account Bank Agreement or any Successor thereto.

**"Account Bank Agreement"** means the account bank agreement executed on the Closing Date by the Issuer, the Account Bank and others or, at any time after such agreement is terminated (pursuant to the Collateral Switch Agreement or otherwise), any account bank agreement entered into from time to time pursuant to the Collateral Switch Agreement substantially in the form of the Approved Form Account Bank Agreement (together with any agreement for the time being in force amending or supplementing such agreement).

**"Accounts"** means the Interest Collections Account and the Principal Collections Account.

**"Actual/360"** means, in relation to a period, the actual number of days in the period divided by 360.

**"Additional Amount"** has the meaning given to it in Condition 9 (*Taxation*).

**"Additional Loss Payment"** means the additional credit protection payment that may, in certain circumstances specified in the Credit Default Swap, be payable by the Issuer to the Swap Counterparty and which shall constitute a Cash Settlement Amount in accordance with the Credit Default Swap.

**"Adjusted Note Recovery Amount"** has the meaning given to Note Recovery Amount in Condition 6.11 (*Principal Reinstatements*) as applied by the definition of Adjusted Outstanding Principal Balance.

**"Adjusted Outstanding Principal Balance"** means:

- (a) with respect to the Notes on any date or time of determination, an amount equal to:
  - (i) the Initial Principal Balance of the Notes;
  - (ii) *minus* the aggregate amount of Assumed Loss Amounts that would have been allocated to the Notes in reduction of the Adjusted Outstanding Principal Balance of the Notes pursuant to Condition 6.10 (*Reduction of Outstanding Principal Balance*) on or before such date or time if references in Condition 6.10 (*Reduction of Outstanding Principal Balance*) (other than the first and last sentences thereof) to:
    - (A) "Defaulted Notional Amount" or "Defaulted Notional Amounts" were references to "Assumed Loss Amount" or "Assumed Loss Amounts";
    - (B) "Outstanding Principal Balance" were references to "Adjusted Outstanding Principal Balance";

- (C) "Outstanding Principal Balance Reduction Amount" were references to "Adjusted Outstanding Principal Balance Reduction Amount"; and
  - (D) "Unutilised Threshold Balance" were references to "Adjusted Unutilised Threshold Balance";
  - (iii) *plus* the aggregate amount of Adjusted Reinstatement Amounts, if any, that would have been applied in the reinstatement of the Adjusted Outstanding Principal Balance of the Notes made pursuant to Condition 6.11 (*Principal Reinstatements*) on or before such date or time if references in Condition 6.11 (*Principal Reinstatements*) (other than the last sentence thereof) to:
    - (A) "Outstanding Principal Balance" were references to "Adjusted Outstanding Principal Balance";
    - (B) "Defaulted Notional Amount" were references to "Assumed Loss Amount";
    - (C) "Note Recovery Amount" were references to "Adjusted Note Recovery Amount";
    - (D) Condition 6.10 (*Reduction of Outstanding Principal Balance*) were references to Condition 6.10 (*Reduction of Outstanding Principal Balance*) as modified by paragraph (ii) above; and
    - (E) "Reinstatement Amount" were references to "Adjusted Reinstatement Amount";
  - (iv) *minus* the aggregate amount of Additional Loss Payments, if any, allocated to the Notes in reduction of the Outstanding Principal Balance of the Notes pursuant to Condition 6.10 (*Reduction of Outstanding Principal Balance*) on or before such date or time; and
  - (v) *minus* the aggregate amount of payments, if any, of principal made in respect of the Notes on or before such date or time; and
- (b) with respect to a Note on any date or any time of determination, a proportion of the Adjusted Outstanding Principal Balance of the Notes on that date or time of determination equal to the proportion that the Initial Principal Balance of the relevant Note bears to the Initial Principal Balance of the Notes,

in each case, as determined by the Calculation Agent.

**"Adjusted Outstanding Principal Balance Reduction Amount"** has the meaning given to Outstanding Principal Balance Reduction Amount in Condition 6.10 (*Reduction of Outstanding Principal Balance*) as applied by the definition of Adjusted Outstanding Principal Balance.

**"Adjusted Reinstatement Amount"** has the meaning given to Reinstatement Amount in Condition 6.11 (*Principal Reinstatements*) as applied by the definition of Adjusted Outstanding Principal Balance.

**"Adjusted Threshold Balance"** has the meaning given to it in Condition 6.11 (*Principal Reinstatements*).

**"Adjusted Unutilised Threshold Balance"** has the meaning given to Unutilised Threshold Balance in Condition 6.10 (*Reduction of Outstanding Principal Balance*) as applied by the definition of Adjusted Outstanding Principal Balance.

**"Administration and Cash Management Agreement"** means the administration and cash management agreement dated the Closing Date between the Issuer, the Administrator and others, together with any agreement for the time being in force amending or supplementing such agreement.

**"Administrator"** means Deutsche Bank AG, London Branch in its capacity as administrator under the Administration and Cash Management Agreement or any Successor thereto.

**"Agency Agreement"** has the meaning given to it in the preamble to the Conditions.

**"Agent Bank"** has the meaning given to it in the preamble to the Conditions.

**"Agents"** has the meaning given to it in the preamble to the Conditions.

**"Aggregate Make-up Amount"** means, in respect of each Payment Date, the aggregate of all Make-up Amounts (whether positive or negative) in respect of (i) each Liquidated Reference Obligation which became a Liquidated Reference Obligation during the Calculation Period in respect of that Payment Date and (ii) each Defaulted Reference Obligation in respect of which the related Credit Event has been Cured during the Calculation Period in respect of that Payment Date. The Aggregate Make-up Amount can be either a positive or a negative number.

**"Aggregate Make-up Compound Amount"** means, in respect of each Payment Date, the aggregate of all Make-up Compound Amounts (whether positive or negative) in respect of (i) each Liquidated Reference Obligation which became a Liquidated Reference Obligation during the Calculation Period in respect of that Payment Date and (ii) each Defaulted Reference Obligation in respect of which the related Credit Event has been Cured during the Calculation Period in respect of that Payment Date. The Aggregate Make-up Compound Amount can be either a positive or a negative number.

**"Amortisation Notification Date"** means, in respect of each Interest Period each date falling 5 Business Days prior to the first day of such Interest Period (or, in the case of the first Interest Period, the Initial Portfolio Composition Date).

**"Amortisation Period"** means each period beginning on (and including) an Amortisation Notification Date and, ending on (but excluding) the following Amortisation Notification Date.

**"Amortised Amount"** has the meaning given to it in the Credit Default Swap.

**"Approved Form"** means:

- (a) with respect to the Repurchase Agreement, the form of the repurchase agreement attached as Schedule 1 to the Collateral Switch Agreement;
- (b) with respect to the Custody Agreement, the form of the custody agreement attached as Schedule 2 to the Collateral Switch Agreement; and
- (c) with respect to the Account Bank Agreement, an agreement substantially in the form of the Account Bank Agreement executed on the Closing Date by the Issuer, the Account Bank and others.

**"Assumed Loss Amount"** means, with respect to any Defaulted Reference Obligation, an amount equal to the product of (a) the Defaulted Notional Amount of such Defaulted Reference Obligation, and (b) 60 per cent.

**"Budgeted Expenses"** means, as of any Fixed Rate Payer Payment Date, the Expenses which the Calculation Agent and the Swap Counterparty, after consultation with the Administrator, are informed as of the 4th Business Day preceding such Fixed Rate Payer Payment Date (or, in the case of the first Fixed Rate Payer Payment Date, on the Closing Date), will fall due to be paid by the Issuer on or prior to the next following Fixed Rate Payer Payment Date or which have become due and payable and have not been previously funded by the Swap Counterparty.

**"Business Day"** means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange currency deposits) in New York, Singapore and London.

**"Calculation Agent"** means SCB in its capacity as the calculation agent under the Credit Default Swap or any Successor thereto.

**"Calculation Period"** means each period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date *provided that* the first Calculation Period shall commence on (and include) the Closing Date. In respect of each Interest Payment Date, the applicable Calculation Period shall be the Calculation Period ending on (but excluding) that Interest Payment Date.

**"Cash Settlement Amount"** means each credit protection payment (including for the avoidance of doubt each Additional Loss Payment) that the Issuer is, pursuant to the Credit Default Swap, obliged to pay to the Swap Counterparty.

**"Cash Settlement Date"** has the meaning given to it in the Credit Default Swap.

**"Centre of Main Interests"** means, in relation to a person, its centre of main interests within the meaning of the EC Regulation on Insolvency Proceedings 2000.

**"Charged Assets"** has the meaning given to it in Condition 3.1 (*Security*).

**"Clean-up Event"** has the meaning given to it in the Credit Default Swap.

**"Clearstream, Luxembourg"** means Clearstream Banking, société anonyme, Luxembourg or any successor in business thereto.

**"Closing Date"** means 12 August 2011.

**"Collateral Income Proceeds"** means, on any date, interest earned on the Principal Collections Account (or during any Repo Existence Period, Repo Premium) and the Interest Collections Account that are paid to the Issuer from time to time.

**"Collateral Investment"** means, as at any date of determination, (a) if as at such date the proceeds of the Notes (or the remainder thereof) are held in the Principal Collections Account, the cash deposit thereunder, or (b) if as at such date the proceeds of the Notes (or the remainder thereof) are invested in Repo Collateral pursuant to a Repurchase Agreement, the investment thereunder.

**"Collateral Principal Proceeds"** means on any date, (a) if the proceeds of the Notes (or the remainder thereof) are deposited into the Principal Collections Account, the proceeds of such

account, or (b) if the proceeds of the Notes (or the remainder thereof) are invested in Eligible Securities pursuant to a Repurchase Agreement, the Repo Proceeds credited to the Principal Collections Account.

**"Collateral Switch Agreement"** means the collateral switch agreement dated the Closing Date between the Issuer, the Administrator, the Swap Counterparty and the Security Trustee, together with any agreement for the time being in force amending or supplementing such agreement.

**"Compounded Interest Amount"** means, in respect of each Regular Interest Amount, the amount of interest which would have accrued at USD LIBOR in respect of that Regular Interest Amount during the applicable Excess Adjustment Compounding Period, with such amount compounding on each Payment Date during the applicable Excess Adjustment Compounding Period.

**"Conditions"** has the meaning given to it in the preamble to the Conditions.

**"Corporate Services Agreement"** means the corporate services agreement dated on or about the Closing Date between the Issuer and the Corporate Services Provider, together with any agreement for the time being in force amending or supplementing such agreement.

**"Corporate Services Provider"** means MaplesFS Limited in such capacity under the Corporate Services Agreement and the Registered Office Agreement or any Successor thereto.

**"Credit Default Swap"** means the credit default swap transaction entered into on the Closing Date between the Issuer and the Swap Counterparty and documented under the ISDA Master Agreement.

**"Credit Event"** has the meaning given to it in the Credit Default Swap.

**"Credit Event Monitor Agent"** means SCB in its capacity as the credit event monitor agent under the Credit Default Swap or any Successor thereto.

**"Cured"** has the meaning given to it in the Credit Default Swap.

**"Custodian"** means any entity having the Required Custodian Rating as may be selected by the Swap Counterparty in accordance with the terms of the Collateral Switch Agreement.

**"Custody Account"** means, during any Repo Existence Period, the custody securities account or accounts specified as such in or pursuant to any Custody Agreement or such other account or accounts as the Security Trustee, the Issuer and the Swap Counterparty may agree to substitute in place thereof.

**"Custody Agreement"** means, during any Repo Existence Period, any custody agreement entered into pursuant to the Collateral Switch Agreement substantially in the form of the Approved Form Custody Agreement (together with any agreement for the time being in force amending or supplementing such agreement).

**"Default Market Value"** has the meaning given to it in the Repurchase Agreement.

**"Defaulted Notional Amount"** has the meaning given to it in the Credit Default Swap.

**"Defaulted Reference Obligation"** has the meaning given to it in the Credit Default Swap.

**"Designated Maturity"** means three months.

**"Distributable Principal Amount"** means, as of any date, an amount equal to the aggregate Outstanding Principal Balance of the Notes on such date (after giving effect to any adjustments applicable thereto as a result of the occurrence of any Event Determination Date or as a result of any Additional Loss Payment to be paid by the Issuer on such date or any Reinstatement Amount to be applied thereto on such date or applied in the immediately preceding Interest Period but before giving effect to any adjustments applicable thereto as a result of any principal payments to be made on such date) *minus* the Payable Maximum Cash Settlement Amount.

**"Early Redemption Date"** means (a) the date, if any, on which the redemption of the Notes is accelerated pursuant to Condition 10.3 (*Acceleration and Enforcement*) or (b) the Tax Redemption Date or (c) the Swap Optional Termination Date.

**"Early Termination Date"** has the meaning given to it in the Credit Default Swap.

**"Eligible Securities"** has the meaning given to it in the Repurchase Agreement.

**"Enforcement Date"** has the meaning given to it in Condition 10.3(c) (*Acceleration and Enforcement*).

**"Enforcement Event"** means, any of the following events:

- (a) the Security Trustee ceases to have a valid and enforceable security interest in all or, in the sole opinion of the Security Trustee, a material part of the Charged Assets;
- (b) proceedings are initiated against the Issuer under any applicable Insolvency Law and such proceedings are not, in the sole opinion of the Security Trustee, being disputed in good faith and with a reasonable prospect of success, having received such legal advice and or other professional advice as it may deem necessary and on which it may rely without any liability for so doing;
- (c) a receiver, trustee, administrator, custodian, conservator or other similar official (a **"receiver"**) is appointed pursuant to any Insolvency Law or a Receiver is appointed under the Security Trust Deed in relation to the Issuer or, in each case, in relation to the whole or substantially the whole of the undertaking or assets of the Issuer;
- (d) a winding-up petition is presented in respect of, or a distress or execution or other process is levied or enforced upon or sued out against, the whole or substantially the whole of the undertaking or assets of the Issuer and such possession or process, as the case may be, is not discharged or does not otherwise cease to apply within 30 calendar days;
- (e) an application is made for the appointment of an administrator in relation to the Issuer;
- (f) the Issuer is deemed by a court to be insolvent, bankrupt or unable to pay its debts;
- (g) the Issuer initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a receiver or an administrator, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved in writing by the Security Trustee);
- (h) in breach of Clauses 5.1(f) (*Comply with Transaction Documents*) and/or 5.2(j) (*Amendment of Transaction Documents*) of the Note Trust Deed the Issuer concurs in the amendment or modification of any Transaction Document or agrees to

waive or authorise any breach thereof without the prior written consent of the Security Trustee and such breach is, in the sole opinion of the Security Trustee (1) materially prejudicial to the interests of the Secured Parties and (2) incapable of remedy or, if capable of remedy, continues unremedied for a period of 30 calendar days following the delivery by the Security Trustee of written notice thereof to the Issuer; or

- (i) the Account Bank becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or an administrator, liquidator or administrative or other receiver of it or of all or a substantial part of its property is appointed, or an order of any court is entered approving any petition filed by it or against it under the provisions of any applicable bankruptcy or insolvency law.

**"Enforcement Notice"** has the meaning given to it in Condition 10.3(b) (*Acceleration and Enforcement*).

**"Enforcement Order of Priority"** has the meaning given to it in Condition 7.3 (*Proceeds on Enforcement*).

**"Euroclear"** means Euroclear Bank S.A./N.V. or any successor in business thereto.

**"Event Determination Date"** has the meaning given to it in the Credit Default Swap.

**"Event of Default"** has the meaning given to it in Condition 10.1 (*Events of Default*).

**"Exceptional Expenses"** means any fees, expenses, out-of-pocket expenses, costs, liabilities or indemnity amounts or other amounts (inclusive of value added tax) which are (a) properly incurred or claimed by the Note Trustee, the Security Trustee, any Receiver or any Operating Creditor other than in the ordinary course of business as anticipated by the provisions of the relevant Transaction Documents and which are payable by the Issuer under a Transaction Document to which it is a party or (b) payable other than pursuant to a Transaction Document.

**"Excess Adjustment Amount"** means each Excess Loss Amount and each Late Recovery Amount.

**"Excess Adjustment Period"** means, in respect of each Excess Adjustment Amount, the period commencing on (and including) the Payment Date immediately following the Event Determination Date in respect of the Reference Obligation to which that Excess Adjustment Amount relates to (and including) the Payment Date immediately following the date on which the Excess Adjustment Amount was determined.

**"Excess Adjustment Compounding Period"** means, in respect of each Regular Interest Amount, the period commencing on (and including) the Payment Date to which that Regular Interest Amount relates to (and including) the Payment Date immediately following the date on which the applicable Excess Adjustment Amount was determined.

**"Excess Loss Amount"** has the meaning given to it in the Credit Default Swap.

**"Expenses"** means, any fees, expenses, costs, liabilities or indemnity amounts or other amounts including Exceptional Expenses (including value added tax) which are properly incurred and in respect of which an invoice has been delivered by the Security Trustee, the Note Trustee, any Receiver or any Operating Creditor to the Issuer and copied to the Swap Counterparty and the Administrator and which are payable by the Issuer.

**"Extraordinary Resolution"** means a resolution passed at a Meeting of Noteholders duly convened and held in accordance with the provisions of the Note Trust Deed, by a majority of not less than three quarters of the votes cast.

**"Final Maturity Date"** has the meaning given to it in Condition 6.5 (*Final Redemption*).

**"Final Payment Date"** means the date on which the last outstanding Notes are redeemed in full or, if earlier, the Payment Date on or immediately following the date upon which the Tranche Notional Amount is zero.

**"Fixed Rate Payer Payment Date"** means the Closing Date and each Payment Date.

**"Following Business Day Convention"** means that, if any Payment Date (or other relevant date) would otherwise fall on a day which is not a Business Day, it will be postponed to the following Business Day.

**"Holder"** has the meaning given to it in Condition 2.1 (*Register*).

**"Income"** means any interest, dividends and other distributions earned in respect of any Repo Collateral and payable to any Repo Counterparty subject to and in accordance with any Repurchase Agreement.

**"Initial Portfolio Composition Date"** means 22 July 2011.

**"Initial Portfolio Notional Amount"** has the meaning given to it in the Credit Default Swap.

**"Initial Principal Balance"** means (a) USD 180,000,000; and (b) with respect to a Note, such Note's *pro rata* share of the Initial Principal Balance of the Notes (*provided* that, at any time, the Initial Principal Balance of all the Notes will equal the Initial Principal Balance).

**"Insolvency Law"** has the meaning given to it in Condition 10.1(d) (*Insolvency proceedings*).

**"Instructing Party"** means, the Swap Counterparty unless and until an Early Termination Date has been effectively designated under the Credit Default Swap following a Swap Event of Default, in respect of which the Swap Counterparty is the Defaulting Party (as defined in the Credit Default Swap), after which date "**Instructing Party**" shall mean the Note Trustee.

**"Interest Amount"** means, with respect to the Notes and any Interest Period, the amount of interest payable in respect of the Notes in respect of such Interest Period as determined in accordance with Condition 5.3 (*Calculation of Interest Amount*).

**"Interest Collections"** means, for any Payment Date, the sum of the funds standing to the credit of, or credited to, the Interest Collections Account on such date.

**"Interest Collections Account"** means the segregated account specified as such in or pursuant to the Account Bank Agreement or such other account as the Security Trustee, the Issuer and the Swap Counterparty may agree to substitute in place thereof.

**"Interest Determination Date"** means, in respect of an Interest Period, the second London Banking Day preceding the first day of such Interest Period.

**"Interest Margin"** has the meaning given to it in Condition 5.2 (*Rate of Interest*).

**"Interest Payment Date"** means 12 February, 12 May, 12 August and 12 November of each year, from and including 12 November 2011 to and including the Final Maturity Date (in each case subject to the Following Business Day Convention).

**"Interest Period"** means each period beginning on (and including) the Closing Date or any Interest Payment Date and, in each case, ending on (but excluding) the following Interest Payment Date.

**"Interest Deduction Amount"** has the meaning given to it in Condition 6.12 (*Interest on Principal Reinstatement*).

**"Interest Reduction Amount"** has the meaning given to it in Condition 6.12 (*Interest on Principal Reinstatement*).

**"ISDA Master"** means the 2002 ISDA Master Agreement together with a schedule thereto to be entered into on the Closing Date between the Issuer and the Swap Counterparty together with any agreement for the time being in force amending or supplementing such agreement.

**"ISDA Master Agreement"** means the ISDA Master together with the Swap Confirmation together with any agreement for the time being in force amending or supplementing such agreement.

**"Issuer"** has the meaning given to it in the preamble to the Conditions.

**"Issuer Transaction Fee"** means USD 250 payable on the Closing Date.

**"Late Recovery Amount"** has the meaning given to it in the Credit Default Swap.

**"Liabilities"** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis and **"Liability"** shall be construed accordingly.

**"Liquidated Reference Obligation"** has the meaning given to it in the Credit Default Swap.

**"Listing Agent"** means NCB Stockbrokers Limited or any other listing agent that may at any time or from time to time be appointed by the Issuer in respect of the Notes.

**"Local Business Day"** has the meaning given to it in Condition 8.4 (*Payments on Business Days*).

**"London Banking Day"** means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

**"Loss Adjustment Payment"** means a reimbursement of credit protection payment that may, in certain circumstances specified in the Credit Default Swap, be payable by the Swap Counterparty to the Issuer.

**"Make-up Amount"** means:

- (a) in respect of each Liquidated Reference Obligation and each Payment Date occurring during the applicable Make-up Period:

- (i) if the Make-up Component Amount in respect of a Liquidated Reference Obligation is a positive number, an amount (expressed as positive number) equal to the amount by which the amount of interest payable in respect of the Notes in respect of that Payment Date would have exceeded the actual amount of interest paid in respect of the Notes if the Adjusted Outstanding Principal Balance of the Notes had not been reduced by that portion of the Make-up Component Amount in respect of that Liquidated Reference Obligation which was applied in reduction of the Adjusted Outstanding Principal Balance of the Notes; and
  - (ii) if the Make-up Component Amount in respect of a Liquidated Reference Obligation is a negative number, an amount (expressed as negative number) equal to the amount by which the amount of interest payable in respect of the Notes in respect of that Payment Date would have been lower than the actual amount of interest paid in respect of the Notes if the Adjusted Outstanding Principal Balance of the Notes had been further reduced by the absolute value of that portion of the Make-up Component Amount in respect of that Liquidated Reference Obligation which would have been applied in reduction of the Adjusted Outstanding Principal Balance of the Notes; and
- (b) in respect of each Defaulted Reference Obligation in respect of which the related Credit Event has been Cured and each Payment Date occurring during the applicable Make-up Period, an amount (expressed as positive number) equal to the amount by which the amount of interest payable in respect of the Notes in respect of that Payment Date would have exceeded the actual amount of interest paid in respect of the Notes if the Adjusted Outstanding Principal Balance of the Notes had not been reduced by that portion of the Assumed Loss Amount of the relevant Defaulted Reference Obligation which was applied in reduction of the Adjusted Outstanding Principal Balance of the Notes.

**"Make-up Component Amount"** means, in respect of each Liquidated Reference Obligation, an amount equal to (i) the Assumed Loss Amount in respect of the relevant Reference Obligation *minus* (ii) the Verified Loss Amount in respect of that Reference Obligation. The Make-up Component Amount may be either a positive or a negative number.

**"Make-up Compounding Period"** means (i) in respect of each Make-up Amount under paragraph (i) of "Make-up Amount" (above), the period commencing on (and including) the Payment Date to which that Make-up Amount relates to (and including) the Payment Date immediately following the date on which the Verified Loss Amount is determined in respect of that Liquidated Reference Obligation to which that Make-up Amount relates and (ii) in respect of each Make-up Amount under paragraph (ii) of "Make-up Amount" (above), the period commencing on (and including) the Payment Date to which that Make-up Amount relates to (and including) the Payment Date immediately following the date on which the Credit Event in respect of that Defaulted Reference Obligation to which that Make-up Amount relates is Cured.

**"Make-up Compound Amount"** means, in respect of each Make-up Amount, the amount of interest which would have accrued at USD LIBOR in respect of that Make-up Amount during the applicable Make-up Compounding Period, with such amount compounding on each Payment Date during the applicable Make-up Compounding Period. If the Make-up Amount is a positive number then the Make-up Compound Amount shall be expressed as a positive number. If the Make-up Amount is a negative number then the Make-up Compound Amount shall be expressed as a negative number.

**"Make-up Period"** means (i) in respect of each Liquidated Reference Obligation, the period commencing on (and including) the Payment Date immediately following the Event Determination Date in respect of that Liquidated Reference Obligation to (and including) the Payment Date immediately following the date on which the Verified Loss Amount is determined in respect of that Liquidated Reference Obligation and (ii) in respect of each Defaulted Reference Obligation in respect of which the related Credit Event has been Cured, the period commencing on (and including) the Payment Date immediately following the Event Determination Date in respect of that Defaulted Reference Obligation (such Event Determination Date to be determined as if the relevant Credit Event Notice has not been deemed rescinded as a result of the relevant Credit Event having been Cured) to (and including) the Payment Date immediately following the date on which the Credit Event in relation to that Defaulted Reference Obligation has been Cured.

**"Maximum Cash Settlement Amount"** has the meaning given to it in the Credit Default Swap.

**"Meeting"** means a meeting of Noteholders (whether originally convened or resumed following an adjournment).

**"Minimum Balance"** means:

- (a) with respect to each Note, (i) if the Outstanding Principal Balance of such Note has been reduced pursuant to Condition 6.10 (*Reduction of Outstanding Principal Balance*) and the aggregate amount of such reduction has not been reinstated in full pursuant to Condition 6.11 (*Principal Reinstatements*), then prior to the Final Payment Date, USD 1 and (ii) otherwise, zero; and
- (b) with respect to the Notes, the aggregate Minimum Balance of the Notes.

**"Minimum Denomination"** means USD 200,000 (and integral multiples of USD 10,000 in excess thereof).

**"Moody's"** means Moody's Investors Services Limited or any Successor thereto.

**"Note Default Notice"** has the meaning given to it in Condition 10.2 (*Note Default Notice*).

**"Note Default Notice Delivery Date"** has the meaning given to it in Condition 10.3(a) (*Acceleration and Enforcement*).

**"Note Recovery Amount"** has the meaning given to it in Condition 6.11 (*Principal Reinstatements*).

**"Note Relevant Date"** has the meaning given to it in Condition 9(b) (*Taxation*).

**"Note Trust Deed"** has the meaning given to it in the preamble to the Conditions.

**"Note Trustee"** has the meaning given to it in the preamble to the Conditions.

**"Noteholders"** has the meaning given to it in the preamble to the Conditions.

**"Notes"** has the meaning given to it in the preamble to the Conditions.

**"Notes Termination Date"** means the date which is the earliest to occur of (a) the Early Redemption Date, (b) the Enforcement Date, and (c) the Scheduled Maturity Date.

**"Operating Creditors"** means any of (a) any Agent, (b) the Administrator, (c) the Corporate Services Provider, (d) any taxing authority, (e) any director of the Issuer, (f) any Listing Agent, (g) the Issuer's auditors, (h) any accountant appointed pursuant to the Credit Default Swap, (i) any process agent of the Issuer, (j) any stock exchange on which the Notes are listed, (k) any taxing authority of the Issuer, (l) the Issuer's counsel and (m) any other party (other than the Swap Counterparty), from time to time a creditor of the Issuer in respect of whom its status as an Operating Creditor has been agreed by the Issuer and the Swap Counterparty.

**"Order of Priority"** means, in respect of any payment to be made by the Issuer before the Enforcement Date, the Pre-enforcement Order of Priority or, in respect of any payment to be made by the Issuer on or after the Enforcement Date, the Enforcement Order of Priority.

**"Outstanding Principal Balance"** means:

- (a) with respect to the Notes on any date or time of determination, an amount equal to:
  - (i) the Initial Principal Balance of the Notes;
  - (ii) *minus* the aggregate amount of Defaulted Notional Amounts allocated to the Notes in reduction of the Outstanding Principal Balance of the Notes pursuant to Condition 6.10 (*Reduction of Outstanding Principal Balance*) on or before such date or time;
  - (iii) *plus* the aggregate amount of Reinstatement Amounts, if any, applied in the reinstatement of the Outstanding Principal Balance of the Notes made pursuant to Condition 6.11 (*Principal Restatements*) on or before such date or time;
  - (iv) *minus* the aggregate amount of Additional Loss Payments, if any, allocated to the Notes in reduction of the Outstanding Principal Balance of the Notes pursuant to Condition 6.10 (*Reduction of Outstanding Principal Balance*) on or before such date or time; and
  - (v) *minus* the aggregate amount of payments, if any, of principal made in respect of the Notes on or before such date or time; and
- (b) with respect to a Note on any date or any time of determination, a proportion of the Outstanding Principal Balance of the Notes on that date or time of determination equal to the proportion that the Initial Principal Balance of the relevant Note bears to the Initial Principal Balance of the Notes,

in each case, as determined by the Calculation Agent.

**"Outstanding Repurchase Price"** has the meaning given to it in the Repurchase Agreement.

**"Payable Maximum Cash Settlement Amount"** has the meaning given to it in the Credit Default Swap.

**"Paying Agent"** and **"Paying Agents"** are defined in the preamble to the Conditions.

**"Payment Date"** means any Interest Payment Date or Redemption Date.

**"Pending Liquidated Reference Obligation"** has the meaning given to it in the Credit Default Swap.

**"Portfolio Notional Amount"** has the meaning given to it in the Credit Default Swap.

**"Potential Defaulted Reference Obligation"** has the meaning given to it in the Credit Default Swap.

**"Pre-enforcement Order of Priority"** means the order of priority for application of Interest Collections and Principal Collections as set out in Conditions 7.1 (*Application of Interest Collections*) and 7.2 (*Application of Principal Collections*), respectively.

**"Principal Collections"** means, for any Payment Date or, as the case may be, Cash Settlement Date, the sum of the funds standing to the credit of, or credited to, the Principal Collections Account on such date.

**"Principal Collections Account"** means the account specified as such in or pursuant to any Account Bank Agreement or such other account as the Security Trustee, the Issuer and the Swap Counterparty may agree to substitute in place thereof.

**"Principal Paying Agent"** has the meaning given to it in the preamble to the Conditions.

**"Rate of Interest"** has the meaning given to it in Condition 5.2 (*Rate of Interest*).

**"receiver"** has the meaning given to it in Condition 10.1(d) (*Insolvency proceedings*).

**"Receiver"** means a receiver or administrative receiver appointed pursuant to the Security Trust Deed and includes any receiver appointed pursuant to Section 29(2) of the Insolvency Act 1986 and more than one such receiver or administrative receiver and any substituted receiver or administrative receiver.

**"Redemption Amounts"** means, with respect to any Note and as at any date of determination, the aggregate sums paid by the Issuer, as at the date of determination, towards redemption of such Note pursuant to Conditions 6.1 (*Amortised Redemption*) or 6.2 (*Redemption on or after the Notes Termination Date*).

**"Redemption Date"** means (a) the Notes Termination Date, (b) each date upon which the Notes are redeemed in part pursuant to Condition 6.1 (*Amortised Redemption*) and (c) after the Notes Termination Date, each Interest Payment Date thereafter.

**"Reference Entity"** has the meaning given to it in the Credit Default Swap and **"Reference Entities"** shall be construed accordingly.

**"Reference Obligation"** has the meaning given to it in the Credit Default Swap.

**"Reference Obligation Notional Amount"** has the meaning given to it in the Credit Default Swap.

**"Registered Office Agreement"** means the registered office agreement dated on or about the Closing Date between the Issuer and the Corporate Services Provider, together with any agreement for the time being in force amending or supplementing such agreement.

**"Regular Interest Amount"** means, in respect of each Excess Adjustment Amount and each Payment Date occurring during the applicable Excess Adjustment Period, an amount equal to the amount by which the amount of interest paid in respect of the Notes in respect of that Payment Date would have exceeded the actual amount of interest paid in respect of the Notes if the Adjusted Outstanding Principal Balance of the Notes had not been reduced by the amount of the Excess Adjustment Amount which was applied in reduction of the Adjusted Outstanding Principal Balance of the Notes.

**"Regulatory Event"** has the meaning given to it in the Credit Default Swap.

**"Reinstatement Amount"** has the meaning given to it in Condition 6.11 (*Principal Reinstatements*).

**"Reinstatement Date"** has the meaning given to it in Condition 6.11 (*Principal Reinstatements*).

**"Relevant Financier"** has the meaning given to it in the Credit Default Swap.

**"Replenishment Period"** has the meaning given to it in the Credit Default Swap.

**"Repo Collateral"** means, at any time during any Repo Existence Period, all Eligible Securities purchased by the Issuer from the Repo Counterparty or delivered by the Repo Counterparty to the Issuer by way of margin or substitution (or, if applicable, the cash proceeds thereof) and which, at such time, have not been repurchased by or redelivered to the Repo Counterparty.

**"Repo Commencement Date"** means, during any Repo Existence Period, the date of the relevant Repurchase Agreement entered into at the commencement of such Repo Existence Period.

**"Repo Counterparty"** means any entity having the Required Repo CP Rating as may be selected by the Swap Counterparty in accordance with the terms of the Collateral Switch Agreement.

**"Repo Event of Default"** means, during any Repo Existence Period, an Event of Default as defined in the relevant Repurchase Agreement.

**"Repo Existence Period"** means any period during which the proceeds of the Notes (or the remainder thereof) are invested in Eligible Securities pursuant to a Repurchase Agreement.

**"Repo Premium"** means, during any Repo Existence Period, the repo premium payable by the Repo Counterparty to the Issuer pursuant to and as more fully described in the relevant Repurchase Agreement.

**"Repo Proceeds"** means, during any Repo Existence Period:

- (a) as at the date of determination, if the Repurchase Agreement is accelerated as a result of a Repo Event of Default, the proceeds of sale of the Eligible Securities realised by or on behalf of the Issuer together with, or net of, any termination payment payable by the Repo Counterparty or the Issuer, respectively, calculated upon the netting of the obligation of the Repo Counterparty to pay the Outstanding Repurchase Price against the obligation of the Issuer to pay the Default Market Value of the Repo Collateral (together with accrued income thereon); or
- (b) in any other circumstance, the Repurchase Price.

**"Repo Tax Event"** means a Repo Tax Event as defined in the Repurchase Agreement.

**"Repurchase Agreement"** means, during any Repo Existence Period, the global master repurchase agreement in respect of Eligible Securities entered into on the relevant Repo Commencement Date pursuant to the Collateral Switch Agreement and between the Issuer and the relevant Repo Counterparty substantially in the form of the Approved Form Repurchase Agreement (together with any agreement for the time being in force amending or supplementing such agreement).

**"Repurchase Date"** has the meaning given to it in the Repurchase Agreement.

**"Repurchase Price"** has the meaning given to it in the Repurchase Agreement.

**"Required Account Bank Rating"** means a long-term debt rating by Moody's of A3 and by S&P of A-, and a short-term debt rating by Moody's of P-1 and by S&P of A-1, *provided* that if no such long-term debt rating is available, Required Account Bank Rating shall mean a short-term debt rating by S&P of A-1.

**"Required Custodian Rating"** means a long-term debt rating by Moody's of A1 and a short-term debt rating by Moody's of P-1 and by S&P of A-1.

**"Required Repo CP Rating"** means a short-term debt rating by Moody's of P-1 and a long-term senior unsecured debt rating by Moody's of at least A2, and a short-term senior unsecured foreign currency debt rating by S&P of A-1, or, if a short-term senior unsecured foreign currency debt rating by S&P is not available, a long-term senior unsecured foreign currency debt rating by S&P of A+, provided that, if an entity has a short-term debt rating of P-1 by Moody's and a long-term senior unsecured debt rating of A2 by Moody's, it will not have the Required Repo CP Rating if it has been placed on negative credit watch by Moody's.

**"Reserve Expenses Amount"** means USD 250,000.

**"Reserved Matter"** has the meaning given to it in Condition 14 (*Meetings of Noteholders*).

**"Reuters Screen"** means, when used in connection with a designated page and a rate option, the display page so designated on Reuters service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor) for the purposes of displaying rates or prices comparable to that rate option.

**"S&P"** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or any Successor thereto.

**"SCB"** means Standard Chartered Bank.

**"Scheduled Maturity Date"** means 12 February 2015 (subject to adjustment in accordance with the Following Business Day Convention).

**"Secured Obligations"** means all present and future obligations and liabilities (whether actual or contingent and whether jointly or severally or in any other capacity whatsoever) of the Issuer to the Secured Parties under the Transaction Documents.

**"Secured Parties"** means (a) the Account Bank, (b) the Administrator, (c) the Agents, (d) the Corporate Services Provider, (e) the Noteholders, (f) the Note Trustee, (g) any Receiver, (h) the Security Trustee, and (i) the Swap Counterparty (each, a "**Secured Party**").

**"Security"** means the security created by or pursuant to the Security Documents.

**"Security Documents"** means the Security Trust Deed, any security document incorporating appropriate local law security arrangements and any other security document purporting to create security entered into from time to time by the Issuer in favour of the Security Trustee for the benefit of the Secured Parties.

**"Security Trust Deed"** means the security trust deed dated the Closing Date between the Issuer, the Security Trustee and others, together with any agreement for the time being in force amending or supplementing such deed.

**"Security Trustee"** has the meaning given to it in the preamble to the Conditions.

**"Specified Office"** means, in relation to any Paying Agent or the Listing Agent, either the office identified with its name in the Agency Agreement or any other office notified to any relevant parties pursuant to the Agency Agreement.

**"Subscription Agreement"** means the subscription agreement in respect of the Notes dated on or about the Closing Date between the Issuer and SCB together with any agreement for the time being in force amending or supplementing such agreement.

**"Successor"** means, in relation to any parties to a Transaction Document, such other or further person as may from time to time be appointed to act jointly with or in substitution of such party pursuant to, and subject to the provisions of, such Transaction Document.

**"Swap Acceleration Event"** means the occurrence of an Early Termination Date as a result of a Swap Event of Default occurring in relation to either the Issuer or the Swap Counterparty under the Credit Default Swap.

**"Swap Confirmation"** means the written confirmation in respect of the Credit Default Swap dated the Closing Date between, among others, the Issuer and the Swap Counterparty together with any agreement for the time being in force amending or supplementing such transaction or agreement.

**"Swap Counterparty"** means SCB or any Successor thereto.

**"Swap Optional Termination Date"** has the meaning given to it in Condition 6.4 (*Designation of a Swap Optional Termination Date*).

**"Swap Event of Default"** means:

- (a) with respect to the Issuer only, (i) a payment default (continuing for 1 Business Day or more) and (ii) certain bankruptcy-related events, and
- (b) with respect to the Swap Counterparty only, (i) a payment default (continuing for 1 Business Day or more), (ii) certain bankruptcy-related events, (iii) misrepresentation, (iv) breach of agreement or repudiation of agreement and (v) merger without assumption of the Swap Counterparty's liabilities under the Credit Default Swap,

(each as more fully described in the Credit Default Swap).

**"Swap Premium"** means the swap premium payable by the Swap Counterparty as more fully described in the Credit Default Swap under "Fixed Payments – Fixed Amount".

**"Swap Tax Event"** has the meaning given to it in the Credit Default Swap.

**"Swap Termination Fee"** means the fee payable by the Issuer to the Swap Counterparty on the Final Payment Date in accordance with the Credit Default Swap.

**"Tax"** and **"Taxes"** are defined in Condition 9 (*Taxation*).

**"Tax Certificate"** means:

- (a) with respect to the Issuer, a certificate of 2 of its directors stating that any obligation, imposition, withholding or deduction imposed on the Issuer or imposed on any payments to be made to the Issuer as a result of the events described in

Condition 6.3(a)(1) to (3), or, as the case may be, any Tax, cannot be avoided (without incurring additional cost) by the Issuer taking reasonable measures available to it; and

- (b) with respect to the Swap Counterparty, a certificate of 2 of its directors stating that any imposition, withholding or deduction imposed on any payment obligation of the Swap Counterparty under the Credit Default Swap or, as the case may be, any Tax, cannot be avoided (without incurring additional cost) by the Swap Counterparty taking reasonable measures available to it.

**"Tax Redemption Date"** has the meaning given to it in Condition 6.3 (*Designation of a Tax Redemption Date*).

**"Tax Redemption Event"** has the meaning given to it in Condition 6.3 (*Designation of a Tax Redemption Date*).

**"Threshold Balance"** has the meaning given to it in the Credit Default Swap.

**"Tranche Loss"** has the meaning given to it in the Credit Default Swap.

**"Tranche Notional Amount"** has the meaning given to it in the Credit Default Swap.

**"Transaction Documents"** means the Administration and Cash Management Agreement, the Agency Agreement, the Account Bank Agreement, the Collateral Switch Agreement (including the Approved Form Custody Agreement and Approved Form Repurchase Agreement as set out therein), the Corporate Services Agreement, the Registered Office Agreement, the Credit Default Swap, the Notes, the Note Trust Deed, the Security Documents and the Subscription Agreement.

**"Trustees"** means each of the Note Trustee and the Security Trustee.

**"Unutilised Threshold Balance"** has the meaning given to it in Condition 6.10 (*Reduction of Outstanding Principal Balance*).

**"USD"**, **"U.S. Dollars"** and **"U.S. Dollar"** each means the lawful currency of the United States of America.

**"USD LIBOR"** has the meaning given to it in Condition 5.2(a) (*Rate of Interest*).

**"Verified Loss Amount"** has the meaning given to it in the Credit Default Swap.

**"Voter"** has the meaning given to it in Schedule 4 of the Note Trust Deed.

**"Workout Cut-off Date"** has the meaning given to it in the Credit Default Swap.

**"Writtenown Amount"** has the meaning given to it in the Credit Default Swap.

## FORM OF NOTES

### ***Rule 144A Global Note Certificates***

The Notes sold in the United States or to U.S. Persons pursuant to Rule 144A will be represented by one or more Rule 144A Global Note Certificates. The Rule 144A Global Note Certificates will be deposited with the DTC Custodian, as custodian for DTC and registered in the name of Cede, as nominee of DTC.

All or a portion of an interest in a Rule 144A Global Note Certificate may be transferred to a person taking delivery in the form of an interest in a Rule 144A Global Note Certificate in accordance with the applicable procedures of DTC (in addition to procedures and restrictions set forth under the Note Trust Deed); *provided* that (i) any remaining principal amount of the transferor's interest in the Rule 144A Global Note Certificate will either equal zero or meet the required Minimum Denominations and (ii) such transfer is made to a U.S. Person that is a QIB and a QP in a transaction that meets the requirements of Rule 144A and that the transferee, by purchase of such interest in the Rule 144A Global Note Certificates, will be deemed to have made all representations, warranties and acknowledgments applicable to transfers or purchases of an interest in a Rule 144A Global Note Certificate described under "*Purchase and Transfer Restrictions*".

In addition, all or a portion of an interest in a Rule 144A Global Note Certificate may be transferred to a person taking delivery in the form of an interest in a Regulation S Global Note Certificate or exchanged for an interest in a Regulation S Global Note Certificate, in accordance with the applicable procedures of DTC, Clearstream, Luxembourg or Euroclear (in addition to the procedures and restrictions set forth under the Note Trust Deed) and only upon receipt by the Registrar of a written certification from the transferor (in the form provided in the Note Trust Deed) to the effect that, among other things, the transfer is being made to a person whom the transferor reasonably believes is not a U.S. Person and that such transfer is being made in an offshore transaction in accordance with Regulation S and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; *provided* that any remaining principal amount of the transferor's interest in the Rule 144A Global Note Certificate will either equal zero or meet the required Minimum Denominations.

Any beneficial interest in a Rule 144A Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note Certificate will, upon transfer, cease to be an interest in such Rule 144A Global Note Certificate and become an interest in the Regulation S Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to interests in a Regulation S Global Note Certificate for as long as it remains such an interest. No service charge will be made for any registration of transfer or exchange for an interest in a Rule 144A Global Note Certificate, but the Note Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Each transferee of a Rule 144A Global Note Certificate (or any interest therein) will be deemed to represent at the time of transfer that: (i) the transferee is a QIB and also a QP; (ii) the transferee is not a dealer described in paragraph (a)(1)(ii) of Rule 144A unless such transferee owns and invests on a discretionary basis at least USD 25,000,000 in securities of issuers that are not affiliated persons of the dealer; (iii) the transferee is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of such plan; and (iv) the transferee will provide written notice of the foregoing, and of any applicable restrictions on transfer, to any subsequent transferee.

The Note Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any beneficial owner of a Rule 144A Global Note Certificate (or any interest therein) (i) is a U.S. Person and (ii) is not a QIB and also a QP, the Issuer may require, by notice to such

Holder, that such Holder sell all of its right, title and interest to such Rule 144A Global Note Certificate (or interest therein) to a Person that is a QIB and a QP, with such sale to be effected within thirty (30) days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such thirty (30) day period, (i) upon written direction from the Issuer, the Registrar (subject to being indemnified to its satisfaction in respect of its costs and expenses which may be incurred by the Registrar in connection with any sale), shall cause such beneficial owner's interest in such Note to be transferred in a commercially reasonable sale (conducted by the Registrar in accordance with Sections 9-610 and 9-611 of the Uniform Commercial Code as in effect in the State of New York as applied to securities that are sold on a recognized market or that may decline speedily in value) to a person that certifies to the Registrar and the Issuer, in connection with such transfer, that such person is a QIB and a QP and (ii) pending such transfer, no further payments will be made in respect of such Note held by such beneficial owner.

The Notes may not be sold or transferred to Benefit Plan Investors, other than an Original Purchaser. See "*Certain ERISA And Other Considerations*" below.

Transfers of interests in the Rule 144A Global Note Certificates are subject to certain additional restrictions. In particular, each transferee of an interest in a Rule 144A Global Note Certificate will also be deemed to have made certain additional acknowledgments, representations and warranties as provided in the Note Trust Deed. See "*Purchase and Transfer Restrictions*".

#### ***Regulation S Global Note Certificates***

The Notes sold to persons who are not U.S. Persons in offshore transactions (as defined in Regulation S) in reliance on Regulation S under the Securities Act will be represented by one or more Regulation S Global Note Certificates. The Regulation S Global Note Certificates will be deposited with the Common Depository.

Beneficial interests in Regulation S Global Note Certificates will be subject to certain restrictions on transfer set forth therein and in the Note Trust Deed (as applicable) as described herein under "*Purchase and Transfer Restrictions*". Interests in the Regulation S Global Note Certificates may not be held by a U.S. Person at any time.

All or a portion of an interest in a Regulation S Global Note Certificate may be transferred to a person taking delivery in the form of an interest in a Regulation S Global Note Certificate, in accordance with the applicable procedures of Clearstream, Luxembourg or Euroclear (in addition to the procedures and restrictions set forth in the Note Trust Deed); *provided* that (i) any remaining principal amount of the transferor's interest in the Regulation S Global Note Certificates will either equal zero or meet the Minimum Denominations and (ii) such transfer is made to a person who is not a U.S. Person in offshore transactions in reliance on an exemption from the registration requirements of the Securities Act under Regulation S and that the transferee, by purchase of such interest in such Regulation S Global Note Certificates, will be deemed to have made all representations, warranties and acknowledgements applicable to transfers or purchases of an interest in a Regulation S Global Note Certificate described under "*Purchase and Transfer Restrictions*".

In addition, all or a portion of an interest in a Regulation S Global Note Certificate may be transferred to a person taking delivery in the form of an interest in a Rule 144A Global Note Certificate or exchanged for an interest in a Rule 144A Global Note Certificate in accordance with the applicable procedures of DTC, Clearstream, Luxembourg or Euroclear (in addition to the procedures and restrictions set forth in the Note Trust Deed) upon receipt by the Note Trustee of a written certification from the transferor (in the case of a transfer) or the Holder (in the case of an exchange) in the form provided in the Note Trust Deed to the effect that, among other things, the transfer or exchange is to a person that the transferor reasonably believes is a QIB and who is also a QP, and only in a denomination greater than or equal to the Minimum

Denominations; provided that any remaining principal amount of the transferor's interest in the Regulation S Global Note Certificate will either equal zero or meet the required Minimum Denominations.

Any interest in a Regulation S Global Note Certificate that is transferred to a person taking delivery in the form of a Rule 144A Global Note Certificate will, upon transfer, cease to be an interest in such Regulation S Global Note Certificate and become an interest in a Rule 144A Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to interests in a Rule 144A Global Note Certificate for as long as it remains such an interest. No service charge will be made for any registration of transfer or exchange for an interest in a Regulation S Global Note Certificate, but the Note Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Notes may not be sold or, transferred to Benefit Plan Investors, other than an Original Purchaser. See "*Certain ERISA And Other Considerations*" below.

Transfers of interests in the Regulation S Global Note Certificates are subject to certain additional restrictions. In particular, each transferee of an interest in a Regulation S Global Note Certificate will also be deemed to have made certain additional acknowledgments, representations and warranties as provided in the Note Trust Deed. See "*Purchase and Transfer Restrictions*".

### **Amendments to Conditions**

In addition, the Global Note Certificates will contain provisions which modify the Conditions of the Notes as they apply to the Global Note Certificates. The following is a summary of certain of those provisions:

**Payments:** Payments of principal and interest in respect of Notes represented by a Global Note Certificate will be made against presentation for endorsement and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note Certificates to or to the order of the Registrar or such other Paying Agent as shall have been notified to the relevant Noteholders for such purpose.

**Record Date:** Notwithstanding Condition 8.6 (*Record Date*) of the Notes, while all the Notes are represented by Global Note Certificates which are deposited with the Common Depository, or, as the case may be, deposited with the DTC Custodian, as custodian for DTC and registered in the name of Cede, the Record Date will be the business day in Euroclear and Clearstream, Luxembourg or DTC (as applicable) immediately prior to the relevant payment date.

**Notices:** Notwithstanding Condition 20 (*Notices*) of the Notes, while all the Notes are represented by Global Note Certificates which are deposited with the Common Depository or, as the case may be, deposited with the DTC Custodian, as custodian for DTC and registered in the name of Cede, as nominee of DTC, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg or DTC (as applicable) rather than by publication in accordance with Condition 20 (*Notices*) of the Notes, for so long as the Notes are listed on the Irish Stock Exchange, and the rules of the Irish Stock Exchange so permit. Such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) of the Notes on the date of delivery to Euroclear and Clearstream, Luxembourg or DTC (as applicable).

**Purchase and Cancellation:** For so long as any Notes are represented by a Global Note Certificate, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg or DTC, as appropriate.

## **Exchange for Individual Note Certificates**

### **Exchange**

Each Rule 144A Global Note Certificate will be exchangeable, free of charge to the holder, in whole but not in part, for certificates in individual certificate form ("**Rule 144A Individual Note Certificates**") and each Regulation S Global Note Certificate will be exchangeable, free of charge to the holder, in whole but not in part, for certificates in individual certificate form ("**Regulation S Individual Note Certificates**"):

- (a) if a Global Note Certificate is held (directly or indirectly) on behalf of Euroclear and/or Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces that it is permanently to cease business or does in fact do so; or
- (b) if the Global Note Certificate is held on behalf of DTC, DTC notifies the Note Trustee or the Principal Paying Agent that it is unwilling or unable to continue as depositary for the 144A Global Note Certificates or DTC ceases to be a "clearing agency" registered under the Exchange Act, and a successor depositary or clearing agency is not appointed by the Note Trustee or the Principal Paying Agent within ninety (90) days after receiving such notice; or
- (c) if the Issuer or any Paying Agent or any other person is or will be required to make any withholding or deduction from any payment in respect of the Notes for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature or the Issuer suffers or will suffer any other disadvantage as a result of such change, which withholding or deduction would not be required or other disadvantage would not be suffered (as the case may be) if the Notes were in individual certificate form.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note Certificate for Individual Note Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the Notes.

If only one of the Global Note Certificates (the "**Exchanged Global Note Certificate**") becomes exchangeable for Individual Note Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Individual Note Certificates issued in exchange for beneficial interests in the Exchanged Global Note Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Note Certificate.

### **Delivery**

In such circumstances, the relevant Global Note Certificate shall be exchanged in full for Individual Note Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange), cause sufficient Individual Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Note Certificates and (b) in the case of the Rule 144A Global Note Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a purchaser that the transferor reasonably believes to be a QIB that is also a QP. Individual Note Certificates issued in exchange for a beneficial interest in the Rule

144A Global Note Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Purchase and Transfer Restrictions*".

#### ***Legends and Transfers***

The holder of an Individual Note Certificate may transfer the Notes represented thereby in whole or in part in the applicable Minimum Denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of an Individual Note Certificate bearing the legend referred to under "*Purchase and Transfer Restrictions*", or upon specific request for removal of the legend on an Individual Note Certificate, the Issuer will deliver only Individual Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act or that Individual Note Certificates are not "registered securities" within the meaning of Rule 144A of the Securities Act.

Rule 144A Individual Note Certificates will bear the same legend as the legend for the Rule 144A Global Note Certificates as set out under "*Purchase and Transfer Restrictions*". The Rule 144A Individual Note Certificates may not at any time be held by or on behalf of U.S. Persons that are not QIBs that are QPs. Before any Rule 144A Individual Note Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of a Regulation S Individual Note Certificate, the transferor and/or transferee, as applicable, will be required to provide the Issuer and the Registrar with a written certification substantially in the form set out in the Note Trust Deed.

Regulation S Individual Note Certificates will bear the same legend as the legend for the Regulation S Global Note Certificates for such as set out under "*Purchase and Transfer Restrictions*". Before any Regulation S Individual Note Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of a Rule 144A Individual Note Certificate, the transferor and/or transferee, as applicable, will be required to provide the Registrar with a written certification substantially in the form set out in the Note Trust Deed.

## PURCHASE AND TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act or any state securities or "Blue Sky" laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below.

Without limiting the foregoing, by holding a Note, each Holder of a Note will acknowledge and agree, among other things, that such Holder understands that the Issuer is not registered as an investment company under the Investment Company Act, but that the Issuer and the Securitised Portfolio are exempt from registration as such by virtue of Section 3(c)(7) of the Investment Company Act. Section 3(c)(7) exempts issuers from the registration requirements of the Investment Company Act that privately place their securities solely to QPs. In general, QP means, among other things, any natural person who owns not less than USD 5,000,000 in investments; any person who in the aggregate owns and invests, on a discretionary basis, not less than USD 25,000,000 in investments; and trusts as to which both the settlor and the decision-making trustee are qualified purchasers (but only if such trust was not formed for the specific purpose of making such investment).

### Prospective Initial Investors in the Notes

Each prospective purchaser of the Notes offered in reliance on Rule 144A under the Securities Act (a "**U.S. Offeree**") and each prospective purchaser of the Notes offered in reliance on Regulation S (a "**Non-U.S. Offeree**" and together with the U.S. Offerees, the "**Offerees**"), by accepting delivery of this Prospectus, will be deemed to have represented, acknowledged and agreed as follows:

- (a) The Offeree acknowledges that this Prospectus is personal to the Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes other than pursuant to Rule 144A, or another exemption from registration from the Securities Act, or in offshore transactions in accordance with Regulation S. Distribution of this Prospectus or disclosure of any of its contents to any person other than the Offeree and those persons, if any, retained to advise the Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.
- (b) The Offeree agrees to make no photocopies of this Prospectus or any documents referred to herein and, if the Offeree does not purchase the Notes or the offering is terminated, to return this Prospectus and all documents referred to herein to Standard Chartered Bank, Marina Bay Financial Centre (Tower 1), 8 Marina Boulevard, Level 20, Singapore 018981, Attention: Rahul Arora.
- (c) The Offeree has carefully read and understands this Prospectus, including, without limitation, the "*Risk Factors*" section herein, and has based its decision to purchase the Notes upon the information contained herein and on written information, if any, provided to it by the Issuer and the Lead Manager and not on any other information.

### Notes

#### *Legend*

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Note is outstanding, the Notes, as applicable, will bear a legend substantially as set forth below:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS THAT IT HAS OBTAINED THIS NOTE IN A TRANSACTION IN COMPLIANCE WITH THE SECURITIES ACT, THE INVESTMENT COMPANY ACT AND ALL OTHER APPLICABLE LAWS OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THE RESTRICTIONS ON SALE AND TRANSFER SET FORTH IN THE NOTE TRUST DEED. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, FURTHER REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE (OR ANY INTEREST HEREIN) EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT, THE INVESTMENT COMPANY ACT AND ALL OTHER APPLICABLE LAWS OF ANY JURISDICTION AND IN ACCORDANCE WITH THE RESTRICTIONS, CERTIFICATIONS AND OTHER REQUIREMENTS SPECIFIED IN THE NOTE TRUST DEED (i) TO A TRANSFeree (a) THAT IS A QUALIFIED PURCHASER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED PURCHASER IN A TRANSACTION THAT WOULD NOT CAUSE THE ISSUER OR THE SECURITISED PORTFOLIO TO BE REQUIRED TO BE REGISTERED UNDER THE INVESTMENT COMPANY ACT, (b)(1) THAT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER, (2) THAT IS NOT A PARTNERSHIP, COMMON TRUST FUND, PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE AND (3) IF IT WOULD BE AN INVESTMENT COMPANY BUT FOR THE EXCEPTION IN SECTION 3(C)(1) OR SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT, WHOSE INVESTMENT IN THE NOTES DOES NOT EXCEED 40 PER CENT. OF ITS TOTAL ASSETS, IN EACH CASE, EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER, (c) THAT (1) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS IF THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (2) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN USD 25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS, (3) IS NOT A SPECIAL TRUST, PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE BENEFICIARIES OR PARTICIPANTS MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE AND (4) AGREES TO PROVIDE NOTICE TO ANY SUBSEQUENT TRANSFeree OF THE TRANSFER RESTRICTIONS PROVIDED IN THIS LEGEND AND (d) THAT IS A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (A "QUALIFIED INSTITUTIONAL BUYER") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT OR (ii) TO A TRANSFeree THAT IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSES (i) AND (ii), IN A PRINCIPAL AMOUNT, WITH RESPECT TO EACH CLASS OF NOTES OF NOT LESS THAN \$200,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING. EACH PURCHASER OR TRANSFeree OF THIS NOTE WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE NOTE TRUST DEED.

**"QUALIFIED PURCHASER"** MEANS ANY PERSON THAT IS (i) A "QUALIFIED PURCHASER" AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER, OR (ii) A "KNOWLEDGEABLE EMPLOYEE" WITH RESPECT TO THE ISSUER AS DEFINED IN RULE 3c-5 UNDER THE INVESTMENT COMPANY ACT OR (iii) A COMPANY BENEFICIALLY OWNED EXCLUSIVELY BY ONE OR MORE "QUALIFIED PURCHASERS" AND/OR "KNOWLEDGEABLE EMPLOYEES" WITH RESPECT TO THE ISSUER.

**ANY SALE OR TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFeree, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE NOTE TRUSTEE OR ANY INTERMEDIARY.**

The following paragraph is to be included in the legend for Regulation S Notes only:

**EACH TRANSFEROR OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE NOTE TRUST DEED TO THE TRANSFeree. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL ANY INTEREST IN THIS NOTE PREVIOUSLY TRANSFERRED TO HOLDERS NOT ELIGIBLE TO PURCHASE SUCH INTERESTS IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE NOTE TRUST DEED. HOWEVER, WITHOUT PREJUDICE TO THE RIGHTS OF THE ISSUER AGAINST ANY BENEFICIAL OWNER OR PURPORTED BENEFICIAL OWNER OF NOTES, NOTHING IN THE NOTE TRUST DEED OR THE NOTES SHALL BE INTERPRETED TO CONFER ON THE ISSUER, THE NOTE TRUSTEE OR ANY PAYING AGENT ANY RIGHT AGAINST EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG TO REQUIRE THAT EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG, AS THE CASE MAY BE, REVERSE OR RESCIND ANY TRADE COMPLETED IN ACCORDANCE WITH THE RULES OF EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG, AS THE CASE MAY BE.**

The following paragraph is to be included in the legend for Rule 144A Notes only:

**EACH TRANSFEROR OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE NOTE TRUST DEED TO THE TRANSFeree. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL ANY INTEREST IN THIS NOTE PREVIOUSLY TRANSFERRED TO HOLDERS NOT ELIGIBLE TO PURCHASE SUCH INTERESTS IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE NOTE TRUST DEED. HOWEVER, WITHOUT PREJUDICE TO THE RIGHTS OF THE ISSUER AGAINST ANY BENEFICIAL OWNER OR PURPORTED BENEFICIAL OWNER OF NOTES, NOTHING IN THE NOTE TRUST DEED OR THE NOTES SHALL BE INTERPRETED TO CONFER ON THE ISSUER, THE NOTE TRUSTEE OR ANY PAYING AGENT ANY RIGHT AGAINST THE DEPOSITORY TRUST COMPANY ("DTC") TO REQUIRE THAT DTC REVERSE OR RESCIND ANY TRADE COMPLETED IN ACCORDANCE WITH THE RULES OF DTC.**

The following paragraph is to be included in the legend for the Notes:

**EACH PURCHASER AND TRANSFeree OF A BENEFICIAL INTEREST IN THIS NOTE, OTHER THAN AN ORIGINAL PURCHASER, BY ITS PURCHASE, REPRESENTS, WARRANTS AND COVENANTS FOR THE BENEFIT OF THE ISSUER, THE INVESTMENT ADVISER AND THE ARRANGER THAT EITHER (I) IT IS NOT, AND IS NOT ACQUIRING AND HOLDING THIS NOTE ON BEHALF OF, ANY (A) "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF UNITED STATES EMPLOYEE**

RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") SUBJECT TO TITLE I OF ERISA, (B) "PLAN" SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (C) PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY, (D) ENTITY THAT OTHERWISE CONSTITUTES A "BENEFIT PLAN INVESTOR" WITHIN THE MEANING OF SECTION 3(42) OF ERISA AND THE DEPARTMENT OF LABOR REGULATION, 29 C.F.R. SECTION 2510.3-101 (COLLECTIVELY, THE "PLAN ASSETS PROVISIONS") (THE PLANS AND ENTITIES DESCRIBED IN CLAUSES (A), (B), (C) AND (D) ABOVE BEING REFERRED TO AS "BENEFIT PLAN INVESTORS") OR (E) A GOVERNMENTAL PLAN, FOREIGN PLAN OR CHURCH PLAN SUBJECT TO ANY FEDERAL, STATE, FOREIGN OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (II) IT IS A GOVERNMENTAL, FOREIGN OR CHURCH PLAN, AND ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION OR ANOTHER VIOLATION OF ANY SIMILAR FEDERAL, STATE, FOREIGN OR LOCAL LAW. ANY PURPORTED HOLDING OF THIS NOTE BY A PURCHASER (OR AN INTEREST IN THIS NOTE) OR TRANSFER OF THIS NOTE (OR ANY INTEREST IN THIS NOTE) TO A TRANSFeree THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID AB INITIO.

EACH ORIGINAL PURCHASER OF THIS NOTE OR AN INTEREST THEREIN IS REQUIRED TO CERTIFY, AMONG OTHER MATTERS, (i) WHETHER OR NOT IT IS (A) AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF ERISA, AND SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" SUBJECT TO SECTION 4975 OF THE CODE, (C) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY, OR (D) AN ENTITY THAT OTHERWISE CONSTITUTES A "BENEFIT PLAN INVESTOR" WITHIN THE MEANING OF THE PLAN ASSETS PROVISIONS, (ii) IF SUCH PURCHASER IS A BENEFIT PLAN INVESTOR, THAT THE PURCHASE AND HOLDING OF SUCH NOTE DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN APPLICABLE EXEMPTION IS NOT AVAILABLE AND (iii) WHETHER OR NOT IT IS THE ISSUER OR ANY OTHER PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) THAT HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER, A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, OR ANY "AFFILIATE" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101(f)(3)) OF ANY SUCH PERSON (ANY SUCH PERSON DESCRIBED IN THIS CLAUSE (iii) BEING REFERRED TO AS A "CONTROLLING PERSON"). SUCH ORIGINAL PURCHASER WILL ALSO BE REQUIRED TO ACKNOWLEDGE THAT THE TRANSFER AGENT WILL NOT REGISTER ANY PURCHASE OR TRANSFER OF NOTES TO A PROPOSED INITIAL PURCHASER IF, AFTER GIVING EFFECT TO SUCH PROPOSED TRANSFER, PERSONS THAT HAVE REPRESENTED THAT THEY ARE BENEFIT PLAN INVESTORS WOULD OWN 25 PER CENT. OR MORE OF THE OUTSTANDING NOTES.

The following two paragraphs are to be included in the legend for Regulation S Notes only:

[ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF,

**DEUTSCHE BANK AG, LONDON BRANCH ("DEUTSCHE"), HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF BT GLOBENET NOMINEES LIMITED OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG (AND ANY PAYMENT HEREON IS MADE TO DEUTSCHE).]\***

**[TRANSFER OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, AND NOT IN PART, TO NOMINEES OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG OR TO SUCCESSORS THEREOF OR SUCH SUCCESSORS' NOMINEE AND TRANSFERS OF INTERESTS IN THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE NOTE TRUST DEED.]\***

The following two paragraphs are to be included in the legend for Rule 144A Notes only:

**[ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO. ("CEDE"), HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF DTC TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE).]\***

**[TRANSFER OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, AND NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF INTERESTS IN THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE NOTE TRUST DEED.]\***

**PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH IN THE NOTE TRUST DEED. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE PRINCIPAL PAYING AGENT.**

**THE HOLDER OF THIS NOTE ACKNOWLEDGES THAT NOTWITHSTANDING ANY OTHER PROVISION OF THE NOTE TRUST DEED OR ANY OTHER TRANSACTION DOCUMENT, ALL PAYMENTS OF PRINCIPAL, INTEREST OR ANY OTHER AMOUNT TO BE MADE BY THE ISSUER IN RESPECT OF THE NOTES OR UNDER ANY TRANSACTION DOCUMENT WILL BE PAYABLE PURSUANT TO THE PRIORITY OF PAYMENTS AND ONLY FROM, AND TO THE EXTENT OF, THE SUMS PAID TO, OR NET PROCEEDS RECOVERED BY OR ON BEHALF OF, THE ISSUER IN RESPECT OF THE SECURITY (AS DEFINED IN THE SECURITY TRUST DEED). IF THE PROCEEDS OF THE SECURITY (AS DEFINED IN THE SECURITY TRUST DEED) ARE NOT SUFFICIENT FOR THE ISSUER TO MEET ITS OBLIGATIONS IN RESPECT OF THE NOTES AND OTHER TRANSACTION DOCUMENTS, NO OTHER ASSETS OF THE ISSUER WILL BE AVAILABLE TO MEET SUCH INSUFFICIENCY.**

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\* Global Note Certificates only

### ***Initial Investors and Transferees of Interests in Rule 144A Global Notes***

Each initial investor in, and subsequent transferee of, an interest in a Rule 144A Global Note Certificate will be deemed to have represented and agreed as follows:

- (a) It (a) is a QIB and is acquiring the Notes in reliance on the exemption from the Securities Act registration provided by Rule 144A thereunder, (b) is a QP purchasing for its own account and (c) understands the Notes will bear the legend set forth above and be represented by one or more Rule 144A Global Notes Certificates. In addition, it will be deemed to have represented and agreed that it (a)(1) was not formed for the purpose of investing in the Issuer, (2) is not a partnership, common trust fund, pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made and (3) if it would be an investment company but for the exception contained in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, its investment in the Notes does not exceed 40 per cent. of its total assets, in each case, except when each beneficial owner of the purchaser is a QP purchasing for its own account, (b) has received the necessary consent from its beneficial owners if the purchaser is a private investment company formed before April 30, 1996, (c) is not a broker-dealer that owns and invests on a discretionary basis less than USD 25,000,000 in securities of unaffiliated issuers, (d) it is not a special trust, pension, profit sharing or other retirement trust fund or plan in which the beneficiaries or participants may designate the particular investments to be made, (e) will provide notice to any subsequent transferee of the transfer restrictions provided in the legend set forth above, (f) will hold and transfer in an amount of not less than, with respect to the Notes \$200,000 for it or for each account for which it is acting and (g) will provide the Issuer from time to time such information as it may reasonably request in order to ascertain compliance with this paragraph (i).
- (b) It understands that the Notes have been offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Notes have not been and will not be registered under the Securities Act and, if in the future it decides to offer, resell, pledge or otherwise transfer the Notes, such Notes may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the Note Trust Deed and the legend on such Notes. It acknowledges that no representation is made as to the availability of any exemption under the Securities Act or any state securities laws for resale of the Notes.
- (c) In connection with the purchase of the Notes: (a) the Issuer is not acting as a fiduciary or financial or investment advisor for it; (b) it is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer or the Lead Manager (in their capacity as such) or any of their agents, other than any statements in a current Prospectus for such Notes and any representations expressly set forth in a written agreement with such party; (c) it has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary and has made its own investment decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer or the Lead Manager; (d) its purchase of the Notes will comply with all applicable laws in any jurisdiction in which it resides or is located; (e) it is acquiring the Notes as principal solely for its own account for investment and not with a view to the resale, distribution or other disposition thereof in violation of the Securities Act; (f) it has made investments prior to the date hereof and was not formed solely for the purpose of investing in the Notes; (g) it is not a (1) partnership, (2) common trust fund or (3) special trust, pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants may designate the particular investments to be made; (h) it may not hold any Notes for the benefit of any other person, shall at all times be the sole beneficial owner thereof for purposes of the Investment Company Act and all other

purposes and will not sell participation interests in the Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Notes; (i) all Notes (together with any other securities of the Issuer) purchased and held directly or indirectly by it constitute in the aggregate an investment of no more than 40 per cent. of its assets or capital; and (j) it is a sophisticated investor and is purchasing the Notes with a full understanding of all of the terms, conditions and risks thereof and is capable of assuming and willing to assume those risks.

- (d) In connection with the purchase of the Notes: that either (A) it is not (a) an "employee benefit plan" within the meaning of Section 3(3) of United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), subject to Title I of ERISA, (b) a "plan" subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**"), (c) a person or entity whose underlying assets include plan assets by reason of such employee benefit plan's or plan's investment in such entity, (d) an entity that otherwise constitutes a "benefit plan investor" within the meaning of Section 3(42) of ERISA and the Department of Labor regulation, 29 C.F.R. Section 2510.3-101 (collectively, the "Plan Assets Provisions") (the plans and entities described in clauses (a), (b), (c) and (d) above being referred to as "**Benefit Plan Investors**") or (e) a governmental plan, foreign plan or church plan subject to any federal, state, foreign or local law that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, (B) it is a governmental plan, foreign plan or church plan and its purchase, holding and disposition of the applicable notes will not constitute or result in a non-exempt prohibited transaction or another violation of any similar federal, state, foreign or local law or (C) it is an Original Purchaser and makes the acknowledgements immediately below. Any purported holding of a Note by a purchaser (or an interest therein) or transfer of a Note (or any interest therein) to a transferee that does not comply with the foregoing shall be null and void *ab initio*.
- (e) The Original Purchaser of a Note or an interest therein is required to certify, among other matters, (i) whether or not it is (a) an "employee benefit plan" within the meaning of Section 3(3) of ERISA, and subject to Title I of ERISA, (b) a "plan" subject to Section 4975 of the Code, (c) a person or entity whose underlying assets include plan assets by reason of such employee benefit plan's or plan's investment in such entity, or (d) an entity that otherwise constitutes a "benefit plan investor" within the meaning of the Plan Assets Provisions, (ii) if such purchaser is a Benefit Plan Investor, that the purchase and holding of such Note (or interest therein) does not and will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which an applicable exemption is not available and (iii) whether or not it is the Issuer or any other person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Issuer, a person who provides investment advice for a fee (direct or indirect) with respect to the assets of the issuer, or any "affiliate" (within the meaning of 29 C.F.R. Section 2510.3-101(f)(3)) of any such person (any such person described in this clause (iii) being referred to as a "**Controlling Person**"). The Original Purchaser acknowledges that the Transfer Agent will not register any purchase or transfer of Notes to a proposed initial purchaser if, after giving effect to such proposed transfer, persons that have represented that they are Benefit Plan Investors would own 25 per cent. or more of the outstanding Notes.
- (f) It understands that an investment in the Notes involves certain risks, including the risk of loss of all or a substantial part of its investment under certain circumstances. It has had access to such financial and other information concerning the Issuer and the Notes, as it deemed necessary or appropriate in order to make an informed investment decision with respect to its acquisition of the Notes, including an opportunity to ask questions of and request information from the Issuer.

It understands that the Notes will be highly illiquid and are not suitable for short-term trading. It understands that it is possible that due to the structure of the transaction and the performance of the portfolio, payments on the Notes may be deferred, reduced or eliminated entirely. The Issuer has assets limited to the Security for payment of the Notes.

- (g) It understands that the Note Trust Deed permits the Issuer to demand that any beneficial owner of Rule 144A Global Notes who is determined not to be both a QIB and a QP at the time of acquisition of such Rule 144A Global Notes Certificates to sell all its right, title and interest in such Notes (a) to a person who is both a QIB and a QP in a transaction meeting the requirements of Rule 144A or (b) to a person who will take delivery of its interest in Rule 144A Global Note Certificates in the form of an interest in a Regulation S Global Note Certificate and who is not a U.S. Person in a transaction meeting the requirements of Regulation S in a transaction exempt from registration under the Securities Act or any state or other relevant securities laws and, if it does not comply with such demand within thirty (30) days thereof, the Issuer may sell its interest in the Note.
- (h) It acknowledges that it is its intent and that it understands it is the Issuer's intent, that for purposes of U.S. federal, state and local income taxes, the Notes will be treated as equity in the Issuer; it agrees to such treatment, to report all income (or loss) in accordance with such treatment and to take no action inconsistent with such treatment, except as otherwise required by any taxing authority under applicable law.
- (i) It agrees that if the Issuer is required to comply with the United States Foreign Accounts Tax Compliance Act ("FATCA") in order to receive any payments without withholding tax, it will (i) provide the Issuer with the necessary information for FATCA reporting; and (ii) permit the Issuer to (1) share such information with the U.S. Internal Revenue Service, (2) compel or effect the sale of the Notes held by it that fails to comply with the foregoing requirement, and (3) make other amendments to the Transaction Documents to enable the Issuer to comply with FATCA. To the extent that the Transaction Documents do not permit the Issuer to take any of the actions that may be required for the Issuer to comply with FATCA, it, by entering into the Transaction Documents or acquiring an interest in the Notes, authorises the amendment of the Transaction Documents to provide for such action.
- (j) It is aware that, except as otherwise provided in the Note Trust Deed, the Notes being sold to it will be represented by one or more Global Note Certificates, and that beneficial interests therein may be held only through Euroclear and Clearstream, Luxembourg or DTC or one of their nominees, as applicable.
- (k) It understands that the Issuer, the Note Trustee, the Security Trustee, the Lead Manager and their counsel will rely on the accuracy and truth of the foregoing representations, and it hereby consents to such reliance. It agrees that if any of the acknowledgments, representations or warranties made or deemed to have been made by it in connection with its purchase of the Notes are no longer accurate, it will promptly notify the Issuer and the Lead Manager.

#### ***Initial Investors and Transferees of Interests in Regulation S Global Notes***

Each initial investor in, and subsequent transferee of, an interest in a Regulation S Global Note Certificate will be deemed to have made the representations set forth in clauses (b), (c), (d), (e), (f), (h), (i), (j) and (k) above and will be deemed to have further represented and agreed as follows:

- (a) It is aware that the sale of Notes to it is being made in reliance on the exemption from registration provided by Regulation S and understands that the Notes offered in reliance on Regulation S will bear the legend set forth above and be represented by or one or more

Regulation S Global Note Certificates. The Notes so represented may not at any time be held by or on behalf of U.S. Persons as defined in Regulation S. It and each beneficial owner of the Notes that it holds is not, and will not be, a U.S. Person (as defined in Regulation S) and its purchase of the Notes will comply with all applicable laws in any jurisdiction in which it resides or is located.

- (b) It understands that the Note Trust Deed permits the Issuer to demand that any beneficial owner of Regulation S Global Notes who is determined to be a U.S. Person to sell all its right, title and interest in such Regulation S Global Note Certificate (a) to a person who is not a U.S. Person in a transaction meeting the requirements of Regulation S or (b) to a person who will take delivery of the Holder's Regulation S Global Notes in the form of an interest in a Rule 144A Global Note Certificate, who is both a QIB and a QP in a transaction meeting the requirements of Rule 144A or another exemption from registration under the Securities Act and, if the Holder does not comply with such demand within thirty (30) days thereof, the Issuer may sell such Holder's interest in the Note. It understands, further, that the Note Trust Deed also permits the Issuer to require any beneficial owner of Regulation S Global Notes who is determined to be a Benefit Plan Investor or a Controlling Person (for the purposes of ERISA) to sell all of its right, title and interest to such Note (or interest therein) to a Person that is not such a Benefit Plan Investor or Controlling Person, and if the Holder does not comply with such demand within thirty (30) days thereof, the Issuer may sell such Holder's interest in the Note.

### **Settlement**

All payments shall be made in US dollars in same-day funds.

## **DESCRIPTION OF THE CREDIT DEFAULT SWAP**

*The following description of the Credit Default Swap consists of a summary of certain of its provisions and is qualified by reference to the detailed provisions of the Credit Default Swap to be entered into on the Closing Date. Prospective investors must refer to the Credit Default Swap for detailed information regarding the Credit Default Swap.*

### **Documentation**

On the Closing Date, the Issuer will enter into a credit derivative transaction (the "**Credit Default Swap**") with SCB as swap counterparty, calculation agent and credit event monitor agent (in each such capacity, the "**Swap Counterparty**", the "**Calculation Agent**" and the "**Credit Event Monitor Agent**", respectively). The Credit Default Swap will be evidenced by a confirmation (the "**Swap Confirmation**"), which shall be supplemental to the ISDA Master.

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions (the "**2003 Definitions**"), each as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") are incorporated into the Swap Confirmation. In the event of any inconsistency between the 2003 Definitions and the Swap Confirmation, the Swap Confirmation will govern.

Noteholders are deemed to have notice of the provisions of the Credit Default Swap.

### **Reference Portfolio – Summary of Reference Portfolio**

The portfolio in respect of which the Credit Default Swap is entered into (as the same may be amended from time to time pursuant to a Reduction, Cancellation or Replenishment, the "**Reference Portfolio**") will, at any time, consist of a pool of credit exposures to obligors (including any successor thereto, the "**Reference Entities**") selected by the Swap Counterparty with respect to the Initial Portfolio Composition Date and identified as such by an identification code in the Reference Registry and their related Reference Obligations at that time. Any Reference Entity Successor to a Reference Entity shall be a Reference Entity for the Credit Default Swap as determined pursuant to the terms of the Credit Default Swap.

In respect of each Reference Entity, the Swap Counterparty has designated, in the Reference Registry, one or more Reference Obligations which are identified by an identification code (as amended from time to time) and the applicable Reference Obligation Notional Amount in respect thereof.

The Reference Portfolio may or may not have been originated or acquired by the Swap Counterparty.

### **Reference Portfolio – Reference Registry**

Pursuant to the Credit Default Swap, the Swap Counterparty is required to maintain a registry in respect of each Reference Obligation and Reference Entity containing the information set out in the section "*Reference Registry*" (such registry as amended by the Swap Counterparty from time to time in accordance with the terms of the Credit Default Swap, the "**Reference Registry**"). See "*Reference Registry*".

### **Reference Portfolio – Reference Obligations**

**"Reference Obligation"** means each obligation designated as such and identified (by an identification code) in the Reference Registry representing those obligations in respect of the Reference Entity (whether under loans, letters of credit, commercial bonds, guarantees, bills of exchange, promissory notes or any other document or instrument) which are:

- (a) claims in respect of principal, interest, fees, disbursements or other like payments or any other payment obligation whether partial or contingent;
- (b) reimbursement, repayment or indemnity claims; or
- (c) any combination of the foregoing,

in each such case arising in respect of Trade Financing Activities.

**"Trade Financing Activities"** means any of the following:

- (a) issuing, advising and/or confirming letters of credit and/or accepting, negotiating, discounting, purchasing and/or processing any documents or payments pursuant thereto and/or agreeing to do the same;
- (b) handling documentary collections in respect of specific contracts for the supply of goods and/or services on either a cross-border or domestic basis and/or accepting, negotiating, discounting, purchasing and/or processing any documents or payments pursuant thereto and/or agreeing to do the same;
- (c) issuing commercial or financial bonds, guarantees and/or standby letters of credit in respect of specific contracts for the supply of goods and/or services on either a cross-border or domestic basis (excluding Excluded Bonds and Guarantees) and/or processing any documents or payments pursuant thereto and/or agreeing to do the same;
- (d) extending loans to sellers or buyers to finance specific contracts for the supply of goods and/or services on either a cross-border or domestic basis and/or agreeing to do the same (including import or export invoice financing and pre-shipment financing, but excluding finance leases or capital leases); and/or
- (e) issuing reimbursement undertakings in respect of letters of credit and/or extending loans to finance and/or refinance payments under specific letters of credit and/or processing any documents or payments pursuant thereto and/or agreeing to do the same.

**"Excluded Bonds and Guarantees"** means bonds, guarantees and/or standby letters of credit issued in respect of (i) Project Finance and (ii) Construction.

**"Project Finance"** means the financing of long-term large capital assets (including infrastructure, energy and resources and industrial projects but, for the avoidance of doubt, not including stock-in-trade) where the debt is:

- (a) non recourse or limited recourse;
- (b) secured by the project assets (including, where applicable, any revenue-producing contracts); and
- (c) intended to be repaid using the cashflow generated by operation of the project, rather than the general assets or creditworthiness of the project sponsors.

**"Construction"** means arrangements to build or construct any building, plant, infrastructure assets or other commercial or residential premises (whether constituting Project Finance or any other commercial construction arrangement), provided that the definition of "Construction" does not include any bonds, guarantees and/or standby letters of credit issued in respect of the supply of goods incidental to such building or construction.

The obligation of the Issuer to pay Cash Settlement Amounts to the Swap Counterparty exists regardless of whether the Swap Counterparty suffers a loss or is exposed to the risk of loss following the occurrence of a Credit Event, and regardless of whether the Swap Counterparty has any legal or beneficial interest in any obligations of any Reference Entity or any economic risk in respect thereof. If the Swap Counterparty transfers any beneficial interest in any obligation of a Reference Entity or any economic risk in respect thereof to another person or entity, the Swap Counterparty will not, directly or indirectly (including through any indemnity or representation as to collectability made in any agreement providing for such transfer), transfer to or otherwise vest in such person or entity any interest in or under the benefit of the Credit Default Swap for the portion of beneficial interest or economic risk that has been transferred.

The initial Reference Entities, the Reference Obligations and Reference Obligation Notional Amounts thereof have been designated by the Swap Counterparty as of the Initial Portfolio Composition Date and, thereafter, are subject to variation from time to time pursuant to any Replenishment or Reduction and removal from the Reference Portfolio upon becoming a Liquidated Reference Obligation. As at the Initial Portfolio Composition Date, each Reference Obligation in the Reference Portfolio complied with the Eligibility Criteria.

#### **Reference Portfolio – Reference Obligation Notional Amount**

The "**Reference Obligation Notional Amount**" designated in respect of any Reference Obligation is the U.S. Dollar amount identified as such in respect of such Reference Obligation in the Reference Registry.

The Reference Obligation Notional Amount of a Reference Obligation may be reduced as a result of a Reduction or increased as a result of a Replenishment each as described herein.

#### **Reference Portfolio – Non-U.S. Dollar Reference Obligations and Resets**

The Reference Obligation Notional Amount of each Reference Obligation which is not denominated in U.S. Dollars (each, a "**Non-U.S. Dollar Reference Obligation**" and any currency in which a Non-U.S. Dollar Reference Obligation is denominated (each, a "**Non-U.S. Dollar Currency**")) shall be the U.S. Dollar equivalent of the outstanding principal amount in the currency of denomination of such Reference Obligation in respect of which credit protection is being bought (converted into U.S. Dollars at the Relevant FX Rate on the Relevant FX Date).

The "**Relevant FX Date**", in respect of each Non-U.S. Dollar Reference Obligation in the Reference Portfolio, the Relevant Date, or if the Relevant FX Rate has been reset on a date occurring after the Relevant Date in respect of such Non-U.S. Dollar Reference Obligation, the most recent date on which the Relevant FX Rate was reset for such Non-U.S. Dollar Reference Obligation in accordance with the provisions of the Credit Default Swap.

The "**Relevant FX Rate**" for each Non-U.S. Dollar Reference Obligation shall be determined on the Relevant Date in respect of such Non-U.S. Dollar Reference Obligation and may be reset as provided below. Such rate shall be the rate determined by the Swap Counterparty to be the mid-market foreign exchange rate prevailing on such date for the conversion of the relevant currency into U.S. Dollars applied by the Swap Counterparty for its own regular foreign exchange transactions.

In order to reflect fluctuations in the exchange rate between U.S. Dollars and the currency of such Non-U.S. Dollar Reference Obligations, subject to the provisions below, the Swap Counterparty may but is not obliged to, from time to time and irrespective of whether the Replenishment Period has come to the end, reset the Relevant FX Rate (each, a "**FX Reset**") applicable to any Non-U.S. Dollar Reference Obligation (excluding any Defaulted Reference Obligation or Liquidated Reference Obligation) on the last day of each (or any) calendar month (any such date, a "**Reset Date**").

An increase in the Reference Obligation Notional Amount of any Non-U.S. Dollar Reference Obligation attributable to an adjustment of the Relevant FX Rate will be treated as a Replenishment and, accordingly, such increase may not be effected unless the Reference Obligation (and, for the avoidance of doubt, the related Reference Entity) is in compliance with the Eligibility Criteria and the Reference Portfolio is, or is deemed to be, thereafter in compliance with the Replenishment Conditions.

For the avoidance of doubt, after the expiry of the Replenishment Period, the Reference Obligation Notional Amount in respect of any Non-U.S. Dollar Reference Obligation may not be increased by any FX Reset.

### **Reference Portfolio – Replenishments**

On any Business Day during the Replenishment Period on which the Maximum Portfolio Notional Amount exceeds the Portfolio Notional Amount, the Swap Counterparty may adjust the Reference Portfolio, by:

- (a) adding Reference Obligations relating to existing Reference Entities;
- (b) adding new Reference Entities and adding related Reference Obligations to the Reference Portfolio; or
- (c) increasing the Reference Obligation Notional Amount of any Reference Obligation then comprising the Reference Portfolio,

*provided* that each Reference Obligation so added or each Reference Obligation in respect of which the Reference Obligation Notional Amount is so increased (and, for the avoidance of doubt, the related Reference Entity) complies with the Eligibility Criteria and, following such addition, the Reference Portfolio complies with the Replenishment Conditions. Each such addition of a Reference Obligation (or increase in a Reference Obligation Notional Amount) shall constitute a "**Replenishment**" and the day on which any Replenishment is effected by the Swap Counterparty shall constitute a "**Replenishment Date**" with respect to a Reference Obligation so added (or in respect of which the Reference Obligation Notional Amount was so increased); and

*provided further* that the provisos set out in the first paragraph in the section headed "Replenishment Conditions" in this Prospectus shall apply.

No Replenishment shall be permitted if the Cumulative Default Trigger is breached. "**Cumulative Default Trigger**" has the meaning given to it in the section headed "Replenishment Conditions" in this Prospectus.

If the Reference Obligation so added or each Reference Obligation in respect of which the Reference Obligation Notional Amount is so increased (and, for the avoidance of doubt, the related Reference Entity) does not comply with the Eligibility Criteria or if the Reference Portfolio does not comply with any Replenishment Condition (or, if applicable, has caused the degree of non-compliance thereof to worsen) or cause the Cumulative Default Trigger to be breached (each, an "**Ineligible Replenishment**"), the Swap Counterparty may remedy such non-compliance (or, if applicable, worsened degree of non-compliance) or breach by effecting a Replenishment or a Reduction within 60 calendar days of the date of the Ineligible Replenishment. If the Swap Counterparty fails to so remedy such non-compliance (or, if applicable, worsened degree of non-compliance) or breach on or before the such date, the Ineligible Replenishment shall be reversed and shall be deemed not to have been made. For the avoidance of doubt, if an Ineligible Replenishment is effected by way of an increase in the Reference Obligation Notional Amount of an existing Reference Obligation, such Reference Obligation shall continue to form part of the Reference Portfolio and the Conditions to Settlement may still be satisfied in relation to such Reference

Obligation on the basis of the Reference Obligation Notional Amount in existence immediately prior to such increase.

Following any Replenishment, the Portfolio Notional Amount shall not exceed an amount equal to the Maximum Portfolio Notional Amount.

### **Reference Portfolio – Reductions**

The Swap Counterparty may, but shall not be obliged to, at any time and from time to time, elect to reduce the Reference Obligation Notional Amount of any Reference Obligation (a "**Reduction**") as a result of the occurrence of any of the following events:

- (a) the irrevocable cancellation or expiry of any undrawn commitment or any amortisation, repayment of principal or prepayment of principal of the Reference Obligation;
- (b) save to the extent provided for in sub-paragraph (a) above, the occurrence of the Reference Obligation Due Date in respect of such Reference Obligation;
- (c) an assignment or disposal by a Relevant Financier (the "**First Relevant Financier**") to a replacement Relevant Financier (other than a replacement Relevant Financier that is an Affiliate of the First Relevant Financier) of all or a portion of a Reference Obligation from the books and records of the First Relevant Financier;
- (d) the maturity date of the Reference Obligation is extended beyond the Scheduled Termination Date;
- (e) in the case of a Non-U.S. Dollar Reference Obligation, if there is an increase in the Relevant FX Rate applicable to the relevant Non-U.S. Dollar Currency on a Relevant FX Date *provided* that no such Reduction may occur in relation to Defaulted Reference Obligations and Liquidated Reference Obligations;
- (f) the Calculation Agent determines that the inclusion of the Reference Obligation (or the increase in Reference Obligation Notional Amount of an existing Reference Obligation) in the Reference Portfolio as of the Relevant Date was in contravention of, caused the increased contravention of, or caused the non-compliance with, the Eligibility Criteria or Replenishment Conditions or caused the Cumulative Default Trigger to be breached and such contravention, increased contravention, non-compliance or breach would be corrected by a reduction in the Reference Obligation Notional Amount of such Reference Obligation by the proposed amount of the reduction; or
- (g) if the Defaulted Notional Amount determined in respect of a Defaulted Reference Obligation is less than the Reference Obligation Notional Amount thereof (such shortfall being the amount by which the Reference Obligation Notional Amount shall be reduced),

(the amount of the Reference Obligation Notional Amount of such Reference Obligation so reduced, as determined by the Swap Counterparty, being a "**Reduction Amount**").

Any such Reduction shall be effective on the day on which it is made. Upon such Reduction, the Reference Obligation Notional Amount of the Reference Obligation that is the subject of such Reduction shall be reduced by the relevant Reduction Amount but without prejudice to the ability of the Reference Obligation Notional Amount for that Reference Obligation to be subsequently increased pursuant to a Replenishment. If the Reference Obligation Notional Amount of a Reference Obligation is reduced to zero it shall be removed from the Reference Portfolio, but without prejudice to the ability of such

Reference Obligation to be subsequently included in the Reference Portfolio to the extent that it is the subject of a Replenishment.

### **Reference Portfolio – Cancellations**

To the extent that during the Replenishment Period the Maximum Portfolio Notional Amount exceeds the Portfolio Notional Amount, the Swap Counterparty may elect to cancel (a "**Cancellation**") an amount up to such excess (such cancelled amount the "**Cancelled Amount**") by delivering a cancellation notice (a "**Cancellation Notice**") to the Issuer, the Administrator, the Calculation Agent and the Note Trustee. Upon any Cancellation, the Maximum Portfolio Notional Amount shall be irrevocably reduced by the Cancelled Amount.

The aggregate of all Cancelled Amounts shall not exceed the Senior Tranche Notional Amount during the Replenishment Period.

### **Reference Portfolio – Reporting**

On each Report Date, the Swap Counterparty is required to deliver to the Calculation Agent, the Issuer, the Administrator and the Note Trustee a report (a "**Monthly Report**") in the form set out in the section "*Description of the Initial Reference Portfolio*".

As soon as reasonably practicable following the Report Date, the Swap Counterparty will deliver a copy of the Reference Registry as at such Report Date to the Issuer, the Administrator and the Note Trustee.

The copy of the Reference Registry which is delivered to the Issuer, the Administrator and the Note Trustee will not disclose the names of the Reference Entities (and will not contain any information that the Swap Counterparty or Relevant Financier is legally constrained from disclosing under applicable laws).

### **Reference Portfolio – Servicing**

The administration, collection and enforcement of each Reference Obligation, including the enforcement of any related Reference Collateral, shall be carried out in accordance with the Servicing Principles.

The administration, collection and enforcement of each Reference Obligation, including the enforcement of any security granted in respect thereof, shall be carried out by (i) an SCB Entity (in such capacity an "**SCB Servicer**") in its capacity as a servicer on behalf of the Relevant Financier or (ii) a third party agent bank (a "**Servicing Agent Bank**") on behalf of an SCB Entity (each such SCB Servicer or Servicing Agent Bank, a "**Servicer**") or (iii) an agent bank duly appointed under the relevant Reference Obligation.

The Reference Obligations may from time to time be secured by the Reference Collateral. The principles of the allocation of the proceeds from the Reference Collateral to the Reference Obligations are set out in "*Servicing Principles*".

The relevant Security Interest (including the relevant Reference Collateral) in respect of the Reference Obligation may from time to time also secure (i) any other payment obligations of the related Reference Entity (including other Reference Obligations) and/or (ii) payment claims transferred from time to time by such entity together with a *pro rata* benefit from such Reference Collateral (in each case, a "**Reference Collateral Pool**").

For the purpose of the determination of the Recovery Amount and the Loss Amount in respect of any Defaulted Reference Obligation(s) that benefit from Reference Collateral, any realised proceeds of a Reference Collateral Pool securing, *inter alia*, one or more Defaulted Reference Obligations shall be

allocated to reduce the outstanding principal amount of such Reference Obligation in accordance with the Collateral Allocation Principles.

The SCB Servicer may, at any time prior to the occurrence of a Credit Event with respect to the relevant Reference Obligation, agree to the release by the Relevant Financier of any Reference Collateral if either (i) in its professional judgement, it concludes that it is required to do so by applicable or contractual arrangements or (ii) does so in the ordinary course of its business and in accordance with its then prevailing Credit and Collection Policy that is applicable.

### **Reference Portfolio – Latent Data Defects**

If a Reference Obligation and the related Reference Entity is included in the Reference Portfolio or is the subject of a Replenishment increasing the Reference Obligation Notional Amount of such Reference Obligation and such inclusion or Replenishment is made in good faith in reliance upon data which later transpires to be inaccurate then:

- (a) if the inclusion of or Replenishment in respect of the Reference Entity would, had the correct data been applied as at Relevant Date, not have resulted in the non-compliance of such Reference Entity with the Eligibility Criteria or the Replenishment Conditions, or the breach of the Cumulative Default Trigger, on such date, then such Reference Entity shall remain in the Reference Portfolio and the correct data in respect of the relevant entity shall be applied in the determination of compliance with the Eligibility Criteria and the Replenishment Conditions thereafter;
- (b) subject to the second proviso to the Replenishment provisions, if the inclusion of or the Replenishment in respect of the Reference Entity would, had the correct data been applied as at the Relevant Date, have resulted in the contravention of, the increased contravention of, or caused the non-compliance with, the Eligibility Criteria or the Replenishment Conditions, or the breach of the Cumulative Default Trigger, on such date, then such Reference Entity shall be ineligible for protection under the Credit Default Swap at such time and shall be removed from the Reference Portfolio unless the relevant non-compliance, contravention, increased contravention or breach has been corrected in accordance with the Reductions provisions; and
- (c) the inclusion of or any Replenishment in respect of any other Reference Entity made in good faith in reliance upon the incorrect data in respect of the relevant Reference Entity prior to the discovery of the defects thereof shall be treated for the purposes of the Credit Default Swap the Eligibility Criteria, the Replenishment Conditions or the calculation of the Cumulative Default Trigger as if such data had in fact been correct.

### **General Terms – Swap Premium**

As the buyer of credit protection, the Swap Counterparty will make periodic payments of Swap Premium to the Issuer. Swap Premium will be payable on (a) the Closing Date (b) each Payment Date (each such date a "**Fixed Rate Payer Payment Date**") (provided that in the event that the applicable Swap Premium is a negative amount, an amount equal to the absolute value of such Swap Premium shall be payable by the Issuer to the Swap Counterparty on the applicable Fixed Rate Payer Payment Date).

"**Swap Premium**" for any Fixed Rate Payer Payment Date means the amount determined by the Calculation Agent (which may be a negative amount), to be the sum of:

- (a) (i) in the Required Currency, each Budgeted Expense as of such date; *plus*
- (ii) the Notes Funding Amount as of such date; *plus*

- (iii) in respect of the Closing Date, the Issuer Transaction Fee and the Reserve Expenses Amount;

*less*

- (b) the amount (if any) by which the amount paid in respect of Budgeted Expenses on the preceding Fixed Rate Payer Payment Date exceeds the actual Expenses which fell due on or prior to the current Fixed Rate Payer Payment Date,

*provided* that the Swap Premium shall not include any Exceptional Expenses if and to the extent that such amounts have been paid or scheduled to be paid by the Swap Counterparty to the Security Trustee and/or the Note Trustee pursuant to Clause 19.5 (*Swap Counterparty Indemnities*) of the Security Trust Deed.

#### **General Terms – Termination of the Credit Default Swap and Outstanding Potential Credit Protection Claims**

Notwithstanding the expiry of the term of the Credit Default Swap, as provided under "*General Terms – Termination Provisions*", if, on the Initial Termination Date there is a Payable Maximum Cash Settlement Amount greater than zero, the Termination Date shall be the earliest of:

- (a) the Fixed Rate Payer Payment Date on which:
  - (i) the Verified Loss Amount in respect of each Defaulted Reference Obligation outstanding on the Initial Termination Date has been determined;
  - (ii) in the case of each Potential Defaulted Reference Obligation outstanding on the Initial Termination Date, either the Verified Loss Amount in respect of each such Potential Defaulted Reference Obligation has been determined or the relevant Potential Failure to Pay has been remedied or the Conditions to Settlement (other than the Notice of Accountant Certification) in respect thereof have not been satisfied within the relevant Notice Delivery Period; and
  - (iii) all Cash Settlement Amounts (if any) due hereunder in respect of each Defaulted Reference Obligation, Pending Liquidated Reference Obligation and Potential Defaulted Reference Obligation outstanding on the Initial Termination Date have become payable;
- (b) the date on which the Tranche Notional Amount is reduced to zero and the aggregate Outstanding Principal Balance of all of the Notes is zero (*provided* that, if as at the Initial Termination Date, the Tranche Notional Amount is zero, the Termination Date shall be the Initial Termination Date);
- (c) the Fixed Rate Payer Payment Date on which the Payable Maximum Cash Settlement Amount is zero; and
- (d) the Final Maturity Date.

On the date falling two Business Days prior to the Initial Termination Date and, thereafter, promptly after each Adjustment Date, the Calculation Agent shall, by written notice, notify the Swap Counterparty, the Issuer, the Administrator and the Note Trustee of the Potential Defaulted Reference Obligations, the Maximum Cash Settlement Amount and the Payable Maximum Cash Settlement Amount.

**"Maximum Cash Settlement Amount"** means, on the date of determination, the aggregate of (A) the aggregate Defaulted Notional Amount of all Defaulted Reference Obligations, (B) the aggregate Verified

Loss Amount in respect of all Pending Liquidated Reference Obligations, and (C) the aggregate Reference Obligation Notional Amount of all Potential Defaulted Reference Obligations.

For the avoidance of doubt, if the Maximum Cash Settlement Amount is being determined on any Adjustment Date, any:

- (a) Liquidated Reference Obligation in respect of which a Cash Settlement Amount is payable on such Adjustment Date; or
- (b) Potential Defaulted Reference Obligation in respect of which the Potential Failure to Pay has been remedied or it is finally determined by or on such Adjustment Date that the Conditions to Settlement cannot be fulfilled in respect of such Potential Defaulted Reference Obligation,

shall not be included in the calculation of Maximum Cash Settlement Amount.

For the purposes of determining the Maximum Cash Settlement Amount for any date of determination, the Calculation Agent shall assume that the Conditions to Settlement will be satisfied in respect of each Defaulted Reference Obligation and Potential Defaulted Reference Obligation (other than a Potential Defaulted Reference Obligation to which paragraph (b) above applies) and that no Credit Events will occur in respect of any other Reference Obligation after the relevant date of determination.

### **Credit Protection Claims**

Following the occurrence of a Credit Event with respect to a Reference Entity (or with respect to its Reference Obligations) the Issuer may, subject to the fulfilment of certain conditions, become liable to pay a Cash Settlement Amount to the Swap Counterparty following the determination of a Verified Loss Amount, if any, being determined in respect of the Reference Obligations of that Reference Entity.

#### **Credit Protection Claims – Credit Events**

A "**Credit Event**" means Bankruptcy, Failure to Pay and Restructuring.

For the avoidance of doubt, a Failure to Pay Credit Event shall not occur if:

- (a) the Relevant Financier was not entitled to the relevant payments from the Reference Entity with respect to any Reference Obligation as a result of either (i) operational mistakes or errors on the part of the Relevant Financier or (ii) fraud; or
- (b) the Reference Entity does not pay an amount with respect to any Reference Obligation on its original due date as a result of an agreement between the Relevant Financier and the Reference Entity for the extension of the date for payment of such amount.

"**Payment Requirement**" means the lesser of:

- (a) USD 5,000; and
- (b) the Defaulted Notional Amount on the date of the relevant Failure to Pay

(or, in respect of a Non-U.S. Dollar Reference Obligation, such amount converted into the applicable Non-U.S. Dollar Currency at the Relevant FX Rate as of the immediately preceding Relevant FX Date (as determined by the Calculation Agent)).

#### *Cure of Credit Event*

With respect to a Failure to Pay Credit Event, if a Credit Event Notice is delivered and the related Credit Event is Cured, then the Credit Event Notice delivered in relation thereto shall, with effect from the

Business Day immediately following the day on which the Swap Counterparty determines that such Credit Event was Cured, be deemed to be rescinded and shall have no effect, and each Reference Obligation that was the subject of such Credit Event Notice and has been Cured shall remain in the Reference Portfolio and shall no longer be considered a Defaulted Reference Obligation and may, therefore, be the subject of a further Credit Event Notice. The Swap Counterparty shall provide prompt written notice to the Issuer and the Administrator after it becomes aware that such Credit Event has been Cured.

#### *Potential Failure to Pay Credit Event*

If, on the Credit Protection Term End Date, there exists any Potential Defaulted Reference Obligation, the Swap Counterparty may deliver to the Issuer (with a copy to the Calculation Agent, the Administrator and the Note Trustee) on or before the Credit Protection Term End Date a Potential Failure to Pay Extension Notice in respect of such Reference Obligation.

The delivery by the Swap Counterparty of a Potential Failure to Pay Extension Notice with respect to a Reference Obligation will have the effect of extending the Notice Delivery Period in respect of the relevant Reference Obligation to the date falling 10 Business Days after the Grace Period Extension Date.

The Issuer may be liable to pay a Cash Settlement Amount determined to be due to the Swap Counterparty under the Credit Default Swap if a Credit Event occurs thereunder on or prior to such Grace Period Extension Date.

#### **Credit Protection Claims – Conditions to Settlement**

No Cash Settlement Amounts will be payable in respect of a Reference Entity or a Reference Obligation in relation to which a Credit Event has occurred, unless the following Conditions to Settlement have been satisfied.

The "Conditions to Settlement" are:

- (a) the delivery of a Credit Event Notice by the Credit Event Monitor Agent to the Issuer, the Swap Counterparty, the Administrator, the Calculation Agent and the Note Trustee in respect of the Credit Event and which is effective within the Notice Delivery Period; and
- (b) in respect of each Defaulted Reference Obligation relating to the relevant Reference Entity, the Credit Event Monitor Agent agrees to procure the delivery to the Calculation Agent, the Swap Counterparty, the Issuer and the Note Trustee of an irrevocable notice by the Accountant (the "**Notice of Accountant Certification**"), upon completion of the Agreed Upon Procedures in respect of the relevant Defaulted Reference Obligation, confirming that:
  - (i) to the extent not already verified by the Accountant on a preceding Agreed Upon Procedures Verification Date, such Defaulted Reference Obligation satisfied, on the Relevant Date or Relevant Dates (in the case of a Reference Obligation the Reference Obligation Notional Amount of which was increased pursuant to a Replenishment), those Eligibility Criteria set out in the Accountant's Letter as to be verified by the Accountant and, if added to the Reference Portfolio or where any Reference Obligation Notional Amount is increased pursuant to a Replenishment, did not (taken together with any other Reference Obligation added to the Reference Portfolio on the same day) contravene those Replenishment Conditions set out in the Accountant's Letter as to be verified by the Accountant in respect of the related Replenishment Date or breach the Cumulative Default Trigger; and

- (ii) the Credit Event identified in the Credit Event Notice occurred during the Notice Delivery Period and in the case of a Credit Event that is a Failure to Pay, verifying that such Credit Event has not been Cured.

One or more Defaulted Reference Obligations of any Reference Entity may be included (and computational verification for all such Defaulted Reference Obligations set forth) in a single Notice of Accountant Certification relating to such Reference Entity.

The Notice of Accountant Certification may be delivered after the expiry of the Notice Delivery Period, but shall be delivered on or before the applicable Cash Settlement Date, if any, in respect thereof.

The Notice of Accountant Certification shall be conclusive and binding for all purposes, absent manifest error.

A "**Credit Event Notice**" is a notice in writing by the Credit Event Monitor Agent to the Issuer, the Administrator, the Swap Counterparty, the Calculation Agent and the Note Trustee that a Credit Event has occurred during the Notice Delivery Period and has not been remedied or waived. A Credit Event Notice must be given by the Credit Event Monitor Agent during the Notice Delivery Period and must (i) contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred, (ii) specify the date on which the Credit Event occurred and (iii) specify the Reference Obligation Identifier of the Reference Obligation in respect of which such Credit Event has occurred. A Credit Event Notice may be delivered between 9.00 a.m. and 4.00 p.m. (London time) on any Business Day. If a Credit Event Notice is delivered after 4.00 p.m. (London time) on a Business Day or on a day which is not a Business Day, such Credit Event Notice shall be deemed delivered on the immediately following Business Day.

The Conditions to Settlement may be satisfied more than once in relation to the Reference Portfolio under the Credit Default Swap, but only once with respect to any Reference Obligation unless the relevant Credit Event in relation to such Reference Obligation is a Failure to Pay which has been subsequently Cured.

#### **Credit Protection Claims – Notice Delivery Period**

The "**Notice Delivery Period**" means the period from and including the Closing Date to and including the Credit Protection Term End Date or, in respect of any Potential Defaulted Reference Obligation in respect of which a Potential Failure to Pay Extension Notice is delivered on or before the Credit Protection Term End Date, to and including the date falling 10 Business Days after the Grace Period Extension Date in respect of such Potential Defaulted Reference Obligation, *provided* that, in respect of a Credit Event, if a Credit Event Notice is not delivered within 90 days of the Reference Obligation Due Date in respect of the relevant Reference Obligation, no Credit Event Notice may be delivered in respect of that Reference Obligation (but without prejudice to the right of the Swap Counterparty to deliver a Credit Event Notice in respect of any other Reference Obligation of the relevant Reference Entity).

#### **Settlement Provisions – Loss Determination**

Following satisfaction of the Conditions to Settlement in respect of a Reference Entity or a Reference Obligation in respect of which a Credit Event has occurred, a Loss Amount will be determined in respect of each Reference Obligation of the relevant Reference Entity in respect of which the Credit Event occurred.

To determine the Loss Amount in respect of a Reference Obligation, a Final Price will be determined by the Calculation Agent for the relevant Reference Obligation pursuant to the application of the following valuation provisions with respect to such Reference Obligation.

The "**Loss Amount**" in respect of a Reference Obligation is:

- (a) if the Credit Event specified in the relevant Credit Event Notice is a Restructuring Credit Event, the sum of:
  - (i) the Credit Loss Event Amount; and
  - (ii) the product of the Restructured Principal Amount in respect of such Reference Obligation and a percentage that is 100 per cent. minus the Final Price for such Reference Obligation; and
- (b) if the Credit Event specified in the relevant Credit Event Notice is a Failure to Pay or Bankruptcy Credit Event, the product of the Defaulted Notional Amount in respect of such Reference Obligation and a percentage that is 100 per cent. minus the Final Price for such Reference Obligation,

subject, in each case, to a minimum of zero and a maximum of the Defaulted Notional Amount.

If, on the Initial Termination Date, the occurrence of the Termination Date is deferred, the payment of Cash Settlement Amounts will continue in effect in relation to outstanding Defaulted Reference Obligations and, if the Loss Determination Date has not occurred in respect of any such Defaulted Reference Obligations on or before the Workout Cut-off Date then the Final Price for any such Reference Obligation shall be determined in accordance with paragraph (b) of the definition of Final Price.

#### *Final Price*

The "**Final Price**" with respect to any Defaulted Reference Obligation is:

- (a) the percentage obtained by dividing the Recovery Amount as at the Loss Determination Date by the Defaulted Notional Amount (or, if the Credit Event specified in the relevant Credit Event Notice is a Restructuring Credit Event, the Restructured Principal Amount); or
- (b) if the Loss Determination Date has not occurred in respect of any Defaulted Reference Obligations as at the date falling 60 Business Days before the Final Maturity Date (the "**Workout Cut-off Date**"), either:
  - (i) if the Quotation Amount is equal to or less than USD 5,000,000, the Financial Provision Fallback Price; or
  - (ii) if the Quotation Amount is greater than USD 5,000,000, the higher of (A) the Fallback Price multiplied by the Inverse Recoveries Percentage and (B) the Recoveries Percentage; and (ii) the Financial Provision Fallback Price.

Following the determination of the Final Price, the Calculation Agent shall promptly notify the Note Trustee, the Issuer and the Swap Counterparty of such Final Price.

The "**Recoveries Percentage**" is the percentage obtained by dividing the Recovery Amount recovered by the Relevant Financier prior to the Workout Cut-off Date by the Defaulted Notional Amount (or, if the Credit Event specified in the relevant Credit Event Notice is a Restructuring Credit Event, the Restructured Principal Amount).

The "**Inverse Recoveries Percentage**" is the percentage obtained by subtracting the Recoveries Percentage from one.

#### *Recovery Amount*

For each Defaulted Reference Obligation, the "**Recovery Amount**" shall be the amount recovered by the Relevant Financier in respect of principal upon a work-out or sale of such Reference Obligation, in each case in accordance with the Servicing Principles to the extent applicable, and otherwise in accordance with the relevant Servicer's established procedures for obligations that are similar in type to the relevant Defaulted Reference Obligation, it being understood that any amount in respect of principal that is forgone as part of the work-out process in relation to a restructuring of such Reference Obligation does not constitute a recovery. The work-out process shall be deemed to commence on the day following the Event Determination Date and will continue until the date on which (a) the Servicer (if any) shall have consummated the sale of such Reference Obligation or (b) (i) if a Servicer exists, the Servicer; or (ii) if no Servicer exists and an SCB Entity is the Relevant Financier, such SCB Entity; or (iii) where neither subparagraphs (i) or (ii) apply, the Calculation Agent, has determined, in each case in accordance with the Servicing Principles (where applicable), that such Reference Obligation shall be written off or that the work-out process in respect of such Reference Obligation has been completed (such date referred to in (a) or (b), as applicable, as determined by the Calculation Agent, the "**Loss Determination Date**").

Further, the Recovery Amount:

- (a) shall include, in respect of such Reference Obligation, any amount received from any third party (which, for the avoidance of doubt, shall include any amount received under any indemnity, surety or guarantee) which is paid to the Relevant Financier in discharge of the Reference Entity's obligations under the Reference Obligation;
- (b) in respect of each Restructured Reference Obligation, shall:
  - (i) exclude any payments received by the Relevant Financier in respect of interest in respect of the Restructured Principal Amount or fees applicable to such Restructured Reference Obligation;
  - (ii) for the avoidance of doubt, include any payments received by the Relevant Financier in respect of principal payments in respect of the Restructured Principal Amount of such Restructured Reference Obligation;
  - (iii) for the avoidance of doubt, exclude any Credit Loss Event Amount Recovery;
- (c) shall be calculated by reference to the aggregate amount (the "**Total Recovery Amount**") so recovered by the Relevant Financier in respect of the aggregate outstanding principal balance of that Reference Obligation to which the Relevant Financier is exposed on the relevant Event Determination Date (the "**Total Exposure**") so that the Recovery Amount in respect of the Reference Obligation shall be in the same proportion to the Total Recovery Amount as the Defaulted Notional Amount (or, if the Credit Event specified in the relevant Credit Event Notice is a Restructuring Credit Event, Restructured Principal Amount) bears to the Total Exposure;
- (d) shall be reduced by the *pro rata* share attributable to the Defaulted Notional Amount (or, if the Credit Event specified in the relevant Credit Event Notice is a Restructuring Credit Event, Restructured Principal Amount) of any fees or expenses duly incurred and paid to third parties in respect of the recovery of the related Reference Obligation;
- (e) shall not take into account any internal costs or fees of the Relevant Financier (or, if applicable, the Servicer, unless duly and actually deducted from the distribution of amounts by the Servicer);

- (f) shall take into account in determining any loss of principal the market value (as determined by the Servicer or, if no Servicer exists, by the Calculation Agent) of any securities or other consideration (which may include interest and principal) received after the occurrence of the relevant Credit Event, whether pursuant to any restructuring, settlement or proceeding affecting such Reference Obligation or otherwise with respect to such Reference Obligation;
- (g) shall not be affected by any rights of set-off, netting or combination of accounts in respect of the relevant Reference Entity unless the set-off, netting or combination of accounts forms part of the enforcement of collateral in respect of the related Reference Obligation;
- (h) shall take into account in determining any loss of principal the Collateral Allocation Principles;
- (i) to the extent that any amount recovered in respect of the principal amount of the related Reference Obligation (or, in respect of a Reference Obligation subject to a Restructuring Credit Event, the Restructured Principal Amount) is not denominated in U.S. Dollars, shall be calculated after converting any such Restructured Principal Amount, if applicable, or principal amount recovered between the Event Determination Date and the Loss Determination Date into U.S. Dollars in accordance with the provisions of the documentation applicable to that Reference Obligation or, in the case of a Non-U.S. Dollar Reference Obligation, at the Relevant FX Rate as at the latest preceding Relevant FX Date that occurred prior to the relevant Event Determination Date with respect to that Non-U.S. Dollar Reference Obligation; and
- (j) for the avoidance of doubt, need not take into account any determination made in respect of any "Cash Settlement Amount" (as defined in the 2003 Definitions or in the 1999 Credit Derivatives Definitions as published by ISDA in 1999 (as supplemented from time to time thereafter)) in relation to a "Credit Derivative Transaction" (as so defined) other than the Transaction evidenced by the Credit Default Swap relating to any "Obligation" (as so defined) that is also a Reference Obligation thereunder.

#### *Credit Loss Event Amount*

The "**Credit Loss Event Amount**" is, in respect of a Restructured Reference Obligation (i) the amount of a value adjustment or other similar debit (in either case, the "**Debit**") to the profit and loss account of the Relevant Financier in respect of forgiveness or postponement of principal (but not interest or fees) relating to the relevant Reference Obligation, *minus* (ii) any amount of principal (but not fees or interest) (the "**Credit Loss Event Amount Recovery**") that is recovered in respect of a component of the relevant Debit (if any). The Credit Loss Event Amount shall be calculated by reference to the Debit and the Credit Loss Event Amount Recovery so recorded by the Relevant Financier in respect of the Relevant Financier's Total Exposure in respect of that Reference Obligation immediately prior to each such Restructuring Credit Event (the "**Total Credit Loss Event Amount**") so that the Credit Loss Event Amount shall be in the same proportion to the Total Credit Loss Event Amount as the Defaulted Notional Amount bears to the Total Exposure. To the extent the Debit and/or Credit Loss Event Amount Recovery is not denominated in U.S. Dollars, the Credit Loss Event Amount shall be calculated after converting the Debit and/or Credit Loss Event Amount Recovery into U.S. Dollars at the Relevant FX Rate as at the latest preceding Relevant FX Date that occurred prior to the relevant Event Determination Date with respect to the relevant Reference Obligation.

For the avoidance of doubt, if the Credit Event specified in the related Credit Event Notice is either a Failure to Pay or Bankruptcy Credit Event, the term "Credit Loss Event Amount" is not applicable.

#### *Forgiven Principal*

The "**Forgiven Principal**" is, in respect of each Restructured Reference Obligation, the aggregate amount in respect of principal, if any, forgiven by the Relevant Financier in respect of the relevant Restructured Reference Obligation. The Forgiven Principal shall be calculated by reference to the aggregate amount (the "**Total Principal Forgiven**") so forgiven by the Relevant Financier in respect of the Relevant Financier's Total Exposure in respect of that Reference Obligation immediately prior to such Restructuring Credit Event so that the Forgiven Principal shall be in the same proportion to the Total Principal Forgiven as the Defaulted Notional Amount bears to the Total Exposure.

For the avoidance of doubt, if the Credit Event specified in the related Credit Event Notice is either a Failure to Pay or Bankruptcy Credit Event, the term "Forgiven Principal" is not applicable.

#### *Restructured Principal Amount*

The "**Restructured Principal Amount**" is, where the Credit Event specified in the relevant Credit Event Notice is a Restructuring Credit Event, the Defaulted Notional Amount *less* the Forgiven Principal, if any.

#### *Fallback Price*

The "**Fallback Price**" shall be the amount determined by the Calculation Agent in accordance with the market valuation provisions described below, expressed as a percentage of the Quotation Amount.

The Calculation Agent will attempt to obtain Full Quotations in respect of the relevant Reference Obligation from at least five Dealers on the first five Valuation Business Days following the Workout Cut-off Date. If,

- (a) the Calculation Agent is able to obtain at least one firm quotation for part of or the full Quotation Amount on or before the fifth Valuation Business Day following the Workout Cut-off Date (the "**Initial Valuation Period End Date**"), it shall continue to attempt to obtain Full Quotations in respect of such Reference Obligation from at least five Dealers on each of the 15 immediately succeeding Valuation Business Days following the Initial Valuation Period End Date, and if on the 20th Valuation Business Day following the Workout Cut-off Date:
  - (i) the Calculation Agent has obtained at least one Full Quotation on or before such date, the highest of the Full Quotations obtained shall be used to calculate the Fallback Price; or
  - (ii) the Calculation Agent is unable to obtain any Full Quotation on or before such date, the weighted average of such partial firm quotations and a quotation determined by the Calculation Agent in a commercially reasonable manner for the balance of the Quotation Amount for which firm quotations were not obtained on such day shall be used to calculate the Fallback Price; or
- (b) the Calculation Agent is unable to obtain any firm quotation on or before the Initial Valuation Period End Date, the Fallback Price shall be zero.

Quotations shall be sought on the Quotation Amount.

The "**Financial Provision Fallback Price**" means, in respect of any Defaulted Reference Obligation:

- (i) if the Relevant Financier is an SCB Entity, a percentage equal to one *minus* the Financial Provision Rate; and

- (ii) if the Relevant Financier is not an SCB Entity, a percentage determined by the Calculation Agent in a commercially reasonable manner as being an estimate of the value of the principal amount of the relevant Reference Obligation, expressed as a percentage of the Quotation Amount and determined as of the Workout Cut-off Date.

The "**Financial Provision Rate**" means, in respect of any Defaulted Reference Obligation, the financial provision (in respect of principal) determined by the Relevant Financier divided by the Total Exposure of the Relevant Financier in respect of such Defaulted Reference Obligation, in each case, determined as of the Workout Cut-off Date.

#### **Settlement Provisions – Calculation Verification**

The Swap Counterparty agrees to procure the delivery to the Calculation Agent, the Issuer and the Note Trustee of a written report by the Accountant verifying the computation by the Calculation Agent of the Loss Amount in respect of any Reference Obligation and specifying the Verification Date as per the Agreed Upon Procedures. Such report may be contained in the Notice of Accountant Certification. With respect to any Reference Obligation, the amount so verified shall be the "**Verified Loss Amount**" and the date on which such Loss Amount is verified is the "**Verification Date**".

Upon the determination of the Verified Loss Amount for any Reference Obligation, the Reference Obligation shall become a Liquidated Reference Obligation and the Calculation Agent will amend the Reference Registry by removing the relevant Reference Obligation from the Reference Registry.

#### **Settlement Provisions – Cash Settlement Amount**

Following the satisfaction of the Conditions to Settlement and the completion of the loss determination and verification procedures described above, the Calculation Agent will ascertain whether a Cash Settlement Amount is payable by the Issuer to the Swap Counterparty.

The "**Cash Settlement Amount**" for any Cash Settlement Date or date of determination shall be determined as follows:

- (a) if the Adjusted Cumulative Loss Amount is greater than the Threshold Amount, the Cash Settlement Amount will be equal to the Tranche Loss minus the Paid Loss; or
- (b) if the Adjusted Cumulative Loss Amount is less than or equal to the Threshold Amount, the Cash Settlement Amount will be zero,

provided that the Cash Settlement Amount may not be less than zero.

As soon as reasonably practicable following the date of determination or recalculation of the Swap Premium, Maximum Cash Settlement Amount, Payable Maximum Cash Settlement Amount or Cash Settlement Amount, the Calculation Agent will promptly notify the Issuer, the Administrator, the Principal Paying Agent, the Agent Bank, and the Note Trustee in writing accordingly of such amount.

#### **Settlement Provisions – Cash Settlement Date**

Any Cash Settlement Amounts payable by the Issuer under the Credit Default Swap shall be payable on the Cash Settlement Date.

A "**Cash Settlement Date**" shall occur:

- (a) in respect of any Cash Settlement Amount that is not an Additional Loss Payment, on the Fixed Rate Payer Payment Date immediately following the Verification Date applicable to such Cash Settlement Amount *provided* that if such Fixed Rate Payer Payment Date falls less than two

Business Days after the relevant Verification Date, the Cash Settlement Date shall be the next following Fixed Rate Payer Payment Date; and

- (b) in respect of any Cash Settlement Amount that is an Additional Loss Payment, on the Fixed Rate Payer Payment Date immediately following the date of determination thereof *provided* that if such Fixed Rate Payer Payment Date falls less than two Business Days after the relevant date of determination, the Cash Settlement Date shall be the next following Fixed Rate Payer Payment Date.

## **Settlement Provisions – Late Receipts, Erroneous Payments and Additional Payments**

### *Late Recoveries*

If at any time prior to the Workout Cut-off Date with respect to a Liquidated Reference Obligation, the Relevant Financier of a Liquidated Reference Obligation receives a further payment in respect of the principal amount (or other amount, as applicable) of such Liquidated Reference Obligation that was not included in the Recovery Amount or Credit Loss Event Amount Recovery (if applicable) determined in respect thereof (such payment determined on the basis set out below, a "**Late Recovery Amount**"), the Calculation Agent is required to promptly notify the Swap Counterparty, the Issuer, the Administrator and the Note Trustee in writing of the amount thereof and, if such amount is not denominated in U.S. Dollars converted in accordance with the provisions of the documentation applicable to the relevant Reference Obligation or, in the case of a Non-U.S. Dollar Reference Obligation, at the Relevant FX Rate as at the latest preceding Relevant FX Date that occurred prior to the relevant Event Determination Date for that Non-U.S. Dollar Reference Obligation.

For the avoidance of doubt, any Late Recovery Amount shall, on the date of determination, be calculated by reference to the aggregate amount (the "**Total Actual Late Recoveries**") so recovered by the Relevant Financier in respect of the Total Exposure of the Relevant Financier so that the Late Recovery Amount in respect of the Reference Obligation on the relevant date of determination shall be in the same proportion to the Total Actual Late Recoveries as the Defaulted Notional Amount (or the Restructured Principal Amount) bears to the Total Exposure.

### *Excess Losses*

If the Accountant determines, in respect of any Liquidated Reference Obligation, that the Verified Loss Amount previously determined in respect of such Liquidated Reference Obligation was erroneously set at a higher figure than the correct amount (the excess being an "**Excess Loss Amount**"), the Calculation Agent shall promptly notify the Swap Counterparty, the Issuer, the Administrator and the Note Trustee in writing of the amount thereof.

### *Additional Losses*

If the Accountant determines, in respect of any Liquidated Reference Obligation, that the Verified Loss Amount previously determined in respect of such Liquidated Reference Obligation was erroneously set at a lower figure than the correct amount (the deficiency being an "**Additional Loss Amount**"), the Calculation Agent shall promptly notify the Swap Counterparty, the Issuer, the Administrator and the Note Trustee in writing of the amount thereof.

## **Settlement Provisions – Additional Payments**

Upon the determination of a Late Recovery Amount, an Excess Loss Amount or an Additional Loss Amount, the Calculation Agent shall recalculate the Adjusted Cumulative Loss Amount and the Cash Settlement Amount(s), if any, that should have been paid by the Issuer prior to the date of determination (on the basis of the amended Adjusted Cumulative Loss Amount). If the Cash Settlement Amount(s) that

should have been paid by the Issuer exceed(s) the sums actually paid by the Issuer, the Issuer shall pay a further Cash Settlement Amount equal to the excess (an "**Additional Loss Payment**") to the Swap Counterparty. Any Additional Loss Payment payable under the Credit Default Swap shall constitute a Cash Settlement Amount.

If, however, the Cash Settlement Amount(s) that should have been paid by the Issuer is or are in aggregate less than the sums actually paid by the Issuer, the Swap Counterparty shall pay an amount equal to the deficiency (a "**Loss Adjustment Payment**") to the Issuer.

Such payments by or to the Swap Counterparty shall be made on the Fixed Rate Payer Payment Date immediately following the date of determination *provided* that if such Fixed Rate Payer Payment Date falls less than two Business Days after the relevant date of determination, the Cash Settlement Date shall be the next following Fixed Rate Payer Payment Date.

If any Loss Adjustment Payment is payable by the Swap Counterparty to the Issuer, the Swap Counterparty shall also pay, on the same date that the Loss Adjustment Payment is due as part of the Notes Funding Amount, an amount equal to the sum of the Regular Interest Amount and the Compounded Interest Amount that is payable by the Issuer in respect of the Notes as a result of such Loss Adjustment Payment pursuant to Condition 6.12 (*Interest on Principal Reinstatement*).

## **General Terms – Tax Provisions**

### *Issuer*

If any payment obligation of the Issuer under the Credit Default Swap is subject to, or becomes subject to, any deduction or withholding for or on account of any Tax, the Issuer will not be obliged to and will not gross up the relevant amount, and the Swap Counterparty will receive such amount *less* the amount of any such deduction or withholding.

The Swap Counterparty may, however, in such circumstances elect to terminate the Credit Default Swap.

### *Tax Termination*

- (a) If any payment obligation of the Swap Counterparty under the Credit Default Swap is subject to, or becomes subject to, any deduction or withholding for or on account of any Tax which is required by law, the Swap Counterparty shall (to the extent permissible by applicable law and regulation) gross up the relevant amount by paying such additional amounts to the Issuer as are necessary to ensure that the net amount actually received by the Issuer (after payment of any such deduction or withholding for or on account of any Tax) will equal the full amount the Issuer would have received had no such deduction or withholding been required.
- (b) If any payment obligation of the Issuer under the Credit Default Swap is subject to, or becomes subject to, any deduction or withholding for or on account of any Tax, the Issuer will not be obliged to and will not gross up the relevant amount, and the Swap Counterparty will receive such amount *less* the amount of any such deduction or withholding.
- (c) If the Issuer determines that it has, or there is a substantial likelihood that it will within 90 calendar days of the date of determination (such determination being made by the Issuer relying on an opinion of independent legal advisers, as described below), become obliged to withhold or deduct an amount in respect of any Tax from any payment of principal of, interest on, or any other amount payable in respect of, the Notes as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent

jurisdiction), the Swap Counterparty may, to the extent permissible by applicable law (and without duplication of any amounts payable pursuant to the Credit Default Swap) but shall not be obliged to do so, pay to the Issuer such Additional Amounts (as defined in Condition 9 (*Taxation*)) as, after such required deduction or withholding, would enable the Issuer to make grossed-up payments on the Notes in accordance with Condition 9 (*Taxation*).

(d) If:

- (i) the Swap Counterparty will be required to pay to the Issuer any additional amounts (as described in paragraph (a) above);
- (ii) the Swap Counterparty will be obliged to receive any payments from the Issuer under the Credit Default Swap subject to the deduction of any amount required to be deducted or withheld for or on account of any Tax;
- (iii) the Issuer determines that it has, or there is a substantial likelihood that it will, within 90 calendar days of the date of determination (such determination being made by the Issuer relying on an opinion of independent legal advisers, as described below), become subject to any circumstance or to a tax charge (whether by direct assessment or by withholding at source), regulatory imposition or other imposition by the Cayman Islands or any other jurisdiction which would materially increase the costs to it of complying with its obligations under the Note Trust Deed or, under the Notes or materially increase the operating or administrative expenses of the Issuer or the trust under which the shares in the Issuer are held or reduce the amount of any sums received or receivable by the Issuer or otherwise oblige the Issuer to make any payment on, or calculated by reference to, the amount of any sum received or receivable by the Note Trustee and/or the Security Trustee on behalf of the Issuer as contemplated in the Note Trust Deed or the Security Trust Deed, as the case may be;
- (iv) payments of interest due to the Issuer on any of the Accounts or on any Income due in respect of any other Collateral Investment are, or there is a substantial likelihood that they will, within 90 calendar days of the date of determination (such determination being made by the Issuer relying on an opinion of independent legal advisers, as described below), become subject to deduction or withholding for or on account of any Tax;
- (v) any of the events described in paragraph (c) above occurs but the Swap Counterparty fails, after any applicable grace period with respect to the Note, to pay any Additional Amounts which it has elected to pay to the Issuer; or
- (vi) the Issuer is otherwise subject to or becomes liable to pay Tax;

(each of the events described in subparagraphs (d)(i) and (ii) above shall constitute a "**Swap Tax Event**" under the Credit Default Swap) then *provided* that (a) the Swap Counterparty (in the case of the events described in sub-paragraph (d)(i) above) has delivered to the Issuer and the Note Trustee, or the Issuer (in the case of the events described in subparagraphs (c) and (d)(ii) to (vi) above) (and at no cost to the Issuer) has delivered to the Swap Counterparty and the Note Trustee, in form and substance satisfactory to the Note Trustee an opinion, of independent legal advisers of recognised standing confirming the occurrence or anticipated occurrence of such event within 90 calendar days of the date of such opinion and (b) the Swap Counterparty determines, after consultation with the Issuer, that the events described in sub-paragraph (d)(i) above (or the Issuer determines, after consultation with the Swap Counterparty, that any of the events described under subparagraphs (c) and (d)(ii) to (vi) above) cannot be avoided (without

incurring additional cost) by the Swap Counterparty or, as the case may be, the Issuer taking reasonable measures available to it and (c) the Swap Counterparty or, as the case may be, the Issuer has delivered a Tax Certificate to the Note Trustee, the Swap Counterparty may, by giving not less than 45 calendar days' or more than 90 calendar days' notice to the Issuer, designate a Fixed Rate Payer Payment Date as the date upon which the Credit Default Swap shall terminate and such date shall be the "**Tax Termination Date**" of the Credit Default Swap. The Note Trustee shall be entitled to accept such opinion and Tax Certificate (but may accept other evidence in lieu thereof which in its sole opinion is satisfactory to the Note Trustee) as sufficient evidence of the existence of a Tax Redemption Event (for the purpose of the Notes), in which event it shall be conclusive and binding on the Noteholders, the Issuer and the Swap Counterparty.

## **General Terms – Termination Provisions**

### **Termination Date**

The Credit Default Swap will terminate on the Termination Date.

Subject to the provisions of "*General Terms – Termination of the Credit Default Swap and Outstanding Potential Credit Protection Claims*" above, the "**Termination Date**" means the earliest to occur of:

- (a) the Scheduled Termination Date;
  - (b) the date on which the Tranche Notional Amount is reduced to zero and the aggregate Outstanding Principal Balance of all of the Notes is zero;
  - (c) the Early Termination Date;
  - (d) the Tax Termination Date; and
  - (e) the Optional Termination Date
- (such date, the "**Initial Termination Date**").

### **Scheduled Termination Date**

The "**Scheduled Termination Date**" means 12 February 2015 (*provided* that, if such date would otherwise fall on a day which is not a Business Day, the following Business Day).

### **Optional Termination Date**

An "**Optional Termination Date**" may be designated by the Swap Counterparty on any Business Day by giving the Issuer (with a copy to the Calculation Agent, the Note Trustee, the Security Trustee and the Administrator) at least five Business Days' prior written notice if:

- (a) a Clean-up Event occurs; or
- (b) a Regulatory Event occurs.

The Swap Counterparty shall notify in writing the Calculation Agent, the Note Trustee and the Administrator as soon as reasonably practicable after the occurrence of such Clean-up Event or Regulatory Event, as the case may be.

"**Clean-up Event**" means when on any date of determination following the end of the Replenishment Period, the Portfolio Notional Amount is equal to or less than 10 per cent. of the Initial Portfolio Notional Amount.

**"Regulatory Event"** means, in the sole opinion of the Swap Counterparty, there is a material change in SCB's ability to reflect the full benefit of the Credit Default Swap as anticipated on the Closing Date to an extent which is material to the Swap Counterparty, as a result of an enactment of or supplement or amendment to, or a change in, law, policy or official interpretation of any relevant regulations or as a result of any official communication, interpretation or determination made by any relevant regulatory authority.

#### ***Early Termination Date***

An **"Early Termination Date"** may be designated (to occur no later than the Fixed Rate Payer Payment Date immediately succeeding the occurrence of any of the following events) by either:

- (a) the Issuer, under the Credit Default Swap, upon the occurrence of:
  - (i) a Swap Event of Default with respect to the Swap Counterparty (and, in such circumstances, the Early Termination Date shall be designated to occur no later than two Business Days after the relevant Swap Event of Default);
  - (ii) the contractual performance of the Issuer's or the Swap Counterparty's obligations becoming illegal (as more fully described in the Credit Default Swap);
  - (iii) a Force Majeure Event in respect of the Swap Counterparty; or
  - (iv) the Enforcement Date; or
- (b) the Swap Counterparty, under the Credit Default Swap, upon the occurrence of:
  - (i) a Swap Event of Default with respect to the Issuer;
  - (ii) the contractual performance of the Issuer's or the Swap Counterparty's obligations becoming illegal (as more fully described in the Credit Default Swap);
  - (iii) a Force Majeure Event in respect of the Issuer; or
  - (iv) the Enforcement Date.

**"Force Majeure Event"** means any event which, by reason of force majeure or act of state occurring after the Closing Date, on any day prevents a party from performing any absolute or contingent obligation to make a payment or delivery in respect of the Credit Default Swap, from receiving a payment or delivery in respect of the Credit Default Swap or from complying with any other material provision of the Credit Default Swap (or would be so prevented if such payment, delivery or compliance were required on that day), or makes it impossible for such party so to perform, receive or comply (or it would be impossible for such party so to perform, receive or comply if such payment, delivery or compliance were required on that day), *provided* that such force majeure or act of state is beyond the control of such party and such party could not, after using all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility.

A **"Swap Event of Default"** means:

- (a) with respect to the Issuer only, (1) a payment default (continuing for 1 Business Day or more), (2) certain bankruptcy-related events, and
- (b) with respect to the Swap Counterparty only, (1) a payment default (continuing for 1 Business Day or more), (2) certain bankruptcy-related events, (3) misrepresentation, (4) breach of agreement or repudiation of agreement and (5) merger without assumption of the Swap

Counterparty's liabilities under the Credit Default Swap (each as more fully described in the Credit Default Swap).

The occurrence of a Swap Acceleration Event under the Credit Default Swap will result in the occurrence of the Enforcement Date under Condition 10.3(c) (*Acceleration and Enforcement*) and the Notes will be redeemed in accordance with the Conditions.

See "*Description of the Credit Default Swap – General Terms – Termination of the Credit Default Swap and Outstanding Potential Credit Protection Claims*" for a description of the circumstances in which the Issuer may remain liable to make credit protection payments after the Notes Termination Date.

### **General Terms – Payments upon Early Termination**

Upon the early termination of the Credit Default Swap, the parties shall be obliged to make the following payments in respect of the Credit Default Swap:

- (a) the Swap Counterparty will remain liable to pay the Swap Premiums and Loss Adjustment Payments, if any, which would, but for the occurrence or designation of the Early Termination Date, be payable (and which have not been paid) by the Swap Counterparty on each Fixed Rate Payer Payment Date occurring on or prior to the final Cash Settlement Date on which all positive Cash Settlement Amounts, if any, relating to such Credit Event Notice(s) referred to in sub-paragraph (b) below have become eligible for payment and, without duplication of any of the above, any amounts payable to the Issuer under the Credit Default Swap but which remain unpaid; and
- (b) the Issuer shall remain liable to pay (i) with respect to all Credit Event Notices or Potential Failure to Pay Extension Notices duly delivered within the Notice Delivery Period, (and subject to the fulfilment of any other applicable Conditions to Settlement) all Cash Settlement Amounts and Additional Loss Payments due in respect of such Credit Event Notices or Potential Failure to Pay Extension Notices on the relevant Cash Settlement Date pursuant to the terms of the Credit Default Swap and which have not been paid; (ii) an amount equal to any Interest Deduction Amount determined in accordance with Condition 6.12 (*Interest on Principal Reinstatement*) on the relevant Payment Date in respect of any Payment Date occurring on or prior to the final Cash Settlement Date; (iii) the Swap Termination Fee on the Final Payment Date; and (iv) without duplication of any of the above, any other amounts payable to the Swap Counterparty under the Credit Default Swap but which are unpaid.

If on any Payment Date an Interest Deduction Amount is determined in accordance with Condition 6.12 (*Interest on Principal Reinstatement*), on such Payment Date, the Issuer shall pay to the Swap Counterparty an amount equal to the Interest Deduction Amount.

On the Final Payment Date the Issuer shall pay to the Swap Counterparty an amount equal to the Swap Termination Fee.

The "**Swap Termination Fee**" means a U.S. Dollar amount equal to the Initial Portfolio Notional Amount or, if a lesser amount, the amount of funds available to be applied toward such payment in accordance with the Pre-Enforcement Order of Priority or, as the case may be, the Enforcement Order of Priority.

### **General Terms – Governing Law**

The Credit Default Swap and any non-contractual obligations arising out of or in connection with the Credit Default Swap are governed by, and shall be construed in accordance with, the laws of England. The Issuer, the Swap Counterparty, the Calculation Agent and the Credit Event Monitor Agent have

submitted to the jurisdiction of the English courts in connection with the Credit Default Swap (including a dispute relating to any non-contractual obligations arising out of or in connection with the Credit Default Swap), and the Issuer has appointed Maples and Calder, in London, to accept service of process on its behalf.

#### **General Terms – Additional Definitions**

**"Accountant"** means PricewaterhouseCoopers LLP, or any other firm of independent accountants of internationally recognised standing as may be appointed by the Calculation Agent from time to time.

**"Accountant's Letter"** means a letter agreement dated on or about 12 August 2011 with such amendments or replacements thereto as may be agreed between the Swap Counterparty and the Accountant.

**"Affiliate"** means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, **"control"** of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Adjusted Cumulative Loss Amount"** means, with respect to any date of determination, the sum of:

- (a) the Cumulative Loss Amount; *plus*
- (b) the aggregate of all Additional Loss Amounts (as of such date); *minus*
- (c) the aggregate of (i) all Excess Loss Amounts (as of such date); and (ii) all Late Recovery Amounts (as of such date).

**"Adjustment Date"** means (a) each Cash Settlement Date after the Initial Termination Date; and (b) each date after the Initial Termination Date on which, in respect of any Potential Defaulted Reference Obligation, (A) the applicable Potential Failure to Pay has been remedied or (B) the Conditions to Settlement (other than delivery of the Notice of Accountant Certification) have not been fulfilled within the Notice Delivery Period.

**"Aggregate Reductions"** means on any date of determination, the aggregate of (a) all Cancelled Amounts, if any, and (b) the sum of the Reference Obligation Notional Amounts of all Reference Obligations that, prior to such date of determination but following the end of the Replenishment Period, have been removed from the Reference Portfolio pursuant to a Reduction (or with respect to a Reference Obligation the Reference Obligation Notional Amount in respect of which has been reduced in part, the part thereof subject to a Reduction).

**"Agreed Upon Procedures"** the procedures to be carried out by the Accountant as agreed between the Accountant and the Swap Counterparty in the Accountant's Letter.

**"Agreed Upon Procedures Verification Date"** means the date upon which a report in respect of the Agreed Upon Procedures is delivered by the Accountant to the Swap Counterparty as contemplated in the Accountant's Letter. The Swap Counterparty will procure that each such report delivered to it shall be delivered to the Issuer, the Calculation Agent and the Note Trustee promptly following receipt thereof.

**"Amortised Amount"** means, on any date of determination, in respect of any Amortisation Period, the amount by which the Tranche Notional Amount has been reduced by any Writedown Amount pursuant to paragraph (b) of the definition of Tranche Notional Amount during such Amortisation Period pursuant to the terms of the Credit Default Swap.

**"Bankruptcy"** means a Reference Entity:

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

**"Business Day"** means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange currency deposits) in New York, Singapore and London.

**"Calculation Agent City"** means London.

**"Calculation Agent City Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City.

**"Collateral Allocation Principles"** means the collateral allocation principles set out in Schedule F to the Swap Confirmation. See "*Collateral Allocation Principles*".

**"Credit and Collection Policy"** means the credit and collection policy applied by SCB from time to time in the assessment and management of the credit risk of its customers in its day to day business and in the event of any variation between such policy as applied by different SCB Entities, such policy as applied by the SCB Entity that is the SCB Servicer in respect of the applicable Reference Obligation.

**"Credit Protection Term End Date"** means the earlier to occur of the Initial Termination Date and the date falling two Business Days prior to the Scheduled Termination Date.

**"Cumulative Loss Amount"** means, with respect to a Verification Date or any other date of determination, the sum of:

- (a) the Verified Loss Amount determined on such Verification Date in respect of a Liquidated Reference Obligation or other date of determination or the aggregate thereof if more than one Liquidated Reference Obligation has a Verified Loss Amount determined on such date; and
- (b) the aggregate of each Verified Loss Amount determined prior to such Verification Date or other date of determination.

**"Cured"** means, with respect to a Failure to Pay Credit Event, the payment in full of the amount of the Reference Obligation that was the subject of such Failure to Pay Credit Event (together with any contractual interest on past-due amounts) prior to the day falling 60 Business Days after delivery of a Credit Event Notice or, if earlier, two Business Days prior to the Initial Termination Date. None of: (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals; (b) a reduction in the amount of principal or premium payable at maturity or at any scheduled redemption date; and (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium, in each case, following the occurrence of a Failure to Pay Credit Event shall in any event be or result in a Failure to Pay Credit Event being Cured.

**"Dealer(s)"** means a dealer in obligations of the type of obligations for which Quotations are to be obtained or any Affiliate thereof, excluding the Swap Counterparty and its Affiliates.

**"Default Requirement"** means the lesser of USD 5,000 and the Defaulted Notional Amount on the date of the relevant Restructuring (or, in respect of a Non-U.S. Dollar Reference Obligation, such amount converted into the applicable Non-U.S. Dollar Currency at the Relevant FX Rate as of the immediately preceding Relevant FX Date (as determined by the Calculation Agent)).

**"Defaulted Notional Amount"** means, with respect to a Defaulted Reference Obligation on any date of determination, the lowest of (i) the Reference Obligation Notional Amount thereof on the Event Determination Date, (ii) the aggregate outstanding principal amount of the Reference Obligation to which the Relevant Financier is exposed on the Event Determination Date (plus, if such Event Determination Date relates to a Restructuring Credit Event, any Forgiven Principal), and (iii) the amount determined by the Swap Counterparty in its sole discretion as of the Event Determination Date, in each case, for a Non-U.S. Dollar Reference Obligation, converted by the Calculation Agent, from the denomination currency into U.S. Dollars at the Relevant FX Rate (being, for the avoidance of doubt, the Relevant FX Rate as at the latest preceding Relevant FX Date that occurred prior to the relevant Event Determination Date).

**"Defaulted Reference Obligation"** means a Reference Obligation with respect to which an Event Determination Date has occurred but which has not become a Liquidated Reference Obligation.

**"Eligibility Criteria"** means the criteria set forth in Schedule C to the Swap Confirmation, on the Relevant Date for each such Reference Obligation and the related Reference Entity and as set out under "*Eligibility Criteria*".

**"Event Determination Date"** means (in relation to a Credit Event and subject to the provisions set forth in the Credit Default Swap for the term **"Cured"**) the date on which the Credit Event Notice is delivered (or deemed delivered) to the Issuer, the Administrator, Calculation Agent and the Note Trustee.

**"Failure to Pay"** means, after the expiration of any applicable (or deemed) Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a

Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Reference Obligations in accordance with the terms of such Reference Obligations at the time of such failure.

For the avoidance of doubt, a Failure to Pay Credit Event shall not occur if:

- (a) the Relevant Financier was not entitled to the relevant payments from the Reference Entity with respect to any Reference Obligation as a result of either (A) operational mistakes or errors on the part of the Relevant Financier or (B) fraud; or
- (b) the Reference Entity does not pay an amount with respect to any Reference Obligation on its original due date as a result of an agreement between the Relevant Financier and the Reference Entity for the extension of the date for payment of such amount.

**"Financial Services Authority"** means the Financial Services Authority (including any successor or replacement organisation) recognised under the Financial Services and Markets Act 2000.

**"Full Quotations"** means:

- (a) a firm quotation obtained from a Dealer, to the extent reasonably practicable, for an amount of the relevant Reference Obligation with an outstanding principal balance equal to the Quotation Amount applicable thereto; or
- (b) if no such firm quotation as described in paragraph (i) is available, a firm bid quotation obtained by the Calculation Agent from a Dealer, for entry into a Participation in respect of an amount of the relevant Reference Obligation with an outstanding principal balance equal to the Quotation Amount applicable thereto.

**"Grace Period"** means:

- (a) subject to clauses (b) and (c), the applicable grace period with respect to payments under the relevant Reference Obligation under the terms of such Reference Obligation in effect as of the later of the Closing Date and the date as of which such Reference Obligation is issued or incurred;
- (b) if a Potential Failure to Pay has occurred on or prior to the Credit Protection Term End Date and the applicable grace period cannot, by its terms, expire on or prior to the Credit Protection Term End Date, the Grace Period shall be deemed to be the lesser of such grace period and thirty calendar days; and
- (c) if, at the later of the Closing Date and the date as of which a Reference Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Reference Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Reference Obligation.

**"Grace Period Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

**"Grace Period Extension Date"** means, with respect to a Potential Defaulted Reference Obligation, the date that is the number of days in the Grace Period after the date of the relevant Potential Failure to Pay.

**"Initial Portfolio Composition Date"** means 22 July 2011.

**"Initial Portfolio Notional Amount"** means USD 3,000,000,000.

**"Initial Tranche Notional Amount"** means USD 180,000,000.

**"Liquidated Reference Obligation"** means a Reference Obligation with respect to which a Verified Loss Amount has been determined. For the avoidance of doubt, once a Defaulted Reference Obligation has become a Liquidated Reference Obligation then it shall no longer be considered as a Defaulted Reference Obligation and for the purposes of clause (b) of the definition of "Maximum Portfolio Notional Amount" below and limb (A) of the definition of "Maximum Cash Settlement Amount" above, the Reference Obligation Notional Amount of such Defaulted Reference Obligation shall be zero. Once a Defaulted Reference Obligation becomes a Liquidated Reference Obligation, it shall be removed from the Reference Portfolio.

**"Loss Amount"** means, in respect of a Reference Obligation:

- (a) if the Credit Event specified in the relevant Credit Event Notice with respect to such Reference Obligation is a Restructuring Credit Event (such Reference Obligation, a **"Restructured Reference Obligation"**), the sum of:
  - (i) the Credit Loss Event Amount; and
  - (ii) the product of the Restructured Principal Amount in respect of such Reference Obligation and a percentage that is 100 per cent. minus the Final Price for such Reference Obligation; and
- (b) if the Credit Event specified in the relevant Credit Event Notice is a Failure to Pay or Bankruptcy Credit Event, the product of the Defaulted Notional Amount in respect of such Reference Obligation and a percentage that is 100 per cent. minus the Final Price for such Reference Obligation,

subject, in each case, to a minimum of zero and a maximum of the Defaulted Notional Amount as determined by the Calculation Agent.

**"Maximum Portfolio Notional Amount"** means on any date of determination:

- (a) the Initial Portfolio Notional Amount; *minus*
- (b) the aggregate of the Reference Obligation Notional Amounts of all Defaulted Reference Obligations; *minus*
- (c) the Adjusted Cumulative Loss Amount; *minus*
- (d) the aggregate of all Cancelled Amounts.

**"Notes Funding Amount"** means, in respect of any Fixed Rate Payer Payment Date (but, for the avoidance of doubt, not the Closing Date), an amount equal to (i) the aggregate Interest Amount determined by the Calculation Agent, after consultation with the Agent Bank, to be due in respect of the Notes on that Fixed Rate Payer Payment Date (the **"Aggregate Interest Amount"**) plus (ii) any Aggregate Make-up Amount, Aggregate Make-up Compound Amount, Regular Interest Amount and Compounded Interest Amount to be due in respect of the Notes on that Fixed Rate Payer Payment Date minus (iii) the sum of the amount determined by the Calculation Agent, after consultation with the Account Bank, to be such proportion of the Collateral Income Proceeds that will be received by the Issuer

on that Fixed Rate Payer Payment Date in respect of the Interest Period ending on that Fixed Rate Payer Payment Date.

**"Obligation(s)"** means Reference Obligations only.

**"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.

**"Paid Loss"** means, with respect to a Verification Date or any other date of determination, the aggregate of all Cash Settlement Amounts (which, for the avoidance of doubt, shall include any Additional Loss Payments) determined prior to such Verification Date or other date of determination *minus* the aggregate of all Loss Adjustment Payments made prior to such Verification Date or other date of determination.

**"Participation"** means a funded participation effected using documentation substantially in the form of the documentation customarily used in the relevant market for participations in obligations of the same nature as the Reference Obligation at that time, which may comprise the terms and conditions set forth in.

**"Payable Maximum Cash Settlement Amount"** means on any date of determination, the lesser of: (a) the Tranche Notional Amount on such date (prior to any adjustment (if any) to the Tranche Notional Amount to be made on such date); (b) (A) the Maximum Cash Settlement Amount on such date *minus* (B) the Threshold Balance (subject to a minimum of zero); and (c) (A) the Initial Tranche Notional Amount *minus* (B) the Tranche Loss.

**"Pending Liquidated Reference Obligation"** means any Liquidated Reference Obligation in respect of which the Cash Settlement Date has not occurred.

**"Portfolio Notional Amount"** means on any date of determination:

- (a) the aggregate of the Reference Obligation Notional Amounts of all Reference Obligations comprising the Reference Portfolio on such date; *minus*
- (b) the aggregate of the Reference Obligation Notional Amounts of all Defaulted Reference Obligations.

**"Potential Defaulted Reference Obligation"** means any Reference Obligation in respect of which a Potential Failure to Pay has occurred but the Event Determination Date in respect thereof has not occurred and in respect of which a Potential Failure to Pay Extension Notice has been delivered in accordance with the Credit Default Swap.

**"Potential Failure to Pay"** has the meaning given to it in the 2003 Definitions.

**"Potential Failure to Pay Extension Notice"** means, with respect to a Potential Defaulted Reference Obligation of a Reference Entity, an irrevocable notice from the Swap Counterparty to the Issuer that (a) states that as at the date of the notice, a Potential Failure to Pay has occurred with respect to any Reference Obligation of the relevant Reference Entity on or after the Closing Date and on or prior to the Credit Protection Term End Date and has not become a Failure to Pay Credit Event nor is capable of becoming a Failure to Pay Credit Event on or prior to the Credit Protection Term End Date, (b) specifies the Potential Defaulted Reference Obligation with respect to such Reference Entity, (c) contains a description in reasonable detail of the facts relevant to the determination that a Potential Failure to Pay event has occurred and (d) if appropriate, indicates the date of the occurrence of such Potential Failure to Pay event.

**"Quotation"** means each quotation obtained in accordance with the provisions of the Credit Default Swap, *provided* that each such quotation shall not include accrued but unpaid interest.

**"Quotation Amount"** means, with respect to a Reference Obligation:

- (a) if the Credit Event specified in the relevant Credit Event Notice is a Restructuring Credit Event, the Restructured Principal Amount of such Reference Obligation *less* any Recovery Amount that has been received by the Relevant Financier prior to the Workout Cut-off Date, if any; and
- (b) if the Credit Event specified in the relevant Credit Event Notice is a Failure to Pay or Bankruptcy Credit Event, the Defaulted Notional Amount of such Reference Obligation *less* any Recovery Amount that has been received by the Relevant Financier prior to the Workout Cut-off Date, if any.

**"Reference Collateral"** means, with respect to a Reference Obligation or Defaulted Reference Obligation, any Security Interest granted to the Relevant Financier as security for the obligations of the Reference Entity under the Reference Obligation or Defaulted Reference Obligation, as the case may be, *provided* that the Reference Collateral shall not include any of the aforementioned interests to the extent that it is held for the benefit of a person other than the Relevant Financier and in respect of such Reference Obligation.

**"Reference Entity"** means, with respect to any Reference Obligation, the entity identified as such by an identification code in the Reference Registry in respect of such Reference Obligation.

**"Reference Entity Successor"** means, in relation to a Reference Entity, one or more direct or indirect successors to such Reference Entity that assume liability in respect of any relevant Reference Obligation by way of merger, consolidation, amalgamation, transfer or otherwise, whether by operation of law or pursuant to any agreement, as determined by the Calculation Agent (after consultation with the Swap Counterparty).

**"Relevant Date"** means:

- (a) subject to paragraph (c) below, with respect to any Reference Obligation comprising the Reference Portfolio on the Closing Date, the Initial Portfolio Composition Date; or
- (b) subject to paragraph (c) below, with respect to any Reference Obligation that has been added to the Reference Portfolio as a new Reference Obligation after the Closing Date pursuant to the Credit Default Swap, the relevant Replenishment Date in respect of such Reference Obligation; or
- (c) with respect to any Reference Obligation already forming part of the Reference Portfolio which is the subject of a Replenishment involving an increase in the Reference Obligation Notional Amount of that Reference Obligation, the Relevant Date in respect of the increased amount shall be the date of that Replenishment, and Relevant Date in respect of the existing amount shall remain the date determined pursuant to paragraphs (a) or (b) (as applicable) above.

**"Relevant Financier"** means, with respect to a Reference Obligation and as of any date of determination, the financier of such Reference Obligation as determined from time to time by the Swap Counterparty for the purposes of the Credit Default Swap.

**"Replenishment Conditions"** means the provisions as set out in Schedule D to the Swap Confirmation specifying the conditions to be satisfied with respect to Replenishments made to the Reference Portfolio and as set out under the section entitled "*Replenishment Conditions*" herein.

**"Replenishment Period"** means the period from and including the Closing Date to but excluding the earliest of:

- (a) the date on which the Cumulative Default Trigger has been breached for a continuous period of 60 Business Days;
- (b) 12 November 2014; and
- (c) the Initial Termination Date.

**"Report Date"** means any date selected by the Swap Counterparty occurring no later than 10 Business Days after the last calendar day of each month.

**"Required Currency"** means euro, pound sterling or any other currency in which Budgeted Expenses are denominated.

**"Restructuring"** means, with respect to a Reference Obligation and in relation to an aggregate amount of not less than the Default Requirement, the forgiveness or postponement of principal, interest or fees or a change in the ranking, priority or subordination of such Reference Obligation that results in a value adjustment or other similar debit to the profit and loss account of the Relevant Financier, provided that such decision will be made (i) with regard to the standards of a reasonable and prudent bank engaging in Trade Financing Activities (disregarding for such purposes the effect of any credit protection purchased in respect of such Reference Obligations pursuant to a credit default swap but taking into account any security allocable to that Reference Obligation), (ii) with the intent that such Restructuring is to minimise any expected loss in respect of such Reference Obligation and (iii) the Swap Counterparty shall procure certification of a managing director of the Relevant Financier that such Restructuring is agreed with the intent referred to in the preceding paragraph (ii).

**"SCB Entity"** means each of SCB and/or any of its Affiliates.

**"Security Interest"** means a pledge, mortgage, guarantee or any other security interest.

**"Senior Tranche Notional Amount"** means USD 2,790,000,000.

**"Servicing Principles"** means the servicing principles set out in Schedule E to the Swap Confirmation. See "*Servicing Principles*".

**"Threshold Amount"** means USD 30,000,000.

**"Threshold Balance"** means, on any date of determination, the greater of:

- (a) zero; and
- (b) (A) the Threshold Amount *minus* (B) the Adjusted Cumulative Loss Amount (excluding the Verified Loss Amounts for any Pending Liquidated Reference Obligations).

**"Tranche Loss"** means the lesser of:

- (a) the Initial Tranche Notional Amount; and
- (b) the greater of (i) the Adjusted Cumulative Loss Amount *minus* the Threshold Amount; and (ii) zero.

**"Tranche Notional Amount"** means, on any date of determination, the greater of zero and the Initial Tranche Notional Amount *minus*:

- (a) the excess, if any, of the Adjusted Cumulative Loss Amount over the Threshold Amount; and
- (b) after the expiry of the Replenishment Period only, the excess, if any, of the Writedown Amounts over the Senior Tranche Notional Amount,

in each case, as at such date, save that on the Initial Termination Date, the Tranche Notional Amount shall be adjusted so that it is equal to the Payable Maximum Cash Settlement Amount on the Initial Termination Date and provided that thereafter until the Termination Date, the Tranche Notional Amount shall be adjusted on each Adjustment Date so that it is equal to the Payable Maximum Cash Settlement Amount recalculated on such Adjustment Date.

Upon any reduction of the Tranche Notional Amount occurring as a result of an Amortised Amount being determined, the Calculation Agent shall promptly notify the Issuer, the Swap Counterparty and the Administrator in writing of the Amortised Amount and on each Amortisation Notification Date shall notify the Administrator and the Principal Paying Agent of the Amortised Amount with respect to the Amortisation Period ending on such date.

**"USD"** means the lawful currency of the United States of America.

**"Valuation Business Day"** means, with respect to a Reference Entity and the related Reference Obligation, each day that is a Calculation Agent City Business Day, that is a Business Day and a day on which commercial banks settle payments and are open for general business (including dealings in foreign exchange currency deposits) in the place of the secondary market (if any) for the relevant Reference Obligation of such Reference Entity.

**"Writedown Amounts"** means, on any date of determination, the sum of:

- (a) the aggregate of the Recovery Amounts which are determined on or prior to such date;
- (b) the Aggregate Reductions determined on or prior to such date.

## REFERENCE REGISTRY

The Reference Registry will contain the following items, each expressed (except as set forth below) for each Reference Obligation as of the Initial Portfolio Composition Date (for the initial Reference Registry) or, as the case may be, as of each relevant Replenishment Date or Reset Date. Each Reference Entity, each Reference Obligation and any related Reference Collateral will be identified in the Reference Obligation Files on the basis of the information contained in the Reference Registry. The Reference Registry will not disclose the names of the Reference Entities (and will not contain any information that the Swap Counterparty or Relevant Financier is legally constrained from disclosing under applicable laws). The Swap Counterparty shall procure that the Accountant will perform the Agreed Upon Procedures on the Reference Registry. A copy of the Reference Registry as of the Initial Portfolio Composition Date detailing the composition of the Reference Portfolio on such date will be annexed to the Credit Default Swap and will be available for inspection during usual business hours at the specified office of the Listing Agent in Ireland and at the registered office of the Issuer for the life of the Notes. A copy of the most recent Reference Registry will also be made available together with the Investors' Report as described in the section headed "Description of Noteholder Reports - Description of the Investors' Report".

### **Reference Obligation Information**

In respect of each Reference Obligation:

1. the SCB identification number (the "**Reference Obligation Identifier**") corresponding to such Reference Obligation;
2. the SCB identification number (the "**Reference Entity Identifier**") for the relevant Reference Entity corresponding to such Reference Obligation;
3. the SCB identification number (the "**Reference Entity Group Identifier**") for the Reference Entity Group corresponding to the Reference Entity related to such Reference Obligation;
4. the Reference Obligation Notional Amount of such Reference Obligation, both (i) before taking into account any Reductions or Replenishments and (ii) after giving effect to all Reductions or Replenishments, *provided* that for the avoidance of doubt, if the Reference Obligation Notional Amount of any Reference Obligation is reduced to zero, and such Reference Obligation is removed from the Reference Portfolio, it will no longer appear in the Reference Registry;
5. if a Reference Obligation is denominated in a currency other than U.S. Dollars, the Relevant FX Date for such Reference Obligation;
6. the currency of denomination of such Reference Obligation;
7. if a Reference Obligation is denominated in a currency other than U.S. Dollars, the Relevant FX Rate for such Reference Obligation;
8. the "**Reference Obligation Due Date**" thereof which shall be the later to occur of : (i) the maturity date of such Reference Obligation; or (ii) the date designated by the Swap Counterparty as the Reference Obligation Due Date thereof;
9. the SCB Corporate Risk Factor for the Reference Entity related to such Reference Obligation;
10. the Moody's Industry Group and related Moody's Industry Code of the Reference Entity relating to such Reference Obligation;

11. the S&P Industry Group and related S&P Industry Code of the Reference Entity relating to such Reference Obligation;
12. the SCB Industry of the Reference Entity relating to such Reference Obligation;
13. the Country of Domicile of the Reference Entity relating to such Reference Obligation;
14. the Product Category in respect of such Reference Obligation;

#### **Defaulted Reference Obligation Information**

15. details regarding Defaulted Reference Obligations in the Reference Portfolio and Liquidated Reference Obligations removed from the Reference Portfolio (to be recorded in separate portions of the Reference Registry);

#### **Portfolio Information**

16. the Portfolio Notional Amount; and
17. the aggregate Cancelled Amount, if any.

#### **Definitions**

**"Country of Domicile"** means, in respect of any Reference Entity, the jurisdictions in which such Reference Entity's significant operations are located and/or where the majority of its assets are situated.

**"Moody's Industry Code"** means, in respect of any Reference Entity, the Moody's industry code of such Reference Entity as determined by the Swap Counterparty.

**"Moody's Industry Group"** means, in respect of any Reference Entity, the Moody's industry group classification of such Reference Entity as determined by the Swap Counterparty.

**"Product Category"** means any of the following, as designated by SCB in respect of each Reference Obligation:

- (a) Bonds & Guarantees (incl SBLCs);
- (b) Export Loans;
- (c) Import Loans;
- (d) LC Confirmation/Negotiation;
- (e) LC Issuance/Acceptance; or
- (f) LC Refinancing/Reimbursement.

**"Reference Entity Group"** means, in respect of any Reference Entity, such Reference Entity and any other entity forming a single affiliated group with such Reference Entity, as determined in good faith by the Swap Counterparty. Each Reference Entity Group will be identified by a Reference Entity Group Identifier.

**"Reference Obligation Files"** means, in respect of any Reference Obligation, the file(s) or system (including electronic data retrieval system or files kept in microfiche format) containing the relevant terms and/or conditions applicable to such Reference Obligation.

**"S&P Industry Code"** means, in respect of any Reference Entity, the S&P's industry code of such Reference Entity as determined by the Swap Counterparty.

**"S&P Industry Group"** means, in respect of any Reference Entity, the S&P's industry group classification of such Reference Entity as determined by the Swap Counterparty.

**"SCB Corporate Risk Factor"** means, in respect of any Reference Entity, the credit rating assigned by SCB to such Reference Entity for the purposes of SCB's generally applicable internal credit evaluation and monitoring processes. A reference to "worse" is a reference to an SCB Corporate Risk Factor with a larger alphanumerical value and a reference to "better" is a reference to an SCB Corporate Risk Factor with a smaller alphanumerical value.

**"SCB Industry"** means, in respect of any Reference Entity, the information specified under the heading "SCB Industry" in respect of such Reference Entity in the Reference Registry.

## **ELIGIBILITY CRITERIA**

Each Reference Obligation, and the related Reference Entity, must satisfy the following conditions (i) as of the Initial Portfolio Composition Date in respect of each Reference Obligation comprising the original Reference Portfolio and (ii) as of each Replenishment Date, in respect of each Reference Obligation that is (or is proposed to be) added to the Reference Portfolio (or whose Reference Obligation Notional Amount is (or is proposed to be) increased) on such date:

- (a) such Reference Obligation relates to unsubordinated obligations of the relevant Reference Entity that have been analysed in accordance with the Originator's standard credit policies and guidelines;
- (b) a Credit Event or other event which, with the giving of notice or the lapse of time (or both) would become a Credit Event, shall not have occurred in relation to such Reference Obligation or Reference Entity, as the case may be;
- (c) such Reference Entity is not recorded on the Early Alert Review System;
- (d) each Reference Obligation constitutes the legal, valid and binding obligations of the relevant Reference Entity, and is enforceable in accordance with its terms subject to limitations of applicable bankruptcy, insolvency, reorganisation, winding up, moratorium and other laws of general application affecting the enforcement of creditor's rights generally;
- (e) the Country of Domicile of the relevant Reference Entity is a Qualifying Country;
- (f) the Country of Domicile of the Reference Entity is not a Prohibited Country;
- (g) the Reference Obligation Due Date of any Reference Obligation shall not be later than the Scheduled Termination Date;
- (h) each Reference Entity has an SCB Corporate Risk Factor of 9B or better;
- (i)
  - (i) the aggregate of the Reference Obligation Notional Amounts of all Reference Entities within the same Reference Entity Group shall not exceed USD 30,000,000; and
  - (ii) the aggregate of the Reference Obligation Notional Amounts of all Reference Entities within the same Reference Entity Group having an SCB Corporate Risk Factor of 8A or worse, shall not exceed USD 18,000,000; and
- (j) the Reference Entity is not a Sovereign or an individual.

### **Definitions**

**"Assumed Loss Amount"** means, with respect to any Defaulted Reference Obligation, an amount equal to the product of (a) the Defaulted Notional Amount of such Defaulted Reference Obligation; and (b) 60 per cent.

**"Country Adjusted Cumulative Loss Amount"** means, with respect to any country and on any date of determination, the Adjusted Cumulative Loss Amount on such date of determination calculated by reference only to those Reference Obligations of all Reference Entities with a Country of Domicile in such country.

**"Country Assumed Loss Amount"** means, with respect to any country and on any date of determination, the aggregate of all Assumed Loss Amounts calculated by reference only to those Defaulted Reference Obligations of all Reference Entities with a Country of Domicile in such country.

**"Early Alert Review System"** means the SCB system for identifying risks or potential weaknesses of a material nature in respect of a Reference Entity.

**"Excluded Country"** means (i) each country in Africa, except Botswana, Ghana, Kenya, Nigeria and South Africa or (ii) Bolivia, Cuba, Ecuador, Jamaica, Nicaragua, Venezuela, Greece, Ireland, Italy, Portugal and Spain.

**"Originator"** means SCB and/or any of its Affiliates.

**"Prohibited Country"** means any country with an S&P foreign currency rating of BB+ (if no such S&P foreign currency rating is available, a Moody's Foreign Currency Ceiling Rating of Ba1) or below or any country without any S&P foreign currency rating or Moody's Foreign Currency Ceiling Rating, in each case, in respect of which the sum of (i) the Country Adjusted Cumulative Loss Amount in respect of such country and (ii) the Country Assumed Loss Amount in respect of such country exceeds USD 30,000,000.

**"Qualifying Country"** means:

- (a) each of Argentina, Australia, Bahrain, Bangladesh, Bermuda, Botswana, Brazil, Cayman Islands, Channel Islands, China, France, Germany, Ghana, Hong Kong, India, Indonesia, Japan, Jordan, Kenya, Macau, Malaysia, Mauritius, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Singapore, South Africa, South Korea, Sri Lanka, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, United States of America, Vietnam, Virgin Islands (British), provided that if such ratings are available, such country shall not be a Qualifying Country if (i) the S&P foreign currency rating or the S&P transfer and convertibility rating for such country is below B-; or (ii) if S&P has not provided an S&P foreign currency rating and S&P transfer and convertibility rating, the Moody's foreign currency rating or the Moody's local currency rating for the countries is below B3; and
- (b) any other country that is not an Excluded Country and that has a minimum S&P foreign currency rating of B+ or Moody's foreign currency rating of B1.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

## **REPLENISHMENT CONDITIONS**

The Swap Counterparty may, on a daily basis, subject as described under "*Reference Portfolio – Replenishments*", "*Reference Portfolio – Reductions*", and "*Reference Portfolio – Non-U.S. Dollar Reference Obligations and Resets*", under "*Description of the Credit Default Swap*", replenish the Reference Portfolio, to the extent that, after giving effect to any such Replenishment, the Reference Portfolio complies with the following conditions (the "**Replenishment Conditions**") (for the avoidance of doubt, if the Conditions to Settlement have been satisfied in respect of a Credit Event relating to a Reference Obligation or Reference Entity, such Reference Obligation and the related Reference Entity or such Reference Entity and the related Reference Obligation(s) shall be excluded from the calculations contemplated by the Replenishment Conditions), *provided* that:

- (a) if the Reference Portfolio does not comply with any Replenishment Condition (other than Replenishment Conditions (B)(1), (D)(iv) or (H)(1)) prior to the proposed addition of Reference Obligations, the proposed addition thereof shall be deemed to comply with the Replenishment Conditions (other than Replenishment Conditions (B)(1), (D)(iv) or (H)(1)) if the inclusion of the relevant Reference Obligation (or increase in the Reference Obligation Notional Amount) would not cause the degree of non-compliance with any non-complying Replenishment Condition to worsen;
- (b) the above proviso does not apply to Replenishment Conditions (B)(1), (D)(iv) or (H)(1) and after giving effect to any Replenishment, the Reference Portfolio must comply with the Replenishment Conditions (B)(1), (D)(iv) or (H)(1);
- (c) no Replenishment shall be permitted if the Cumulative Default Trigger is breached;
- (d) if the Conditions to Settlement have been satisfied in respect of a Credit Event relating to a Reference Obligation or Reference Entity, such Reference Obligation and the related Reference Entity or such Reference Entity and the related Reference Obligation(s) shall be excluded from the calculations contemplated by the Replenishment Conditions (other than Replenishment Conditions (E)(1) to (E)(6) and (G)(1) to (G)(6)); and
- (e) for the avoidance of doubt, the Reference Obligation Notional Amounts of all Defaulted Reference Obligations and Liquidated Reference Obligations will be included (where applicable) in calculations for the purposes of Replenishment Conditions (E)(1) to (E)(6) and (G)(1) to (G)(6).

In respect of any date, the "**Cumulative Default Trigger**" is breached if the aggregate of the Reference Obligation Notional Amounts of (i) all Defaulted Reference Obligations; (ii) all Liquidated Reference Obligations; and (iii) all Reference Obligations that are neither Defaulted Reference Obligations nor Liquidated Reference Obligations in respect of which the relevant Reference Entity has a SCB Corporate Risk Factor of 13 or 14, exceeds USD 123,000,000.

**"Replenishment Conditions"** means:

**(A) Portfolio Condition**

the Portfolio Notional Amount shall not exceed the Maximum Portfolio Notional Amount;

**(B) Weighted Average Life Conditions**

(1) the Weighted Average Life shall not exceed 91 days;

- (2) in respect of each country with an S&P foreign currency rating of A+ (if no such S&P foreign currency rating is available, a Moody's Foreign Currency Ceiling Rating of A1) or below or each country without any S&P foreign currency rating or Moody's Foreign Currency Ceiling Rating, in each case, the Weighted Average Life of all Reference Obligations of all Reference Entities for which that country is the Country of Domicile shall not exceed 91 days;

**(C) Tenor Conditions**

- (1) the Tenor of each Reference Obligation in the Reference Portfolio shall not exceed 366 days;
- (2) the Tenor of each Reference Obligation of a Reference Entity whose Country of Domicile has an S&P foreign currency rating of AA+ (if no such S&P foreign currency rating is available, a Moody's Foreign Currency Ceiling Rating of Aa1) or lower or whose Country of Domicile does not have any S&P foreign currency rating or Moody's Foreign Currency Ceiling Rating, in each case, (except where that Country of Domicile is Hong Kong) shall not exceed 180 days;

**(D) SCB Corporate Risk Factor Conditions**

the aggregate Reference Obligation Notional Amounts of all Reference Obligations in each SCB Corporate Risk Factor category shall not exceed the amounts shown in the table below:

<i>SCB Corporate Risk Factor</i>	<i>Reference Obligation Notional Amounts</i>
(i) 7A or worse	USD 2,250,000,000
(ii) 8A or worse	USD 1,500,000,000
(iii) 9A or worse	USD 525,000,000
(iv) 9B or worse	USD 150,000,000

for the avoidance of doubt, each of the above categories includes any Reference Obligation with a SCB Corporate Risk Factor of 13 or 14 and, without duplication, any Reference Obligation in respect of which a Credit Event has occurred but the Conditions to Settlement have not been satisfied;

**(E) Industry Concentration Conditions**

- (1) the aggregate Reference Obligation Notional Amounts of all Reference Obligations in respect of Reference Entities belonging to the S&P Industry Group (with the exclusion of "Financial Intermediaries") with the largest aggregate Reference Obligation Notional Amounts shall not exceed USD 450,000,000;
- (2) the aggregate Reference Obligation Notional Amounts of all Reference Obligations in respect of Reference Entities belonging to the S&P Industry Group "Financial Intermediaries" shall not exceed USD 600,000,000;
- (3) the aggregate Reference Obligation Notional Amounts of all Reference Obligations in respect of Reference Entities belonging to the Moody's Industry Group with the largest aggregate Reference Obligation Notional Amounts shall not exceed USD 750,000,000;
- (4) the aggregate Reference Obligation Notional Amounts of all Reference Obligations in respect of Reference Entities belonging to any one Moody's Industry Group (other than the Moody's Industry Group with the largest aggregate Reference Obligation Notional Amounts) shall not exceed USD 600,000,000;

(5) the aggregate Reference Obligation Notional Amounts of all Reference Obligations in respect of Reference Entities belonging to the Moody's Industry Groups "Real Estate" and "Construction and Building" shall not exceed USD 300,000,000;

(6) the aggregate Reference Obligation Notional Amounts of all Reference Obligations in respect of Reference Entities belonging to any one Moody's Industry Group and having the same Country of Domicile shall not exceed USD 300,000,000;

(F) **Moody's Country Concentration Conditions**

(1) subject to Replenishment Condition (F)(7), for each country with a Moody's Local Currency Ceiling Rating between A1 and Aa1 (inclusive), the aggregate of the Reference Obligation Notional Amount of all Reference Obligations where the relevant Reference Entity of which is domiciled in such country, must not exceed upon any Replenishment Date the higher of: (i) 15 per cent. of the Initial Portfolio Notional Amount *less* the Adjusted Cumulative Loss Amount, and (ii) zero;

(2) subject to Replenishment Condition (F)(7), for each country with a Moody's Local Currency Ceiling Rating between A2 and A3 (inclusive), the aggregate of the Reference Obligation Notional Amount of all Reference Obligations where the relevant Reference Entity of which is domiciled in such country, must not exceed upon any Replenishment Date the higher of: (i) 11 per cent. of the Initial Portfolio Notional Amount *less* the Adjusted Cumulative Loss Amount, and (ii) zero;

(3) subject to Replenishment Condition (F)(7), for each country with a Moody's Local Currency Ceiling Rating of Baa1 and lower, the aggregate of the Reference Obligation Notional Amount of all Reference Obligations where the relevant Reference Entity of which is domiciled in such country, must not exceed upon any Replenishment Date the higher of: (i) 7 per cent. of the Initial Portfolio Notional Amount *less* the Adjusted Cumulative Loss Amount, and (ii) zero;

(4) subject to Replenishment Condition (F)(7), for each country with a Moody's Foreign Currency Ceiling Rating between A1 and Aa1 (inclusive), the aggregate of the Reference Obligation Notional Amount of all Reference Obligations (x) which are not denominated in the local currency of such country, and (y) the relevant Reference Entity of which is domiciled in such country, must not exceed upon any Replenishment Date the higher of: (i) 22.5 per cent. of the Initial Portfolio Notional Amount *less* the Adjusted Cumulative Loss Amount, and (ii) zero;

(5) subject to Replenishment Condition (F)(7), for each country with a Moody's Foreign Currency Ceiling Rating between A2 and A3 (inclusive), the aggregate of the Reference Obligation Notional Amount of all Reference Obligations (x) which are not denominated in the local currency of such country, and (y) the relevant Reference Entity of which is domiciled in such country, must not exceed upon any Replenishment Date the higher of: (i) 16.5 per cent. of the Initial Portfolio Notional Amount *less* the Adjusted Cumulative Loss Amount, and (ii) zero;

(6) subject to Replenishment Condition (F)(7), for each country with a Moody's Foreign Currency Ceiling Rating of Baa1 and lower, the aggregate of the Reference Obligation Notional Amount of all Reference Obligations (x) which are not denominated in the local currency of such country, and (y) the relevant Reference Entity of which is domiciled in such country, must not exceed upon any Replenishment Date the higher

of: (i) 10.5 per cent. of the Initial Portfolio Notional Amount *less* the Adjusted Cumulative Loss Amount, and (ii) zero;

- (7) where the country is "Hong Kong" and the Moody's Foreign Currency Ceiling Rating of Hong Kong is Aa1 or above, the aggregate of the Reference Obligation Notional Amount of all Reference Obligations (x) which are not denominated in the local currency of such country, and (y) the relevant Reference Entity of which is domiciled in such country, must not exceed upon any Replenishment Date the higher of: (i) 30 per cent. of the Initial Portfolio Notional Amount *less* the Adjusted Cumulative Loss Amount, and (ii) zero;
- (8) the aggregate Reference Obligation Notional Amounts of all Reference Obligations in respect of Reference Entities with a Country of Domicile in countries without a Moody's Local Currency Ceiling Rating or Moody's Foreign Currency Ceiling Rating shall not exceed USD 45,000,000;

**(G) Other Country Conditions**

- (1) in respect of each Country of Domicile (other than Hong Kong, India and China), the aggregate Reference Obligation Notional Amounts of all Reference Entities in such Country of Domicile does not exceed the relevant Maximum RONA in respect of such Country of Domicile, where "**Maximum RONA**" means, in respect of a Country of Domicile, the amount shown in the table below corresponding to the S&P foreign currency rating category within which the S&P foreign currency rating of such Country of Domicile falls:

<i>S&amp;P foreign currency rating of Country of Domicile</i>	<i>Maximum RONA</i>
A+ to BBB-	USD 345,000,000
BB+ or worse	USD 90,000,000

- (2) the aggregate Reference Obligation Notional Amounts of all Reference Entities with Country of Domicile in India does not exceed USD 450,000,000;
- (3) the aggregate Reference Obligation Notional Amounts of all Reference Entities with Country of Domicile in China does not exceed USD 360,000,000;
- (4) the aggregate Reference Obligation Notional Amounts of all Reference Entities with Country of Domicile in Hong Kong does not exceed USD 900,000,000;
- (5) the aggregate Reference Obligation Notional Amounts of all Reference Obligations in respect of Reference Entities with a Country of Domicile in countries (which, for the avoidance of doubt, may include Hong Kong, India or China):
  - (i) with an S&P foreign currency rating of A+ or below (or if no such S&P foreign currency rating is available, a Moody's Foreign Currency Ceiling Rating of A1 or below); or
  - (ii) without any S&P foreign currency rating or Moody's Foreign Currency Ceiling Rating,

shall not exceed USD 1,800,000,000; and

- (6) the aggregate Reference Obligation Notional Amounts of all Reference Obligations in respect of Reference Entities with a Country of Domicile in countries (which, for the avoidance of doubt, may include Hong Kong, India or China):
- (i) with an S&P foreign currency rating of BB+ or below (or if no such S&P foreign currency rating is available, a Moody's Foreign Currency Ceiling Rating of Ba1 or below); or
  - (ii) without any S&P foreign currency rating or Moody's Foreign Currency Ceiling Rating,

shall not exceed USD 450,000,000;

**(H) Other Conditions**

- (1) the H-Score shall be 200 or greater; and
- (2) the Portfolio Notional Amount divided by the H-Score shall be less than an amount in USD equal to the quotient of the Initial Portfolio Notional Amount (as numerator) and 250 (as denominator).

If, subsequent to its inclusion in the Reference Portfolio, any purported Reference Obligation is determined not to have complied (or been deemed to have complied) with the Eligibility Criteria or the Replenishment Conditions (determined as of the Relevant Date) or the Cumulative Default Trigger was breached on the Relevant Date, the inclusion of the purported Reference Obligation in the Reference Portfolio on that Relevant Date (and any Credit Event Notice given in relation to that purported Reference Obligation) will be treated as not having been a valid inclusion and be of no effect for any purpose, in each case only to the extent of the Reference Obligation Notional Amount associated with such error or breach, unless the relevant non compliance, contravention or increased contravention has been corrected in accordance with the Reductions provisions. Following the discovery of any such error or breach, the Swap Counterparty will remove the relevant invalid Reference Obligation (or part thereof) from the Reference Portfolio and such removal shall be treated as a Reduction, as provided for above.

**Definitions**

For the foregoing purposes, the following terms shall have the respective meanings set forth below:

"**H-Score**" means the number "H" determined in accordance with the following formula:

$$H = \frac{1}{(P_1^2 + P_2^2 + \dots + P_n^2)}$$

where:

$$P_n = \frac{\text{RONA of Entity}}{\text{SUMofRONA}}$$

"**n**" is the number of Reference Entities;

"**RONA of Entity**" means, in respect of each Reference Entity, the aggregate of the Reference Obligation Notional Amounts of all Reference Obligations in respect of such Reference Entity; and

**"Sum of RONA"** means the aggregate of Reference Obligation Notional Amounts of all the Reference Entities included in the Reference Portfolio.

**"Moody's Foreign Currency Ceiling Rating"** means the foreign currency country ceiling rating assigned for bonds in such country by Moody's.

**"Moody's Local Currency Ceiling Rating"** means the local currency country ceiling rating assigned for bonds in such country by Moody's.

**"Tenor"** means, with respect to any Reference Obligation as of any date, the remaining time to the Reference Obligation Due Date measured in days, *provided* that Tenor shall not be less than zero.

**"Weighted Average Life"** means, with respect to the Reference Portfolio (or any group of Reference Entities) as of any date, the number which equals (a) the number obtained by summing the products obtained by multiplying the Reference Obligation Notional Amount of each Reference Obligation in the Reference Portfolio (or such group of Reference Entities) as of the relevant Replenishment Date by the remaining time to the Reference Obligation Due Date measured in days and rounded to the second decimal place, divided by (b) the aggregate of the Reference Obligation Notional Amounts of such Reference Obligations.

## DESCRIPTION OF THE INITIAL REFERENCE PORTFOLIO

Certain characteristics of the Reference Portfolio are set forth below and refer to the composition of the Reference Portfolio as at the Initial Portfolio Composition Date. The Reference Portfolio described in this Prospectus complied with the Eligibility Criteria as at the Initial Portfolio Composition Date.

The Monthly Report that is to be provided in accordance with the Credit Default Swap will also be in the form set out below.

### A. Summary (as at the Initial Portfolio Composition Date)

Total outstanding amount	USD 3,000,000,000
Reference Obligations	10,151
Reference Entities	1,617
Reference Entity Groups	1,318

<b>Cumulative Default Trigger</b>	
Reference Obligation Notional Amounts of all Defaulted Reference Obligations ("A")	-
Reference Obligation Notional Amounts of all Liquidated Reference Obligations ("B")	-
Reference Obligation Notional Amounts of all Reference Obligations that are neither Defaulted Reference Obligations nor Liquidated Reference Obligations in respect of which the relevant Reference Entity has a SCB Corporate Risk Factor of 13 or 14 ("C")	-
<b>Sum A + B + C</b>	-
<b>Requirement</b>	≤ USD 123,000,000
<b>Whether complied</b>	Complied

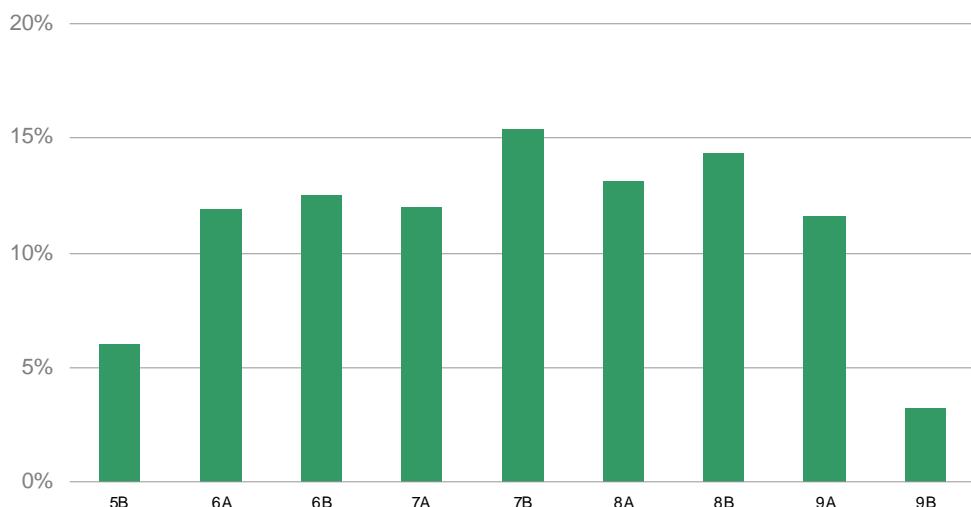
		<b>Requirement</b>		<b>Whether complied</b>
<b>Weighted Average SCB Corporate Risk Factor</b>	7B	N/A		N/A
<b>Weighted Average Life</b>	71 days	≤ 91 days		Complied
<b>H-Score</b>	373	≥ 200		Complied

### B. Balances (To be completed in each Monthly Report)

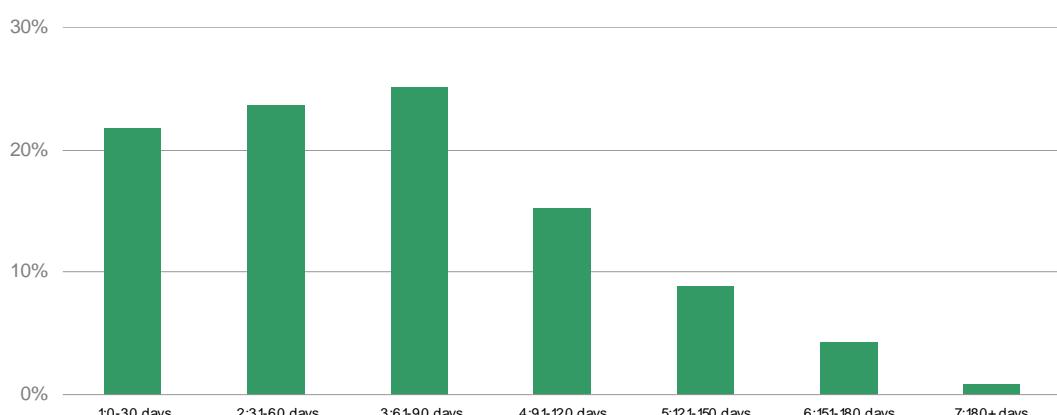
Portfolio Notional Amount (as at previous Report Date)	-
<i>Less</i> the aggregate of all Reduction Amounts since the previous Report Date	-
<i>Less</i> the aggregate of all the Reference Obligation Notional Amounts of all Reference Obligations in respect of which a Credit Event Notice has been delivered and the Event Determination Date has occurred since the previous Report Date	-
<i>Plus</i> the aggregate of all Replenishments since the previous Report Date	-
Portfolio Notional Amount (as at current Report Date)	USD 3,000,000,000

**C. Distribution by Reference Obligation Notional Amount, SCB Corporate Risk Factor and Tenor**

**SCB Corporate Risk Factor**



**Tenor**



**D. Cumulative Distribution by Reference Obligation Notional Amount**

SCB Corporate Risk Factor	Aggregate of Reference Obligation Notional Amounts for all Reference Entities with this SCB Corporate Risk Factor	Maximum permitted	Whether complied
7A or worse	69.59%	75.00%	Complied
8A or worse	42.27%	50.00%	Complied
9A or worse	14.88%	17.50%	Complied
9B or worse	3.26%	5.00%	Complied

#### E. Portfolio Granularity

Aggregate of Reference Obligation Notional Amounts for Reference Entity	Total Initial Portfolio		Total for SCB Corporate Risk Factor 8A and worse	
	Notional (%)	Number of Reference Entities	Notional (%)	Number of Reference Entities
Less than or equal to 2,500,000	28.79%	1286	17.48%	817
2,500,001 to 5,000,000	21.08%	187	9.81%	91
5,000,001 to 10,000,000	21.04%	92	8.13%	36
10,000,001 to 15,000,000	10.21%	25	4.02%	10
15,000,001 to 20,000,000	7.99%	14	2.83%	5
20,000,001 to 25,000,000	5.13%	7	0.00%	0
25,000,001 to 30,000,000	5.75%	6	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>1,617</b>	<b>42.27%</b>	<b>959</b>
<b>Average Notional Amount</b>	<b>1,855,288</b>		<b>1,322,400</b>	

#### F. SCB Corporate Risk Factor v Tenor

SCB Corporate Risk Factor	Tenor group by month			Total
	0-90 days	91-180 days	>180 days	
5B	4.92%	0.91%	0.22%	6.05%
6A	6.32%	5.23%	0.36%	11.91%
6B	9.38%	2.87%	0.20%	12.45%
7A	8.95%	2.96%	0.01%	11.92%
7B	10.92%	4.41%	0.06%	15.39%
8A	9.01%	4.08%	0.00%	13.09%
8B	10.34%	3.96%	0.00%	14.30%
9A	8.22%	3.37%	0.03%	11.63%
9B	2.53%	0.72%	0.00%	3.26%
<b>Grand Total</b>	<b>70.60%</b>	<b>28.50%</b>	<b>0.89%</b>	<b>100.00%</b>

#### G. Product Category v Tenor

Product Category	Tenor group by month			Total
	0-90 days	91-180 days	>180 days	
Bonds & Guarantees (incl SBLCs)	4.86%	1.22%	0.71%	6.79%
Export Loans	19.46%	7.12%	0.00%	26.58%
Import Loans	32.38%	14.69%	0.00%	47.07%
LC Confirmation/Negotiation	4.19%	2.09%	0.09%	6.37%
LC Issuance/Acceptance	9.24%	2.95%	0.09%	12.28%
LC Refinancing/Reimbursement	0.47%	0.44%	0.00%	0.91%
<b>Grand Total</b>	<b>70.60%</b>	<b>28.50%</b>	<b>0.89%</b>	<b>100.00%</b>

**H. Reference Entity Country of Domicile (or region) v Tenor**

SCB Corporate Risk Factor	Tenor group by month			Total
	0-90 days	91-180 days	>180 days	
Bahrain	0.04%	0.01%	0.00%	0.05%
Bangladesh	1.59%	1.38%	0.00%	2.97%
Belgium	1.22%	0.04%	0.00%	1.27%
Botswana	0.31%	0.38%	0.00%	0.69%
Brazil	0.07%	0.15%	0.00%	0.22%
Chile	0.09%	0.00%	0.00%	0.09%
China	5.34%	4.53%	0.00%	9.87%
Colombia	0.17%	0.12%	0.00%	0.29%
Finland	0.00%	0.00%	0.05%	0.05%
France	0.86%	0.00%	0.18%	1.04%
Germany	0.04%	0.00%	0.00%	0.04%
Ghana	0.09%	0.02%	0.00%	0.10%
Hong Kong	14.32%	5.37%	0.29%	19.98%
India	9.22%	4.85%	0.00%	14.07%
Indonesia	2.02%	0.85%	0.00%	2.87%
Japan	0.09%	0.26%	0.00%	0.35%
Jordan	0.12%	0.09%	0.00%	0.22%
Kenya	0.65%	0.03%	0.00%	0.68%
Korea, Republic of S.	2.59%	1.28%	0.00%	3.87%
Kuwait	0.01%	0.00%	0.00%	0.01%
Luxembourg	0.18%	0.00%	0.00%	0.18%
Macau	0.72%	0.16%	0.00%	0.87%
Malaysia	2.41%	1.13%	0.00%	3.53%
Netherlands	0.00%	0.03%	0.00%	0.03%
Nigeria	0.33%	0.10%	0.00%	0.42%
Oman	0.41%	0.34%	0.00%	0.75%
Panama	0.01%	0.01%	0.00%	0.01%
Peru	0.10%	0.05%	0.00%	0.15%
Philippines	0.36%	0.01%	0.00%	0.36%
Poland	0.12%	0.00%	0.00%	0.12%
Qatar	0.43%	0.26%	0.00%	0.68%
Singapore	7.06%	0.59%	0.16%	7.80%
South Africa	0.23%	0.11%	0.00%	0.34%
Switzerland	2.46%	0.00%	0.00%	2.46%
Taiwan	2.23%	0.43%	0.00%	2.66%
Thailand	2.00%	0.23%	0.00%	2.24%
Turkey	0.40%	0.40%	0.00%	0.79%
United Arab Emirates	9.50%	4.69%	0.00%	14.19%
United Kingdom	0.72%	0.28%	0.01%	1.00%
United States of America	1.95%	0.08%	0.21%	2.24%
Vietnam	0.15%	0.27%	0.00%	0.42%
Virgin Islands (British)	0.02%	0.00%	0.00%	0.02%
<b>Grand Total</b>	<b>70.60%</b>	<b>28.50%</b>	<b>0.89%</b>	<b>100.00%</b>

## I. Reference Entity Country of Domicile (or region) v Moody's Industry Group

	Americas		Middle East		Northeast Asia				South Asia		Southeast Asia				UK/Europe/Australia	Africa	Grand Total
Moody's Industry Group	United States	Others	UAE	Others	Hong Kong	China	Korea	Others	India	Others	Singapore	Thailand	Malaysia	Others			
<b>Automotive</b>	0.00%	0.00%	0.50%	0.00%	0.00%	0.06%	0.20%	0.00%	0.56%	0.00%	0.12%	0.01%	0.01%	0.08%	0.00%	0.00%	<b>1.55%</b>
<b>Banking</b>	0.19%	0.71%	0.17%	0.01%	0.00%	3.33%	0.04%	0.05%	0.00%	0.50%	0.00%	0.01%	0.00%	1.42%	0.81%	0.05%	<b>7.30%</b>
<b>Beverage, Food &amp; Tobacco</b>	0.00%	0.01%	1.91%	0.24%	2.12%	0.64%	0.09%	0.03%	1.33%	0.64%	0.95%	0.24%	0.50%	0.08%	0.26%	0.16%	<b>9.20%</b>
<b>Capital Equipment</b>	0.00%	0.00%	0.44%	0.00%	0.83%	0.10%	0.11%	0.39%	0.91%	0.02%	0.18%	0.01%	0.01%	0.05%	0.05%	0.02%	<b>3.10%</b>
<b>Chemicals, Plastics, &amp; Rubber</b>	0.00%	0.00%	0.87%	0.00%	0.32%	0.31%	0.36%	0.27%	0.90%	0.04%	0.10%	0.23%	0.62%	0.65%	0.33%	0.21%	<b>5.22%</b>
<b>Construction &amp; Building</b>	0.00%	0.00%	1.18%	0.32%	0.37%	0.40%	0.52%	0.00%	1.73%	0.43%	0.32%	0.11%	0.13%	0.06%	0.00%	0.00%	<b>5.57%</b>
<b>Consumer goods: Durable</b>	0.00%	0.00%	0.58%	0.00%	1.57%	0.01%	0.05%	0.01%	0.03%	0.00%	0.02%	0.00%	0.04%	0.00%	0.00%	0.00%	<b>2.30%</b>
<b>Consumer goods: Non-durable</b>	0.01%	0.00%	0.38%	0.00%	3.48%	0.40%	0.57%	0.85%	1.07%	0.68%	0.74%	0.07%	0.07%	0.47%	0.24%	0.00%	<b>9.04%</b>
<b>Containers, Packaging &amp; Glass</b>	0.00%	0.00%	0.14%	0.00%	0.63%	0.25%	0.00%	0.16%	0.10%	0.10%	0.00%	0.08%	0.02%	0.12%	0.00%	0.00%	<b>1.59%</b>
<b>Energy: Oil &amp; Gas</b>	1.44%	0.00%	1.69%	0.00%	1.15%	0.11%	0.05%	0.04%	0.52%	0.00%	2.76%	0.25%	0.11%	0.00%	1.31%	0.06%	<b>9.51%</b>
<b>Environmental Industries</b>	0.00%	0.00%	1.36%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	<b>1.40%</b>
<b>FIRE: Finance</b>	0.00%	0.00%	0.00%	0.03%	0.18%	0.00%	0.00%	0.22%	0.00%	0.00%	0.02%	0.00%	0.00%	0.02%	0.00%	0.22%	<b>0.69%</b>
<b>FIRE: Real Estate</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	<b>0.01%</b>
<b>Forest Products &amp; Paper</b>	0.00%	0.00%	0.00%	0.00%	0.17%	0.14%	0.00%	0.01%	0.25%	0.00%	0.97%	0.00%	0.00%	0.15%	0.31%	0.00%	<b>1.98%</b>
<b>Healthcare &amp; Pharmaceuticals</b>	0.00%	0.00%	0.19%	0.01%	0.05%	0.14%	0.03%	0.00%	1.30%	0.02%	0.01%	0.00%	0.08%	0.00%	0.00%	0.00%	<b>1.83%</b>
<b>High Tech Industries</b>	0.00%	0.00%	0.02%	0.00%	1.32%	1.09%	0.92%	0.65%	0.93%	0.10%	0.07%	0.16%	0.42%	0.10%	0.00%	0.00%	<b>5.78%</b>
<b>Hotel, Gaming &amp; Leisure</b>	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	<b>0.09%</b>
<b>Media: Advertising, Printing &amp; Publishing</b>	0.00%	0.00%	0.05%	0.00%	0.05%	0.07%	0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	<b>0.24%</b>
<b>Media: Diversified &amp; Production</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.07%	0.12%	0.20%	0.00%	0.20%	0.00%	0.00%	0.00%	<b>0.00%</b>
<b>Metals &amp; Mining</b>	0.30%	0.00%	1.40%	0.36%	2.89%	1.88%	0.68%	0.85%	2.95%	0.03%	0.55%	0.95%	0.87%	0.37%	2.46%	1.14%	<b>17.69%</b>
<b>Retail</b>	0.00%	0.00%	1.18%	0.62%	0.73%	0.49%	0.00%	0.07%	0.32%	0.12%	0.20%	0.00%	0.20%	0.00%	0.77%	0.00%	<b>4.71%</b>
<b>Services: Business</b>	0.00%	0.00%	0.09%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	<b>0.13%</b>
<b>Telecommunications</b>	0.00%	0.00%	0.05%	0.00%	0.25%	0.00%	0.02%	0.00%	0.49%	0.04%	0.00%	0.05%	0.02%	0.07%	0.00%	0.00%	<b>0.99%</b>
<b>Transportation: Cargo</b>	0.00%	0.00%	0.17%	0.02%	0.00%	0.04%	0.00%	0.00%	0.54%	0.00%	0.07%	0.00%	0.00%	0.00%	0.12%	0.00%	<b>0.97%</b>

	Americas		Middle East		Northeast Asia				South Asia		Southeast Asia				UK/Europe/Australia	Africa	Grand Total
Moody's Industry Group	United States	Others	UAE	Others	Hong Kong	China	Korea	Others	India	Others	Singapore	Thailand	Malaysia	Others			
Transportation: Consumer	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	<b>0.06%</b>
Utilities: Electric	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	<b>0.08%</b>
Wholesale	0.30%	0.04%	1.82%	0.08%	3.75%	0.41%	0.21%	0.28%	0.07%	0.16%	0.69%	0.06%	0.38%	0.02%	0.46%	0.25%	<b>8.97%</b>
<b>Grand Total</b>	<b>2.24%</b>	<b>0.77%</b>	<b>14.19%</b>	<b>1.71%</b>	<b>19.98%</b>	<b>9.87%</b>	<b>3.87%</b>	<b>3.88%</b>	<b>14.07%</b>	<b>2.97%</b>	<b>7.80%</b>	<b>2.24%</b>	<b>3.53%</b>	<b>3.65%</b>	<b>7.01%</b>	<b>2.24%</b>	<b>100.00%</b>

## SCB'S CREDIT AND COLLECTION POLICY

### **Credit Policy**

Credit is extended and managed in accordance with Standard Chartered Bank's credit policy (the "**Credit Policy**").

The Credit Policy sets out the fundamental credit principles, disciplines and standards for business origination and the global management of credit risks within the SCB Group. The SCB Group operates two business divisions: "Consumer Banking" and "Wholesale Banking" (such Wholesale Banking division, the "**Wholesale Bank**"). All credit facilities extended to clients in the Wholesale Bank are covered by Business Credit Applications ("**BCAs**").

### **Scope of Credit Policies**

Loan origination comes within the remit of the "Origination and Client Coverage" division of the Wholesale Bank, as part of coordinated account planning, and is supported by complementary cross selling of core products including Financial Markets and Transactional Banking products subject to adequate risk assessment. Clients of the Wholesale Bank consist of four main segments: financial institutions, global corporates, local corporates, and commodity corporates.

Key factors in any credit decision include the repayment ability of the borrower based on assessment of its cashflows, the borrower's management plan, the associated business, industry and management risks, and the overall risk/reward profile of the borrower.

### **Credit Applications Approval and Reviews**

The BCA process is founded on, among other things, information about the customers' background, business activities, terms of trade, supplier and buyer information and an assessment of the borrowers' risk profile (including environmental and social risks etc). Additionally, a 'Know Your Customer' approach establishes clear lines of internal accountability, responsibility and reporting for each customer as are considered essential to identify and prevent money laundering.

BCAs are put up by relationship managers together with credit analysts. In each BCA, each proposed credit exposure must demonstrate (1) a clear understanding of the customer, (2) an analysis of the risks associated with the facilities proposed and the contractual counterparties (whether the customer or otherwise), and (3) a review of the risk adjusted return.

Risk assessment will include, but need not be limited to, an analysis of:

- (a) The business environment and general economic outlook;
- (b) Current and future business prospects;
- (c) Management strengths and weaknesses;
- (d) Financial strength;
- (e) The size and structure of proposed facilities and the fit with customer needs;
- (f) Account performance;
- (g) Compliance with policy requirements and portfolio or underwriting standards;
- (h) Absolute revenues and risk adjusted rates of return; and

- (i) Environmental and social risks.

The level of credit approval is based on loss given default ("LGD") and credit grade. The highest level of approval is Group Credit Committee (the "GCC") and this extends to levels below the GCC including the Chief Risk Officer (the "CRO"), Senior Regional Credit Officers, Regional Credit Officers and Senior Credit Officer depending on the level of LGD.

The GCC requires a quorum of three members, including two representatives from the "Risk" function of the SCB Group. The GCC is chaired by the Deputy Group Chief Risk Officer or Group Chief Credit Officer. Decisions of the GCC must be approved by a majority of its members, however the Chairman has a right of veto.

Each step of the credit approval process is segregated to provide independence and a control, check and balance mechanism:

- (a) Origination and Client Coverage – accountable for the credit reviews/applications preparation and submission;
- (b) Credit function – responsible for the approval/decline of credit reviews/applications;
- (c) Client Documentation Unit ("CDU") – ensures all documentation is in place and coordinates the review of non-standard documentation with SCB legal team; and
- (d) Credit Risk Control ("CRC") – responsible for the administration of approved facilities, deletion of facilities cancelled, and check of compliance with key functions. These compliance checks include ensuring that credit approvals are within delegated authority and all terms and conditions of approval are complied with.

Each counterparty is subject to at least an annual review whereby the credit grade is determined, a review of the counterparty is undertaken in line with the Wholesale Bank Risk policy, and the business viability of the relationship assessed. The risk review is prepared by the client relationship function within the Wholesale Bank. Each counterparty must be overseen by an account manager within Origination and Client Coverage.

### **Internal Credit Risk Rating**

The SCB Group uses a set of internal credit grades (comprising the "**Expanded Credit Master Scale**") for quantifying the 1-year probability of default of any given borrower. In order to determine a credit grade (a "**Credit Grade**") a scorecard is used in accordance with the Credit Policy. This scorecard comprises quantitative and qualitative factors which have been chosen and calibrated based on their ability to predict default, such that the larger the numerical value of the credit grade the higher the probability of default.

A number of scorecards have been developed for different types of borrower by business segment and size. A scorecard generates a credit grade for each borrower which is associated with a 1-year default probability. Credit Policy documents set out the key principles of credit grading appropriate to all scorecards when determining the most appropriate grade for borrowers.

Credit grading of customers, as a part of credit approval process, is a dynamic process and is updated when new material information, which can affect the credit grading, becomes available. Grading is a continuous process, not an annual event.

A separate grading approach is adopted for accounts once they move into impaired loan status.

Currently the Credit Grading scale for Corporate/Banks/Non Banking Financial Institutions consists of 28 Credit Grades that fall into 3 larger classes of risk.

- (a) 1A, 1B, 2A, 2B, 3A, 3B, 4A, 4B, 5A, 5B, 6A, 6B, 7A, 7B, 8A, 8B, 9A, 9B, 10A, 10B, 11A, 11B, 11C – performing loans
- (b) 12A, 12B, 12C – performing loans managed by GSAM (defined below)
- (c) 13, 14 – impaired/non-performing loans

The SCB Group's Credit Grades in Wholesale Banking are not intended to replicate external credit grades, and ratings assigned by external ratings agencies are not used in determining Credit Grades. Nonetheless, as the factors used to grade a borrower may be similar, a borrower rated poorly by an external rating agencies is typically assigned a weak Credit Grade.

As a guide the table below presents the SCB Group's Credit Grades in relation to that of S&P's credit ratings.

Credit Grade	S&P's Mapping	
	Corporates / Non Banking Financial Institutions	Banks
1A	AAA	AAA, AA+
1B	AA+	AA, AA-
2A	AA	A+
2B	AA-	A
3A	A+	A-
3B	A	BBB+
4A	A-	BBB+, BBB
4B	BBB+	BBB
5A	BBB	BBB-
5B	BBB-	BB+
6A	BB+	BB+, BB
6B		BB
7A	BB	BB, BB-
7B		BB-
8A	BB-	B+
8B		B+, B
9A	B+	B
9B		B, B-
10A	B	B-
10B		B-, CCC
11A-C	B-	CCC
12A-C	N/A	N/A

In this Prospectus, references to SCB Corporate Risk Factors mean the Credit Grades as described in this section.

### Credit Risk Control

CRC's key functions include ensuring that all terms and conditions of loans are complied with and all necessary credit requirements are in place.

Approved credit limits are input into the bank system under a dual control system upon confirmation from CDU that necessary documents are in place. Additionally, any limit input in a transaction processing system is always managed on a dual control basis.

### **Early Identification and Work-out and Recovery Procedures**

Early identification, reporting and management of accounts that have risks or potential weaknesses of a material nature are prime credit responsibilities of all relationship managers, which must be undertaken on a continuous basis. This continuous process is known as the "**Early Alert Review**" or "**EAR**".

Early identification and reporting of deteriorating credit signs enables the SCB Group to take swift action to protect the SCB Group's interest. Moreover, early discussion with customers enhances the likelihood of developing strategies mutually acceptable to both the customer and the SCB Group. As such, the SCB Group maintains a policy of monthly early alert meetings, where all accounts marked for early alert are reviewed. The process of Early Alert Review is conducted through this EAR committee, whose senior members include the in-country heads of Origination and Client Coverage, and Group Special Assets Management ("**GSAM**"). The committee is chaired by the CEO for the relevant country.

GSAM is an independent division with direct reporting lines into Group Risk. This autonomy allows for decision making without influence from the originating departments. GSAM manages all Wholesale Bank Credit Grade 12-14 accounts; it also may shadow a small number of accounts graded above CG 12 where early warning signs of deterioration may be evident (as identified by the Early Alert Review) but downgrade to CG 12 is not yet considered necessary. Upon downgrade of an account below Credit Grade 11C, control for the account is immediately transferred from the line manager to a GSAM account manager.

Once an account is transferred to GSAM, a strategy is proposed. Depending on the borrower's circumstances, this strategy could include one of or a combination of the following:

- (a) Restructure and return to the Origination and Client Coverage division of the Wholesale Bank once the account is rehabilitated;
- (b) Orderly exit which may include sale in the secondary market;
- (c) Debt/equity swap;
- (d) Realisation of collateral;
- (e) Receivership and/or liquidation;
- (f) Litigation.

Rehabilitation is always the most desirable outcome when possible.

No assurance can be given that the procedures described above will not change over time.

## SERVICING PRINCIPLES

The following servicing principles (the "**Servicing Principles**") shall apply to the servicing of the Reference Obligations. The administration, collection and enforcement of each Reference Obligation, including the enforcement of any security granted in respect thereof, shall be carried out by (i) an SCB Entity (in such capacity, an "**SCB Servicer**") in its capacity as a servicer on behalf of the Relevant Financier or (ii) a third party agent bank (a "**Servicing Agent Bank**", each such Servicing Agent Bank or SCB Servicer, a "**Servicer**") on behalf of an SCB Entity or (iii) an agent bank duly appointed under the relevant Reference Obligation (in this section of this Prospectus, an "**agent bank**").

(a) Standard of SCB Servicer

To the extent that the SCB Servicer is responsible for servicing a Reference Obligation, the SCB Servicer shall, acting as a Prudent Financier:

- (i) service each Reference Obligation in accordance with the then prevailing SCB's Credit and Collection Policy that is applicable;
- (ii) collect each Reference Obligation that becomes a Defaulted Reference Obligation and enforce any Reference Collateral:
  - (A) with the aim of maximising recoveries and minimising losses in respect of such Reference Obligation;
  - (B) in a manner that complies in all material respects with the then prevailing recovery standards that are applicable; and
  - (C) acting, in good faith, as a prudent creditor would in protecting its own interests; and
- (iii) perform the duties in (i) and (ii) above;
  - (A) with no less care than the SCB Servicer exercises or would exercise in connection with the servicing of assets similar to the Reference Obligations held for its own account as if such Reference Obligations are not the subject of the Credit Default Swap; and
  - (B) without reference to any hedge contract or contracts of indemnity or financial guaranty contracts that may be entered into with regard to such Reference Obligations.

(b) Discretion of SCB Servicer

- (i) The SCB Servicer may, at any time prior to the occurrence of a Credit Event with respect to the relevant Reference Obligation, agree to the release by the Relevant Financier of any Reference Collateral if either (i) in its professional judgement, it concludes that it is required to do so by applicable laws or regulations or contractual arrangements or (ii) does so in the ordinary course of its business and in accordance with its then prevailing Credit and Collection Policy that is applicable.
- (ii) Subject to applicable laws or regulations, the SCB Servicer may, on behalf of the Relevant Financier, agree on payment rescheduling or debt restructuring with a Reference Entity in accordance with SCB's then prevailing Credit and Collection Policy that is applicable. Such restructuring shall be granted, in the interest of the Relevant

Financier, to mitigate a deterioration of the credit quality of the relevant Reference Entity or to minimise any potential loss in respect of the relevant Reference Obligation.

- (iii) In all cases where the SCB Servicer may forgo the repayment of a portion of a Reference Obligation, the SCB Servicer shall have regard to the standard specified in paragraph (a)(3) above.

(c) Servicing Agent Bank or agent bank performing servicing or enforcement functions

If a Servicing Agent Bank or agent bank is or becomes responsible for servicing or enforcing a Reference Obligation, the SCB Servicer shall monitor the Servicing Agent Bank's or agent bank's performance of such functions in accordance with its customary policies, and in particular, the SCB Servicer shall monitor:

- (i) the servicing of each such Reference Obligation by a Servicing Agent Bank or agent bank to ensure that such Reference Obligation is serviced in accordance with documentation governing the relevant Reference Obligation; and
  - (ii) any enforcement action that a Servicing Agent Bank or agent bank takes in respect of any Reference Obligation to ensure that the Servicing Agent Bank or agent bank complies with its obligations under the documentation governing the relevant Reference Obligation.
- (d) Recovery standards (applicable to the servicing of the Reference Obligations by the SCB Servicer)
- (i) With respect to any Reference Collateral securing a Defaulted Reference Obligation, the SCB Servicer shall, for the purposes of determining losses and Recovery Amount, apply the proceeds thereof (net of external foreclosure costs but without deduction in respect of legal and other costs of enforcement or any default or other interest) towards discharge of the Defaulted Reference Obligation in accordance with the Collateral Allocation Principles. The SCB Servicer shall notify the Calculation Agent as soon as reasonably practicable of the amount so applied.
  - (ii) In relation to any Liquidated Reference Obligation that benefits from Reference Collateral, if the SCB Servicer shall determine, on the basis of information supplied by the Relevant Financier, that no further recoveries can be reasonably expected from the realisation of the Reference Collateral it shall promptly notify the Calculation Agent of the same.
- (e) Amendments of the recovery standards

SCB may amend or supplement its recovery standards at its sole discretion from time to time, *provided that* if such amendment or supplement may, in the professional judgement of a Prudent Financier, adversely affect the determination of the Loss Amounts from the perspective of the Issuer, it shall not be applied to the Reference Obligations, unless otherwise required by mandatory provisions of law.

## Definitions

**"Credit and Collection Policy"** means the credit and collection policy applied by SCB from time to time in the assessment and management of the credit risk of its customers in its day to day business and in the event of any variation between such policy as applied by different SCB Entities, such policy as applied by the SCB Entity that is the SCB Servicer in respect of the applicable Reference Obligation.

**"Prudent Financier"** means, at any time, a major financial institution organised in any of Qualifying Countries carrying on a commercial lending and financing business in a Qualifying Country:

- (a) which is a prudent lender and financier;
- (b) which applies standards which are no less prudent than those of SCB at such time; and
- (c) whose primary commercial lending and financing business is limited to borrowers which other financial institutions organised in any of the Qualifying Countries carrying on a commercial lending and financing business in any of the Qualifying Countries would not commonly decline to lend or finance due to the application of their standard credit criteria.

**"Reference Collateral"** means, with respect to a Reference Obligation or Defaulted Reference Obligation any Security Interest granted to the Relevant Financier as security for the obligations of the Reference Entity under the Reference Obligation or Defaulted Reference Obligation, as the case may be, *provided* that the Reference Collateral shall not include any of the aforementioned interests to the extent that it is held for the benefit of a person other than the Relevant Financier and in respect of such Reference Obligation.

**"Security Interest"** means a pledge, mortgage, guarantee or any other security interest.

## COLLATERAL ALLOCATION PRINCIPLES

With respect to a Defaulted Reference Obligation, Reference Collateral shall include any Security Interest granted to the Relevant Financier as security for the obligations of the Reference Entity under the Reference Obligation or Defaulted Reference Obligation, as the case may be, *provided* that the Reference Collateral shall not include any of the aforementioned interests to the extent that it is held for the benefit of a person other than the Relevant Financier and in respect of such Reference Obligation. Together with such Defaulted Reference Obligation, the relevant Security Interest (including the relevant Reference Collateral) in respect of the Reference Obligation may from time to time also secure (i) any other payment obligations of the related Reference Entity (including other Reference Obligations) and/or (ii) payment claims transferred from time to time by such entity together with a *pro rata* benefit from such Reference Collateral (in each case, a "**Reference Collateral Pool**").

For the purpose of the determination of Recovery Amount and the Loss Amount in respect of any Defaulted Reference Obligation(s) that benefit from Reference Collateral, any realised proceeds of a Reference Collateral Pool securing, *inter alia*, one or more Defaulted Reference Obligations shall be allocated to reduce the outstanding principal amount of such Reference Obligation as follows:

- (a) if, pursuant to the records of the Relevant Financier, any Reference Collateral is allocated to any particular claim or claims and such Reference Collateral, at any time after the Relevant Date, is relevant for the calculation of regulatory capital and reserves of the Relevant Financier or other regulatory purposes with respect to such claim or claims under the applicable capital adequacy laws and regulations in effect on the Event Determination Date, the proceeds of such Reference Collateral shall be allocated in accordance with such collateral allocation in the records of the Relevant Financier; and
- (b) with respect to any Reference Collateral forming part of a Reference Collateral Pool not allocated pursuant to the immediately preceding clause, any proceeds from any such Reference Collateral (for the avoidance of doubt, net of external foreclosure costs but without deduction in respect of legal costs) and any rights of set-off available to the Relevant Financier at the relevant time shall also be allocated on a proportionate basis, between the Reference Obligation secured by such Reference Collateral Pool on the date of determination and the outstanding principal amount, on such date, of all other payment claims (including contingent claims) secured by such Reference Collateral Pool, in each case converted to U.S. Dollars, at the Relevant FX Rate as of the applicable Relevant FX Date. For the avoidance of doubt, only other claims that rank *pari passu* with the Reference Obligation in priority of payment shall be subject to the *pro rata* allocation specified herein and any claims that, by their terms, are subordinated to the Reference Obligation shall not be included in such *pro rata* allocation.

The Reference Collateral Pool may change from time to time, as the claims of the Relevant Financier (or any others as may be relevant) secured by the Reference Collateral Pool may be redeemed and new claims secured by such Reference Collateral Pool created.

With respect to any Reference Obligation that is a syndicated loan or financing or in respect of which claims on a Reference Collateral Pool must be shared with other creditors, the principles set forth above will not apply and instead the principles applicable to all such creditors alike will apply.

## **THE COLLATERAL SWITCH AGREEMENT**

*The following description of the Collateral Switch Agreement consists of a summary of certain of its provisions and is qualified by reference to the detailed provisions of the Collateral Switch Agreement to be entered into on the Closing Date. Prospective investors must refer to the Collateral Switch Agreement for detailed information regarding the Collateral Switch Agreement.*

On the Closing Date, the Issuer will enter into a collateral switch agreement (as amended, supplemented or otherwise modified from time to time, the "**Collateral Switch Agreement**") with, among others, the Swap Counterparty and the Security Trustee.

### **Swap Counterparty's Rights**

Pursuant to the Collateral Switch Agreement, the Swap Counterparty shall be entitled, at any time after the Closing Date, other than during a Repo Existence Period and subject to satisfaction of the Collateral Switch Conditions, by notice in writing to the Issuer, the Administrator and the Security Trustee, to:

- (a) designate an Interest Payment Date as a Repo Commencement Date; and
- (b) instruct the Issuer, as at such Interest Payment Date, to (1) enter into a Repurchase Agreement in the Approved Form with an entity (as seller of Eligible Securities) selected by the Swap Counterparty pursuant to which the Issuer will apply all of the Collateral Principal Proceeds in purchasing Eligible Securities from the Repo Counterparty; (2) enter into a Custody Agreement in the Approved Form with an entity (as custodian) selected by the Swap Counterparty pursuant to which the Custodian will be required to agree, among other things, to hold in custody the Eligible Securities purchased by the Issuer pursuant to the Repurchase Agreement; and (3) apply all of the Collateral Principal Proceeds in purchasing Eligible Securities from the Repo Counterparty under the terms of the Repurchase Agreement.

The Swap Counterparty may at any time during a Repo Existence Period and subject to satisfaction of the Collateral Switch Conditions, by notice in writing to the Issuer, the Administrator and the Security Trustee:

- (a) designate an Interest Payment Date as the date upon which the existing Collateral Investment is terminated; and
- (b) instruct the Issuer to, as at such Interest Payment Date: (1) terminate the then current Collateral Investment in accordance with its terms; (2) if at such time there is no Principal Collections Account, or no account of the Issuer into which the Collateral Principal Proceeds may be held, enter into an Account Bank Agreement in the Approved Form with an entity selected by the Swap Counterparty pursuant to which the Account Bank will be required to agree, among other things, to hold the Collateral Principal Proceeds and operate the Accounts in accordance with the terms of such Account Bank Agreement; and (3) pay all of the Repo Proceeds into the Principal Collections Account pursuant to the terms of the Account Bank Agreement.

The Swap Counterparty may, at any time and from time to time, subject to satisfaction of the Collateral Switch Conditions, direct the Issuer to:

- (a) terminate the then current Account Bank Agreement in accordance with its terms and on an Interest Payment Date; and
- (b) enter into a replacement Account Bank Agreement in the Approved Form in accordance with the terms of the Account Bank Agreement being terminated with an entity (as account bank) selected by the Swap Counterparty pursuant to which the relevant Account Bank will agree,

among other things, to hold the Collateral Principal Proceeds and operate the Accounts in accordance with the terms of such Account Bank Agreement.

If, pursuant to the terms of the Collateral Switch Agreement, the Issuer is required to enter into a Repurchase Agreement, a Custody Agreement or Account Bank Agreement, then in accordance with the terms of the Security Trust Deed, the Issuer will be required to enter into a supplemental deed and/or such other documents as may be required by the Security Trustee pursuant to which the Issuer will grant additional security to the Security Trustee for the benefit of the Secured Parties over its rights, interests and benefits under any such agreements and including in respect of any securities purchased or held on its behalf pursuant to such agreements.

The Swap Counterparty may, at any time and from time to time, subject to satisfaction of the Collateral Switch Conditions, direct the Issuer to terminate any then current Collateral Investment and to invest the Collateral Principal Proceeds in the Alternative Collateral Investment.

**"Collateral Switch Conditions"** means:

- (a) with respect to a switch of the Collateral Investment from a cash deposit with the Account Bank to Repo Collateral:
  - (i) the Repo Counterparty has the Required Repo CP Rating;
  - (ii) the Repurchase Agreement is in the Approved Form or includes only such amendments as have been approved by the Swap Counterparty;
  - (iii) the Custodian has the Required Custodian Rating;
  - (iv) the Custody Agreement is in the Approved Form or includes only such amendments as have been approved by the Swap Counterparty; and
  - (v) the Repo Counterparty has provided the Custodian and the Note Trustee with an internal legal opinion in a form satisfactory to each of them as to its capacity and authority to enter into the Repurchase Agreement,
- (b) with respect to a switch of the Collateral Investment from Repo Collateral to a cash deposit with the Account Bank:
  - (i) the Account Bank has the Required Account Bank Rating; and
  - (ii) the Account Bank Agreement is in the Approved Form or includes only such amendments as have been approved by the Swap Counterparty, and
- (c) with respect to a change of the Account Bank:
  - (i) the substitute Account Bank has the Required Account Bank Rating; and
  - (ii) the substitute Account Bank Agreement is in the Approved Form or includes only such amendments as have been approved by the Swap Counterparty.

**"Approved Form"** means:

- (a) with respect to the Repurchase Agreement, the form of the repurchase agreement attached as Schedule 1 to the Collateral Switch Agreement;
- (b) with respect to the Custody Agreement, the form of the custody agreement attached as Schedule 2 to the Collateral Switch Agreement; and

- (c) with respect to the Account Bank Agreement, an agreement substantially in the form of the Account Bank Agreement executed on the Closing Date by the Issuer, the Account Bank and others.

**"Collateral Investment"** means, as at any date of determination, (a) if as at such date the proceeds of the Notes (or the remainder thereof) are held in the Principal Collections Account, the cash deposit thereunder, or (b) if as at such date the proceeds of the Notes (or the remainder thereof) are invested in Repo Collateral pursuant to a Repurchase Agreement, the investment thereunder.

**"Alternative Collateral Investment"** means, in respect of any Collateral Investment, any collateral investment in a form other than in the form of such Collateral Investment.

## **APPROVED FORM OF THE REPURCHASE AGREEMENT AND CUSTODY AGREEMENT**

*The following descriptions of the Approved Form of the Repurchase Agreement and the Approved Form of the Custody Agreement consist of a summary of certain provisions of the form of the Repurchase Agreement and the Custody Agreement each as scheduled to the Collateral Switch Agreement to be entered into on the Closing Date and is qualified by reference to the provisions thereof. The following summary does not purport to be complete and prospective investors must refer to the Approved Form of the Repurchase Agreement or the Approved Form of the Custody Agreement, as appropriate, for detailed information.*

### **Approved Form Repurchase Agreement**

Pursuant to the Collateral Switch Agreement, the Issuer may be required to enter into a repurchase agreement (as amended, supplemented or otherwise modified from time to time, the "**Repurchase Agreement**") with the relevant repo counterparty approved in accordance with the terms of the Collateral Switch Agreement (in such capacity and including any Successor thereto, the "**Repo Counterparty**"). The terms of the Approved Form Repurchase Agreement are set out below.

### **Form of Repurchase Agreement**

Any Repurchase Agreement will be substantially in the form of the PSA/ISMA Global Master repurchase agreement (1995 Version). Pursuant to a Repurchase Agreement, the Issuer will, on the relevant Repo Commencement Date, enter into a transaction (the "**Initial Transaction**") pursuant to which the Issuer will (a) on the relevant Repo Commencement Date purchase Eligible Securities from the Repo Counterparty at a purchase price (the "**Initial Purchase Price**") equal to the Outstanding Principal Balance of the Notes as at such Repo Commencement Date; (b) from time to time in accordance with the terms of such Repurchase Agreement purchase further Eligible Securities upon the occurrence of certain events as described below; and (c) from time to time in accordance with the terms of such Repurchase Agreement sell an amount of Eligible Securities to the Repo Counterparty in order to fulfil certain payment obligations as described below.

### **Repo Existence Period**

The following description applies with respect to and during any Repo Existence Period.

### **Repo Collateral**

"**Repo Collateral**" shall mean, at any time during any Repo Existence Period, all Eligible Securities purchased by the Issuer from the Repo Counterparty or delivered by the Repo Counterparty to the Issuer by way of margin or substitution (or, if applicable, the cash proceeds thereof) and which, at such time, have not been repurchased by or redelivered to the Repo Counterparty.

"**Eligible Securities**" means:

- (a) any obligation of any government of a country which at the relevant time of determination is a member of the Organisation for Economic Co-Operation and Development (such government an "**OECD Government**") that (1) is, when purchased as or added to Purchased Securities or when transferred as Margin Securities, rated at least Aaa by Moody's and AAA by S&P, (2) is either a direct obligation of such OECD Government or guaranteed by such OECD Government which guarantee is unconditional but for any requirement for the beneficiary to give notice that payment is due under such guarantee or similar procedural requirement for the payment or repayment of money, (3) is in the form of or represented by a bond, note (other than notes delivered pursuant to loans), certificated debt security or other debt security, (4) ranks at least *pari passu* with the obligations of such OECD Government that are neither subordinated by their

terms (or otherwise) nor secured, (5) is payable in an amount equal to its stated principal amount, (6) is not repayable in an amount determined by reference to any formula or index, (7) the repayment of which is not, pursuant to the terms of such obligation, subject to any contingency, (8) is denominated in U.S. Dollars, (9) has a remaining maturity of 10 years or less and (10) bears interest at either a fixed rate or a floating rate that is paid on a periodic basis and is computed on a bench mark interest rate *plus* or *minus* a margin, if any;

- (b) any obligation of a corporate obligor (other than the Repo Counterparty or any related group entity of the Repo Counterparty) that (1) is, when purchased as or added to Purchased Securities or when transferred as Margin Securities, rated at least Aaa by Moody's and AAA by S&P, (2) is either a direct obligation of such obligor or guaranteed by such obligor which guarantee is unconditional but for any requirement for the beneficiary to give notice that payment is due under such guarantee or similar procedural requirement for the payment or repayment of money, (3) is in the form of or represented by a bond, note (other than notes delivered pursuant to loans), certificated debt security or other debt security, (4) ranks at least *pari passu* with the obligations of such obligor that are neither subordinated by their terms (or otherwise) nor secured, (5) is payable in an amount equal to its stated principal amount, (6) is not repayable in an amount determined by reference to any formula or index, (7) the repayment of which is not, pursuant to the terms of such obligation, subject to any contingency, (8) is denominated in U.S. Dollars, (9) has a remaining maturity of 10 years or less, (10) bears interest at either a fixed rate or a floating rate that is paid on a periodic basis and is computed on a bench mark interest rate plus or minus a margin, if any, and (11) the market value of which does not have a material positive correlation with the credit quality of the Repo Counterparty; and
- (c) at any time during the Repo Existence Period, excludes any obligation of any special purpose vehicle or structured investment vehicle ("SIV") under any structured finance or repackaging securities, including but not limited to collateralised debt obligations ("CDOs"), collateralised loan obligations ("CLOs"), mortgage backed securities or asset backed securities.

Each of "Purchased Securities" and "Margin Securities" shall be defined in the Repurchase Agreement.

#### **Issuer Payment and Repurchase of Equivalent Securities**

On each Payment Date, occurring during any Repo Existence Period, on which an amount of principal in respect of the Notes is due and payable and/or any amount (including any Cash Settlement Amount and/or Interest Deduction Amount) is due and payable by Issuer under the Credit Default Swap (each, an "**Issuer Payment**"), the Issuer will sell and the Repo Counterparty shall repurchase an amount of Equivalent Securities to the extent necessary to realise the funds required to make each such payment.

On each such date the Repo Counterparty shall repurchase Equivalent Securities in exchange for a cash amount equal to the Issuer Payment then due and the Initial Transaction shall be adjusted on the relevant Payment Date as follows:

- (a) the Issuer shall deliver to the Repo Counterparty Equivalent Securities having an aggregate Market Value equal, to the extent practicable, to the amount of the relevant Issuer Payment and the Repo Counterparty shall pay to the Issuer an amount in U.S. Dollars which is equal to the amount of such Issuer Payment;
- (b) the securities comprising the Repo Collateral shall be reduced accordingly; and
- (c) on the relevant Payment Date the Purchase Price (as defined below) shall be reduced by an amount equal to the Issuer Payment.

Except as otherwise specified in any Repurchase Agreement, the terms of the Initial Transaction shall not be affected by such adjustment.

Securities are "equivalent to" any Eligible Securities if they are (i) issued by the same issuer, (ii) part of the same issue and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those Eligible Securities. If and to the extent that such Eligible Securities have been redeemed the expression "equivalent to" means a sum of money equal to the proceeds of redemption. The term "**Equivalent Securities**" shall be construed accordingly.

"**Market Value**", with respect to any Eligible Securities as of any time on any date, means the price for such Eligible Securities at such time on such date obtained from a generally recognised source determined in good faith by the Custodian (and where different prices are obtained for different delivery dates, the price so obtainable for the earliest available such delivery date) (*provided* that the price of Eligible Securities that are suspended shall (for the purposes of the margin maintenance provisions in the Repurchase Agreement) be nil and (for all other purposes) be the price of those Eligible Securities as of close of business on the dealing day in the relevant market last preceding the date of suspension) *plus* the aggregate amount of income which, as of such date, has accrued but not yet been paid in respect of the Eligible Securities to the extent not included in such price as of such date.

### **Principal Reinstatements**

During a Repo Existence Period, on any Payment Date on which the Outstanding Principal Balance of the Notes is to be increased by a Reinstatement Amount (but only to the extent that such Reinstatement Amount relates to a Loss Adjustment Payment) as of such Payment Date pursuant to the Conditions, the Issuer shall, on such date, following receipt of such amounts from the Swap Counterparty pursuant to the Credit Default Swap, apply an amount equal to such Reinstatement Amount in purchasing from the Repo Counterparty Eligible Securities the Market Value of which is at least equal to such Reinstatement Amount multiplied by the Margin Ratio. All such Eligible Securities purchased shall be subject to the Security created by the Security Trust Deed and shall form part of the Charged Assets.

The Initial Transaction shall be adjusted on such Payment Date, including in the following manner:

- (a) the Purchase Price shall be increased by an amount equal to the aggregate Reinstatement Amounts; and
- (b) the securities comprising the Repo Collateral shall be increased accordingly.

Except as otherwise specified in the Repurchase Agreement, the terms of the Initial Transaction shall not be affected by such adjustment.

### **Downgrading of Eligible Securities**

If any Eligible Securities then constituting part of the Repo Collateral are downgraded below Aaa by Moody's or AAA by S&P (such rating being the "**Required Minimum Securities Rating**") the Repo Counterparty shall be required to, within 30 calendar days of such downgrade, substitute pursuant to the Repurchase Agreement, Eligible Securities having the Required Minimum Securities Rating with a Market Value at least equal to the Market Value of such downgraded securities in replacement of such downgraded securities or shall agree with the Issuer an increased Margin Ratio. Such replacement Eligible Securities will constitute replacement Repo Collateral.

### **Ultimate Repurchase Obligation**

If the Notes Termination Date occurs during a Repo Existence Period, on the Notes Termination Date, the Repo Counterparty shall repurchase from the Issuer securities equivalent to all of the Repo Collateral on

such date at a price equal to the Outstanding Repurchase Price as at such date (the "**Ultimate Repurchase Obligation**").

The "**Outstanding Repurchase Price**" will, at any time, be the aggregate of the Purchase Price and any accrued and unpaid Repo Premium.

The "**Purchase Price**" will (a) initially be the Initial Purchase Price, (b) upon any repurchase by the Repo Counterparty of Eligible Securities, be reduced by the cash amount paid by the Repo Counterparty and (c) upon a further purchase of Eligible Securities by the Issuer on any Payment Date, be increased by an amount equal to the relevant Reinstatement Amount.

Any Repo Collateral so repurchased by the Repo Counterparty shall (once withdrawn from the Custody Account) be released from the Security created by the Security Trust Deed and shall no longer form part of the Charged Assets.

See also "*Termination of Repurchase Agreement and Repo Event of Default*".

### **Repo Premium**

Under the Repurchase Agreement, premium ("**Repo Premium**") will accrue from time to time on the Purchase Price of the Repo Collateral and, on each Payment Date prior to the Notes Termination Date, the Repo Counterparty will be required to pay to the Issuer the amount of Repo Premium accrued during the Interest Period ending on such Payment Date. Repo Premium will be determined by the daily application of (a) a per annum rate equal to USD LIBOR (determined in accordance with the Conditions) *plus* or *minus* a spread (or such other rate as the Repo Counterparty, in its reasonable commercial opinion, may designate as being reflective of the then current market rates, *provided* that prior to any designation of such alternative rate, the Swap Counterparty has consented to such variation, and (b) the actual number of days elapsed during such Interest Period and a 360 day year.

### **Repo Counterparty Payments**

During any Repo Existence Period, all payments made by the Repo Counterparty for the repurchase of Eligible Securities will be deposited into the Principal Collections Account and distributed in accordance with the order of payments set out in the Security Trust Deed. Upon the deposit of any such payment into the Principal Collections Account, the Custodian will deliver to the Repo Counterparty Repo Collateral having a Market Value equal (to the extent practicable) to the amount of such payment, but only to the extent that such delivery will not result in the creation or increase of a Collateral Value Deficiency. Any such limitation on the Market Value of Repo Collateral permitted to be delivered to the Repo Counterparty will not affect the obligation of the Repo Counterparty to pay the full amount of the cash amount applicable.

### **Repo Tax Events**

A "**Repo Tax Event**" shall occur if a change in the fiscal or regulatory regime (including, but not limited to, a change in, law or in the general interpretation of law but excluding any change in any rate of Tax) has resulted or will result in any of the following events:

- (a) any payment of Income received by the Issuer in respect of Eligible Securities which are subject to the Repurchase Agreement or Repo Premium is subject to any deduction or withholding for or on account of any Tax; or
- (b) any payment by the Issuer to the Repo Counterparty in respect of the Repurchase Agreement is or will (within 90 calendar days of such determination) be subject to any deduction or withholding which is required by law for or on account of any Tax.

If a Repo Tax Event occurs:

- (a) the Repo Counterparty has the option under the Repurchase Agreement either:
  - (i) to indemnify the Issuer against the adverse effect suffered as a result of the relevant Repo Tax Event;
  - (ii) to receive payments due to it under the Repurchase Agreement net of any deductions or withholdings; or
  - (iii) take such other reasonable measures to avoid such Repo Tax Event.
- (b) the Issuer or the Repo Counterparty has the option to terminate the Repurchase Agreement (thereby obliging the Issuer to replace the Repo Counterparty or, if applicable, deposit the Repo Proceeds into the Principal Collections Account).

If any payment obligation of the Repo Counterparty under the Repurchase Agreement is subject to any deduction or withholding for or on account of any Tax, the Repo Counterparty will not be obliged to gross up the relevant amount, and the Issuer may receive such amount *less* the amount of any such deduction or withholding.

### **Daily Mark to Market**

To collateralise its obligation to pay the Outstanding Repurchase Price, the Repo Counterparty may, from time to time, be required to deliver margin (in the form of additional Eligible Securities) to the Custodian for the benefit of the Issuer. The Market Value of the Repo Collateral will be determined by the Custodian in accordance with the Market Value calculation procedures set forth in the Repurchase Agreement on each consecutive Business Day falling after the Closing Date (a "**Margin Assessment Date**") during a Repo Existence Period. On any Margin Assessment Date, the aggregate Market Value of the Repo Collateral together with any income received thereon but not yet paid to the Repo Counterparty (the "**Collateral Value**") will be required to be an amount at least equal to the product of the Outstanding Repurchase Price and the Margin Ratio.

To collateralise its obligation to pay the Outstanding Repurchase Price, the Repo Counterparty may be obliged to deliver additional Eligible Securities to the Issuer from time to time. Any additional Eligible Securities so delivered to the Custodian shall constitute additional Repo Collateral. The Market Value of the Repo Collateral will be determined by the Custodian on a daily basis.

The "**Margin Ratio**" for any Business Day means the percentage amount as may be designated by the Repo Counterparty.

The Custodian will, on any Margin Assessment Date on which the Collateral Value is less than the product of the Outstanding Repurchase Price and the Margin Ratio (such deficiency, a "**Collateral Value Deficiency**"), notify the Issuer of the extent of such Collateral Value Deficiency.

On any Margin Assessment Date on which there is a Collateral Value Deficiency, the Repo Counterparty will be required to deliver (on the Settlement Business Day following receipt of notification thereof if such notification is received by 12.00 noon London time and in respect of any notification received after such time two Settlement Business Days following receipt hereof) to the Custodian, for deposit into the Custody Account, additional Eligible Securities having a Market Value at least equal to the amount of such Collateral Value Deficiency. All additional Eligible Securities added to the Custody Account shall be subject to the Security created by the Security Trust Deed and shall form part of the Charged Assets.

Any additional Eligible Securities so delivered to the Custodian shall constitute additional Repo Collateral. Failure by the Repo Counterparty to make such delivery within three Settlement Business Days notification of its failure to make such delivery will be a Repo Event of Default. Upon the occurrence of such a Repo Event of Default, the Issuer shall forthwith notify the Note Trustee and the Noteholders of such event.

"**Settlement Business Day**" means a Business Day as defined in the Conditions upon which Euroclear or Clearstream, Luxembourg or such other settlement system through which the relevant transaction is to be settled or the relevant margin call is to be made is also open to settle business in U.S. Dollars.

On any Margin Assessment Date on which the Collateral Value is greater than the product of the Outstanding Repurchase Price and the Margin Ratio (such excess, the "**Collateral Value Excess**"), upon demand by the Repo Counterparty, the Issuer will be obliged to deliver (on the Settlement Business Day following receipt of notification thereof if such notification is received by 12.00 noon London time and in respect of any notification received after such time two Settlement Business Days following receipt thereof), securities equivalent to any Repo Collateral to the Repo Counterparty to correct such excess collateralisation. Any Equivalent Securities so delivered to the Repo Counterparty shall reduce the Repo Collateral accordingly. Failure by the Issuer to make such delivery within three Settlement Business Days of notification of its failure to do so will be a Repo Event of Default. Any Eligible Securities so withdrawn from the Custody Account shall be released from the Security created by the Security Trust Deed and shall no longer form part of the Charged Assets.

### **Income**

The Custodian, on behalf of the Issuer, will, subject to the provisions of the Repurchase Agreement, pay over to the Repo Counterparty all Income received by the Custodian (on behalf of the Issuer) in respect of the Repo Collateral. Any Income so applied shall be released from the Security created by the Security Trust Deed and shall no longer form part of the Charged Assets.

### **Substitution**

The Repurchase Agreement will permit the Repo Counterparty to deliver to the Custodian, on any Business Day, for deposit into the Custody Account, alternative Eligible Securities in substitution or exchange for existing Repo Collateral subject to the Repurchase Agreement, *provided* that such substitution or exchange does not result in the creation or increase of a Collateral Value Deficiency. Any Eligible Securities so delivered to the Custodian shall constitute additional Repo Collateral and any Eligible Securities so returned to the Repo Counterparty shall reduce the Repo Collateral accordingly. Any Repo Collateral withdrawn from the Custody Account and returned to the Repo Counterparty pursuant to such a substitution or exchange shall be released from the Security created by the Security Trust Deed and shall no longer form part of the Charged Assets.

On any Business Day upon which the Issuer holds the proceeds of the redemption of any Repo Collateral, the Repo Counterparty shall deliver to the Issuer Eligible Securities with a Market Value at least equal to such proceeds in substitution for such proceeds. Such substituted Eligible Securities will constitute replacement Repo Collateral.

### **Acceleration of Ultimate Repurchase Obligation**

The Repo Counterparty's Ultimate Repurchase Obligation will be subject to acceleration on the occurrence of a Repo Event of Default and the "**Repurchase Date**" shall be deemed to occur immediately upon the occurrence of a Repo Event of Default.

If the Repurchase Agreement is accelerated as a result of a Repo Event of Default, the obligation of the Repo Counterparty to pay the Outstanding Repurchase Price will be accelerated and netted against the obligation of the Issuer, in such circumstances, to pay the Default Market Value of the Repo Collateral (together with accrued income thereon) to the Repo Counterparty.

If the Repo Counterparty's Ultimate Repurchase Obligation arises for any reason other than those described above, the Repo Counterparty shall repurchase from the Issuer securities equivalent to all of the Repo Collateral on such date at a price equal to the Outstanding Repurchase Price as at such date.

**"Default Market Value"** means the price obtained upon the occurrence of a Repo Event of Default in the manner described in the Repurchase Agreement.

### **Replacement of Repo Counterparty**

The Repo Counterparty may, subject to certain conditions and upon giving at least 30 calendar days' but not more than 60 calendar days' prior written notice to the Issuer and the Security Trustee, choose to substitute any branch, affiliate or agency of it as the counterparty under the Repurchase Agreement.

### **Termination of Repurchase Agreement and Repo Event of Default**

The Repurchase Agreement will be accelerated automatically upon, among other things:

- (a) the Notes Termination Date;
- (b) the delivery by the Issuer of a default notice under the Repurchase Agreement following the occurrence of a Repo Event of Default for which the Repo Counterparty is the defaulting party (a "**Repo CP Default Event**"); or
- (c) the occurrence of a Repo CP Downgrade Event in respect of which no Repo CP Remedial Action has been taken.

As explained under "*Repo Tax Events*", the Repo Counterparty and the Issuer may terminate the Repurchase Agreement upon the occurrence of a Repo Tax Event.

### **Repo Counterparty Downgrade**

If the Repo Counterparty ceases to have the Required Repo CP Rating at any time or its rating is withdrawn at any time (any such event being a "**Repo CP Downgrade Event**"), the Repo Counterparty shall procure (at its expense), within 30 calendar days of the occurrence of such event and in consultation with the Issuer and the Security Trustee, that its obligations under the Repurchase Agreement are either (a) guaranteed by a financial institution with the Required Repo CP Rating; or (b) assumed, on terms substantially similar to the terms of the Repurchase Agreement, by a financial institution with the Required Repo CP Rating (such action being "**Repo CP Remedial Action**").

Any replacement of the Repo Counterparty, repurchase of Eligible Securities or the provision of additional margin shall be at no cost to the Issuer.

Upon the occurrence of a Repo CP Downgrade Event for which no Repo CP Remedial Action has been taken, if the Issuer has not appointed within 30 calendar days of such occurrence of the Repo CP Downgrade Event, a replacement repo counterparty with the Required Repo CP Rating to act as Repo Counterparty under the Repurchase Agreement, the Issuer shall, in accordance with the Security Trust Deed, deposit the proceeds of any repurchase payments made to the Issuer under the Repurchase Agreement into the Principal Collections Account which (along with the proceeds of such account) shall be subject to the Security created pursuant to the Security Documents.

A failure on the part of the Issuer to replace the Repo Counterparty (or enter into an Alternative Collateral Investment in accordance with the Collateral Switch Agreement) following the occurrence of a Repo Event of Default for which the Repo Counterparty is the defaulting party (including the occurrence of a Repo CP Downgrade Event in respect of which no Repo CP Remedial Action has been taken), would constitute an Event of Default with respect to the Notes, if such failure is, in the sole opinion of the Note Trustee, (1) materially prejudicial to the interests of the Noteholders and (2) incapable of remedy or, if capable of remedy, continues unremedied for a period of 30 calendar days following the delivery by the Note Trustee of written notice thereof to the Issuer. If the above Event of Default occurs then the Note Trustee may, at any time, and shall if so directed in writing by an Extraordinary Resolution of the Noteholders, and subject to being indemnified and/or secured and/or prefunded to its satisfaction, deliver a Note Default Notice to the Issuer declaring the Notes to be immediately due and payable.

### **Custody Agreement and Custody Account**

During any Repo Existence Period, pursuant to the Custody Agreement, the Custodian will hold the Repo Collateral in the form of Eligible Securities in a designated custody securities account in London in the name of the Issuer (the "**Custody Account**").

The Custodian will cause such holding on behalf of the Issuer to be reflected in its own records and, if permissible, in its client records with Euroclear and/or Clearstream, Luxembourg. Repo Collateral which are received by or on behalf of the Custodian for the account of the Issuer from time to time will be paid into the Issuer's Principal Collections Account maintained with the Account Bank.

### **Termination of the Custody Agreement and replacement of Custodian**

#### *Termination by Custodian*

The Custody Agreement may be terminated, without assigning any reason therefor, by the Custodian upon the expiry of not less than 45 calendar days' written notice of termination given by the Custodian to the Issuer, subject to and in accordance with the general termination provisions of the Custody Agreement described below.

#### *Termination by Issuer*

The Custody Agreement may be terminated by the Issuer upon the expiry of not less than 45 calendar days' written notice of such termination given by the Issuer to the Custodian subject to and in accordance with the general termination provisions of the Custody Agreement described below.

In the event that (a) the Custodian ceases to have the Required Custodian Rating or any such rating is withdrawn (any such event being a "**Custodian Downgrade Event**"), (b) the Custodian ceases to be authorised in respect of the activities carried out by it pursuant to the Custody Agreement, for the purposes of the Financial Services and Markets Act 2000 (as amended) (a "**cessation of authorisation**"), or (c) the Custodian is subject to any insolvency proceedings, the Issuer shall, by giving the Custodian not less than five Business Days' prior written notice to that effect, replace, within 30 calendar days of such downgrade, cessation of authorisation, or insolvency proceedings, the Custodian (or any successor thereof) with a substitute custodian which must (a) be approved in writing by the Security Trustee and the Swap Counterparty, (b) have the Required Custodian Rating, (c) be so authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) and (d) have entered into an agreement with the Issuer, the Administrator and the Security Trustee substantially on the terms of the Custody Agreement, *provided* that the general termination provisions of the Custody Agreement (described below) are complied with.

#### *General conditions relating to termination of the Custody Agreement*

Termination of the Custody Agreement will only take effect upon (and the Custodian will not be released from its obligations until) the satisfaction of the following conditions:

- (a) the party delivering the termination notice delivers such notice to the Custodian or the Issuer, as the case may be;
- (b) the Security Trustee and the Swap Counterparty each consent in writing to such termination, such consent not to be unreasonably withheld or delayed; and
- (c) the appointment by the Issuer of a substitute custodian with suitable experience (selected by the Swap Counterparty), provided that: (1) such appointment is approved in writing by the Security Trustee and the Swap Counterparty (and, in the case of a retirement by the Custodian, the Custodian) and is effective not later than the termination of the Custody Agreement; (2) such substitute custodian has the Required Custodian Rating; (3) such substitute custodian is authorised in respect of the activities carried out by the Custodian under the Custody Agreement for the purposes of the Financial Services and Markets Act 2000 (as amended); and (4) such substitute custodian has entered into an agreement with the Issuer, the Administrator and the Security Trustee substantially on the terms of the Custody Agreement and provided further that if by the 10th day prior to the expiration of the relevant notice period a substitute custodian has not been appointed, the Custodian may itself appoint as its successor any reputable bank or financial institution with the written approval of the Issuer, the Security Trustee and the Swap Counterparty.

The party delivering the termination notice shall also provide the Administrator, the Security Trustee and the Swap Counterparty with a copy of the termination notice at the same time such notice is delivered to the Custodian or the Issuer, as the case may be.

#### **Security in respect of the Repo Collateral**

Repo Collateral in the form of Eligible Securities held in the Custody Account and the cash proceeds thereof held in the Principal Collections Account will be subject to a first priority security interest in favour of the Security Trustee.

#### **Proceeds on Enforcement**

If the Repurchase Agreement is accelerated on the occurrence of an Enforcement Date only the net proceeds of sale of the Repo Collateral (after payment of any excess, if any, of the Defaulted Market Value of the Repo Collateral over the Outstanding Repurchase Price to the Repo Counterparty) will be available for application by the Security Trustee pursuant to the Enforcement Order of Priority.

On an enforcement of the security interest over the Repo Collateral, the Security Trustee (or an agent thereof) may, pending distribution thereof to the Swap Counterparty and the Noteholders in accordance with the Enforcement Order of Priority, place the cash proceeds of the sale of the Repo Collateral on deposit in the name or under the control of the Security Trustee with any financial institution with the Required Account Bank Rating.

#### **Governing Law**

The Repurchase Agreement, the Custody Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England. The parties have submitted to the nonexclusive jurisdiction of the English courts for all purposes in connection with the Repurchase Agreement and the Custody Agreement (including a dispute relating to

any non-contractual obligations arising out of or in connection with such documents). The Issuer has appointed Maples and Calder, 5th Floor, Princes Court, 7 Princes Street, London EC2R 8AQ, attention: Corporate Department/Process Agency in England to accept service of process on its behalf in connection with the Repurchase Agreement and the Custody Agreement.

## **SECURITY AND CASH ADMINISTRATION**

*The following descriptions consist of a summary of certain of the security and cash administration provisions of the Security Trust Deed to be entered into on the Closing Date and the Conditions and are qualified by reference to the provisions of the Security Trust Deed and the Conditions, as appropriate. The following summary does not purport to be complete and prospective investors must refer to the Security Trust Deed and the Conditions, as appropriate, for detailed information.*

### **Collection of Funds**

All payments of Swap Premium and (during any Repo Existence Period) Repo Premium received by the Issuer from the Swap Counterparty and the Repo Counterparty, respectively shall, upon initial receipt, be deposited into the Interest Collections Account.

**"Interest Collections"** means, for any Payment Date, the sum of the funds standing to the credit of, or credited to, the Interest Collections Account on such date.

The proceeds of the issuance of the Notes and (during any Repo Existence Period) any repurchase payments made to the Issuer under the Repurchase Agreement in respect of Eligible Securities will, upon initial receipt by the Issuer, be deposited into the Principal Collections Account.

**"Principal Collections"** means, for any Payment Date or, as the case may be, Cash Settlement Date, the sum of the funds standing to the credit of, or credited to, the Principal Collections Account on such date.

The Account Bank is required to record:

- (a) all payments into the Interest Collections Account and all applications of Interest Collections from the Interest Collections Account; and
- (b) all payments into the Principal Collections Account and all applications of Principal Collections from the Principal Collections Account.

### **Application of Funds**

#### *Interest Collections*

Prior to the Enforcement Date, on each Payment Date, the Interest Collections for such Payment Date will be allocated and applied as follows:

- (a) first, to pay or provide for payment to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses (excluding Exceptional Expenses) due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date;
- (b) second, to pay or provide for payment to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date, subject to a maximum of USD 250,000 in any one calendar year;
- (c) third, to pay or provide for payment to the Operating Creditors, on a *pro rata* and *pari passu* basis, any Budgeted Expenses (excluding Exceptional Expenses) due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date;
- (d) fourth, to pay any accrued and unpaid interest including any Aggregate Make-up Amount, Aggregate Make-up Compound Amount, Regular Interest Amount and Compounded Interest

Amount payable in accordance with Condition 6.12 (*Interest on Principal Reinstatement*) on the Notes due on such Payment Date;

- (e) fifth, to pay or provide for payment to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date, to the extent not funded pursuant to sub-paragraph (b) above;
- (f) sixth, to pay or provide for payment to the Operating Creditors, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date or anticipated to be payable on or prior to the next following Payment Date;
- (g) seventh, to pay to the Issuer the Issuer Transaction Fee, if any, due on such Payment Date; and
- (h) eighth, on the Final Payment Date only, to pay any remaining balance of the Interest Collections Account into the Principal Collections Account.

On any other date prior to the Enforcement Date the Issuer will apply, or cause to be applied, the funds standing to the credit of the Interest Collections Account, to pay, in the Order of Priority, to the Security Trustee, the Note Trustee and any relevant Operating Creditors any unpaid Budgeted Expenses determined as of the immediately preceding Payment Date which are payable to such party and which have not previously been paid out of the Interest Collections Account.

On the 4th Business Day preceding each Payment Date the Administrator shall determine and inform the Swap Counterparty of the Expenses payable by the Issuer, if any, which will fall due or which it anticipates will fall due on or before the next following Payment Date.

#### *Principal Collections*

On each Payment Date falling before the Enforcement Date, the Issuer shall apply, or cause to be applied, the Principal Collections for such Payment Date as follows:

- (a) first, to pay to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses (excluding Exceptional Expenses) due and unpaid on such Payment Date to the extent not paid out of Interest Collections;
- (b) second, to pay to the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date to the extent not paid out of Interest Collections, subject to a maximum of USD 250,000 in any one calendar year;
- (c) third, to pay to the Operating Creditors, on a *pro rata* and *pari passu* basis, any Budgeted Expenses (excluding Exceptional Expenses) due and unpaid on such Payment Date to the extent not paid out of Interest Collections;
- (d) fourth, to pay to the Swap Counterparty each Cash Settlement Amount, Loss Adjustment Amount or Interest Deduction Amount, if any, due on such Payment Date;
- (e) fifth, to make payments of principal due on, and reduce to the Minimum Balance the Outstanding Principal Balance (after giving effect to the allocation of any Defaulted Notional Amounts or Additional Loss Payments, if any, on such Payment Date or in the preceding Interest Period) of the Notes;

- (f) sixth, to pay the Security Trustee and the Note Trustee, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date to the extent not paid out of Interest Collections and to the extent not funded pursuant to subparagraph (b) above;
- (g) seventh, to pay the Operating Creditors, on a *pro rata* and *pari passu* basis, any Budgeted Expenses constituting Exceptional Expenses due and unpaid on such Payment Date to the extent not paid out of Interest Collections;
- (h) eighth, after the reduction of the Outstanding Principal Balance of each Note to the Minimum Balance, to pay to the Swap Counterparty the remaining funds standing to the credit of the Principal Collections Account (to the extent such funds exceed any due but unpaid Issuer Transaction Fee) toward payment of the Swap Termination Fee which is then due and payable; and
- (i) ninth, to pay the balance of the Principal Collections Account to the Issuer.

*Allocation and Priority of Application on or after the Enforcement Date*

On or after the Enforcement Date, the Administrator shall ensure that the funds in the Interest Collections Account and the Principal Collection Account will be applied in accordance with the provisions of the Security Trust Deed, and in any event, in accordance with the instructions of the Security Trustee.

### **Security**

As continuing security for the payment of all monies payable by the Issuer in respect of the Notes and the other Secured Obligations, the Issuer will, on the Closing Date, enter into a security trust deed (together with any agreement for the time being in force amending or supplementing such deed, the "**Security Trust Deed**") with the Security Trustee and others pursuant to which the Issuer will grant the following security interests to the Security Trustee for the benefit of the Secured Parties:

- (a) an assignment by way of first fixed security of all of its rights, title, interests and benefits (present and future), if any, in and to all sums of money to which it is or may be entitled and are from time to time and at any time standing to the credit of the Principal Collections Account, the Interest Collections Account and any other bank account or other account present or future in any jurisdiction (other than the Cayman Islands or elsewhere in which the paid up ordinary share capital of the Issuer and any Issuer Transaction Fee have been deposited) in which it may at any time acquire any right, title, interest or benefit together with all interest accruing from time to time thereon and the debt represented by such accounts;
- (b) an assignment by way of first fixed security of all of its rights, title, interests and benefits (present and future), if any, under each of the Account Bank Agreement, the Administration and Cash Management Agreement, the Agency Agreement, the Corporate Services Agreement, the Registered Office Agreement, the Collateral Switch Agreement, the Credit Default Swap, the Notes, the Note Trust Deed (save for any rights, title, interests and benefits, present and future that it may have against the Security Trustee under the Security Trust Deed), the Security Trust Deed and the Subscription Agreement;
- (c) an assignment by way of first fixed security of any and all of its rights, title, interests and benefits (present and future), if any, in and to any amounts that may be held from time to time by any custodian under any custody or other agreement and to any securities credited from time to time to any custody or other account;

- (d) an assignment by way of first fixed security of any and all of its rights, title, interests and benefits (present and future), if any, in and to any custody account including, without limitation, its rights against any custodian for the delivery of any specified securities or an equivalent number or nominal value thereof arising in connection with such assets being held in a clearing system or through a financial intermediary and, to the extent that the same may be assigned, all of its, title, interest and benefits (present and future), if any, in and to all assets and property thereafter belonging to the Issuer and deriving from such assets together with all rights attaching thereto and income deriving therefrom;
- (e) an assignment by way of first fixed security of all of its rights, title, interests and benefits (present and future), if any, under any repurchase agreement or other agreement entered into pursuant to or as contemplated in the Transaction Documents from time to time; and
- (f) a first floating charge over the whole of its undertaking, property, assets, rights and revenues (other than those situated in the Cayman Islands or elsewhere in which the paid up ordinary share capital of the Issuer and any Issuer Transaction Fee have been deposited) to the extent not effectively encumbered by the fixed security described above.

All of the assets and property which are expressed to be subject to the security created under or pursuant to the Security Documents are herein referred to as the "**Charged Assets**". On enforcement of the Security in accordance with Condition 10 (*Events of Default and Acceleration*), Condition 17 (*Enforcement*) and the Security Trust Deed, the Security Trustee is required to apply monies available for distribution in accordance with the Enforcement Order of Priority.

If, pursuant to the terms of the Collateral Switch Agreement, the Issuer is required to enter into a Repurchase Agreement, a Custody Agreement or an Account Bank Agreement, then in accordance with the terms of the Security Trust Deed, the Issuer shall enter into a supplemental deed and/or such other documents as may be required by the Security Trustee pursuant to which the Issuer will grant additional security to the Security Trustee for the benefit of the Secured Parties of its rights, interests and benefits under any such agreements and including in respect of any securities purchased or held on its behalf pursuant to such agreements.

### **Enforcement of the Security**

The Security Trustee, subject to being indemnified and/or secured and/or prefunded to its satisfaction, (1) shall upon receipt by it of a Note Default Notice, or (2) following the occurrence of an Enforcement Event, may, at its discretion or, shall, if so directed by the Instructing Party and unless it has already given such notice at such time, give a notice (an "**Enforcement Notice**") to the Issuer (with a copy to the Note Trustee and each Agent) either declaring (A) that the Security has become enforceable pursuant to and upon the delivery of a Note Default Notice or (B) the Security to be enforceable following the occurrence of an Enforcement Event.

The Security shall become enforceable on the Enforcement Date. The "**Enforcement Date**" shall be the date which is the earliest of (1) the Note Default Notice Delivery Date, (2) the date that an Enforcement Notice is deemed to be delivered to the Issuer pursuant to the Security Trust Deed or (3) the date upon which a Swap Acceleration Event occurs.

### **Enforcement Order of Priority**

- (a) If the Enforcement Date occurs during a Repo Existence Period, then on the Enforcement Date, if the relevant Repurchase Agreement is accelerated as a result of a Repo Event of Default, the obligation of the relevant Repo Counterparty to pay the Outstanding Repurchase Price will on the Repurchase Date be accelerated and netted against the obligation of the Issuer, in such

circumstances, to pay the Default Market Value of the Repo Collateral (together with accrued income thereon) to the relevant Repo Counterparty. The excess, if any, of the Default Market Value of the Repo Collateral over the Outstanding Repurchase Price will be paid to the relevant Repo Counterparty as at such date. In such case, only the net proceeds of sale of the Repo Collateral (after payment of any such excess to the Repo Counterparty) (the "**Repo Proceeds**") will be available for application by the Security Trustee pursuant to the Enforcement Order of Priority.

- (b) On or after the Enforcement Date, the Security Trustee shall (subject to any applicable laws including laws of bankruptcy, insolvency, liquidation or other laws affecting creditors' rights generally) apply or cause to be applied the proceeds of realisation of the Charged Assets in the Enforcement Order of Priority set out below:
- (i) first, to pay or provide for, in no order of priority, *inter se*, but *pro rata* to the respective amounts payable under the provisions of the Security Trust Deed, the Note Trust Deed and the other Transaction Documents by way of remuneration and/or indemnification or which are otherwise payable by the Issuer to the Security Trustee and the Note Trustee and/or any Receiver appointed pursuant to the Security Trust Deed or the Note Trust Deed, their respective Expenses;
  - (ii) second, to pay, or provide for on a *pari passu* basis and *pro rata* to the respective amounts payable to the Operating Creditors their respective Expenses (excluding Exceptional Expenses) payable and not previously paid;
  - (iii) third, to pay or provide for amounts payable to the Swap Counterparty, in respect of the Issuer's obligations to the Swap Counterparty (excluding the Swap Termination Fee) under the Credit Default Swap;
  - (iv) fourth, to pay, in respect of the Notes, firstly, all amounts of interest then due and payable in respect of the Adjusted Outstanding Principal Balance of the Notes (including any Aggregate Make-up Amount, Aggregate Make-up Compound Amount, Regular Interest Amount and Compounded Interest Amount payable in accordance with Condition 6.12) and, secondly, all amounts of principal then due and payable in respect of the Outstanding Principal Balance of the Notes;
  - (v) fifth, to pay, or provide for on a *pari passu* basis and *pro rata* to the respective amounts payable to the Operating Creditors their respective Exceptional Expenses payable and not previously paid;
  - (vi) sixth, to apply the remaining funds, if any, to the extent such funds exceed the amount of any due but unpaid Issuer Transaction Fee, available for distribution toward payment of the Swap Termination Fee; and
  - (vii) seventh, to pay the balance, if any, to the Issuer.

#### **Governing law**

The Security Trust Deed and any non-contractual obligations arising out of or in connection with this Security Trust Deed are governed by, and shall be construed in accordance with, English law.

## **USE OF PROCEEDS**

On the Closing Date, the proceeds of the offering of the Notes will be deposited by the Issuer into the Principal Collections Account. Collateral Principal Proceeds will be used to pay, among other things, Cash Settlement Amounts which the Issuer may become obliged to pay from time to time pursuant to the Credit Default Swap. See "*Security and Cash Administration — Enforcement Order of Priority*".

The Issuer will (with funds received on the Closing Date from the Swap Counterparty under the Credit Default Swap), on the Closing Date, pay (or procure the payment of) all fees incurred by it in connection with the issuance of the Notes (including the aggregate expenses related to the admission of the Notes to trading, which are estimated to be USD 20,000) and no amount will be deducted from the proceeds of the issuance of the Notes for such purpose.

## THE ISSUER

### The Issuer

Sealane II (Trade Finance) Limited, an exempted company incorporated in the Cayman Islands with limited liability, was incorporated on 21 March 2011 under the Companies Law (2010 Revision) of the Cayman Islands with company registration number 253724. The registered office of the Issuer is at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. The telephone number of the Issuer's registered office and principal place of business is +1 345 945 7099.

The authorised share capital of the Issuer is USD 50,000 divided into 50,000 ordinary shares of USD 1.00 each, 250 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by MaplesFS Limited as share trustee (in such capacity, the "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 27 July 2011 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Declaration of Trust) and may only dispose or otherwise deal with the Shares with the approval of the Notes Trustee for so long as there are any Notes outstanding. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power with the consent of the Notes Trustee, to benefit the Noteholders or Qualified Charities (as defined in the Declaration of Trust). It is not anticipated that any distribution will be made whilst any Note is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

### Principal Activities

Since its incorporation, the Issuer has not had any commercial operations, other than those in preparation of the transactions contemplated in this Prospectus, and no financial statements have been prepared in connection with those operations. The Issuer will not have any substantial assets or liabilities other than in connection with the Notes. The Issuer is formed for the limited purposes of:

- (a) issuing the Notes;
- (b) entering into the Credit Default Swap and the other Transaction Documents; and
- (c) entering into the other agreements, deeds, contracts and any lawful transactions incidental to the foregoing.

The Issuer has been established as a special purpose entity for the purposes of issuing the Notes (being asset backed securities) and entering into and performing the Transaction Documents. So long as any of the Notes remain outstanding, the Issuer shall not, without the consent of the Notes Trustee, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding assets in connection with the Notes, issuing the Notes and entering into related agreements and transactions as provided for in the Transaction Documents), or, *inter alia*, declare any dividends, have any subsidiaries or employees, purchase, own, lease, or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (otherwise than as contemplated in the Transaction Documents) or issue any shares.

The Issuer has, and will have, no assets other than the sum of USD 250 representing the issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of the Notes and the acquisition of assets in connection with the Notes, the bank account into which such paid-up share capital and fees are deposited, any interest earned thereon and the assets on which the Notes are secured. Save in respect of fees generated in connection with the issue of the Notes any related profits and proceeds of any

deposits and investments made from such fees or from amounts representing the Issuer's issued and paid-up share capital, the Issuer does not expect to accumulate any surpluses.

The Notes are the obligations of the Issuer alone and not the Share Trustee.

### **Restrictions on the Offer of the Notes**

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes unless the Issuer is listed on the Cayman Islands Stock Exchange.

### **Financial Statements**

Since the date of incorporation, no financial statements of the Issuer have been prepared. The Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors. The Issuer is required to and will provide the Security Trustee with written confirmation, on an annual basis and in any event not later than 120 days after the end of its financial year (and at any time within 5 Business Days of a demand) a certificate confirming that no Event of Default or Swap Acceleration Event (or an event which, with the giving of notice and/or the lapse of time would constitute an Event of Default or Swap Acceleration Event) as at the date of such certificate, and not more than 5 days prior to the date of the delivery of the certificate, has occurred (or if an Event of Default or Swap Acceleration Event has occurred, specifying the same).

### **Capitalisation**

The following table sets out the capitalisation of the Issuer as at the date of this Prospectus:

Shareholders' Funds	(USD)
Share capital (authorised USD 50,000; issued 250 shares of USD 1.00 each)	
Ordinary Shares of USD 1.00 each	250
Total Capitalisation	250

As at the date of this Prospectus, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

### **Directors of the Issuer**

The directors of the Issuer are Carlos Farjallah and Cleveland Stewart.

The Issuer's Articles of Association provide that the board of directors of the Issuer will consist of at least one director.

The address of the board of directors is PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

### **The Corporate Services Provider**

MaplesFS Limited will also act as the corporate services provider of the Issuer (in such capacity, the "**Corporate Services Provider**"). The office of the Corporate Services Provider will serve as the general business office of the Issuer. Through the office, and pursuant to the terms of a Corporate Services Agreement to be entered into between the Issuer and the Corporate Services Provider (the "**Corporate Services Agreement**"), the Corporate Services Provider will perform in the Cayman Islands or such other

jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Issuer and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Issuer and the Corporate Services Provider will also enter into a registered office agreement (the "**Registered Office Agreement**") for the provision of registered office facilities to the Issuer. In consideration of the foregoing, the Corporate Services Provider will receive various fees payable by the Issuer at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Issuer or the Corporate Services Provider may terminate such agreements by giving at least 14 days' notice to the other party at any time within 12 months of the happening of any of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party with a copy to any applicable rating agency.

The Corporate Services Provider will be subject to the overview of the Issuer's board of directors. The Corporate Services Agreement and the Registered Office Agreement may be terminated (other than as stated above) by either the Issuer or the Corporate Services Provider giving the other three months written notice.

The Corporate Services Provider's principal office is PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

## **DESCRIPTION OF NOTEHOLDER REPORTS**

*Pursuant to the terms of the Administration and Cash Management Agreement, the Administrator will prepare and make available a number of reports relating to the transaction. The following is a summary of specific provisions of the Administration and Cash Management Agreement to be entered into on the Closing Date and is qualified by reference to the provisions of the Administration and Cash Management Agreement. The summary does not purport to be complete and prospective investors must refer to the Administration and Cash Management Agreement for detailed information.*

### **Description of Investors' Report**

Within 15 Business Days after each Interest Payment Date (a "relevant Payment Date"), the Administrator shall produce and deliver to the Issuer, the Swap Counterparty, the Paying Agents and the Note Trustee, and if after the Enforcement Date, or at any other time if so requested, then also deliver to the Security Trustee, and shall also make publicly available at the Specified Office of the Principal Paying Agent, (i) a report substantially in the form of the Investors' Report as scheduled to the Administration and Cash Management Agreement (the "Investors' Report") in respect of the period commencing on and including the Interest Payment Date immediately preceding the relevant Payment Date (or in the case of the first Interest Payment Date, the Closing Date) and ending on but excluding the relevant Payment Date (the "Relevant Reporting Period") and (ii) a copy of the most recent Reference Registry (together with a copy of the Reference Registry delivered in respect of the preceding relevant Payment Date, if any). The information set out in such Investors' Report and such Reference Registry will not be verified by the Administrator and will be based solely on the information provided to it by the Swap Counterparty, the Calculation Agent and any Repo Counterparty.

The Investors' Reports and the Reference Registries in each case delivered by the Administrator with respect to each relevant Payment Date will be made available on the Administrator's website, currently <https://tss.sfs.db.com/investpublic>. The Administrator's website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to such website and persons wishing to access the website will be required to certify that they are entitled to access the information posted thereon.

To the extent that the Administrator has received such information from the Swap Counterparty, the Calculation Agent and/or any Repo Counterparty in accordance with the Transaction Documents, the Investors' Report will set forth, among other things, the following information with respect to the Notes in respect of the Relevant Reporting Period (to the extent not previously reported):

- (a) the sum of
  - (i) the aggregate of the Reference Obligation Notional Amounts of all new Reference Obligations added to the Reference Portfolio; and
  - (ii) the aggregate of amounts by which the Reference Obligation Notional Amounts of existing Reference Obligations were increased,

during the Relevant Reporting Period, in compliance (as verified by the Calculation Agent and notified to the Administrator) with the Eligibility Criteria and the Replenishment Conditions, and the fact that the Cumulative Default Trigger has not been breached for each Replenishment;

- (b) the aggregate of all Reduction Amounts designated by the Swap Counterparty during the Relevant Reporting Period;
- (c) details of each Cancellation Notice delivered to the Issuer during the Relevant Reporting Period;

- (d) details of Credit Event Notices delivered to the Issuer during the Relevant Reporting Period;
- (e) details of each Cash Settlement Amount verified and the relevant Cash Settlement Date for each Reference Entity;
- (f) the aggregate Cash Settlement Amounts paid at the beginning of the Relevant Reporting Period;
- (g) details of other amounts payable under the Credit Default Swap;
- (h) the aggregate Defaulted Notional Amounts and Assumed Loss Amounts applied pursuant to the Conditions, in reduction of the Outstanding Principal Balance and Adjusted Outstanding Principal Balance of the Notes during the Relevant Reporting Period;
- (i) details of each Reinstatement Amount applied, pursuant to the Conditions, in reinstating the Outstanding Principal Balance of the Notes as at the relevant Reinstatement Date and details of any Loss Adjustment Payments, Additional Loss Payments, any Aggregate Make-up Amount, Aggregate Make-up Compound Amount, Regular Interest Amount, Compounded Interest Amount and Interest Reduction Amount payable on the Notes in accordance with Condition 6.12 (*Interest on Principal Reinstatement*) and any additional amount of interest paid as a result of an Event Determination Date being deemed not to have occurred in respect of the Notes;
- (j) details of any Amortised Amounts applied pursuant to the Conditions, in redeeming any Notes as at the relevant Payment Date;
- (k) the Outstanding Principal Balance and the Adjusted Outstanding Principal Balance (as at the relevant Payment Date) of the Notes; and
- (l) the Interest Amount of the Notes.

### **Cash Administrator's Report**

Within 15 Business Days after each Interest Payment Date (the "**relevant Payment Date**"), the Administrator shall deliver to the Issuer, the Swap Counterparty, the Paying Agents and the Note Trustee, and if after the Enforcement Date, or at any other time if so requested, then also deliver to the Security Trustee, and shall also make available at the Specified Office of the Principal Paying Agent, a consolidated report substantially in the form of the Cash Administrator's Report as scheduled to the Administration and Cash Management Agreement (the "**Cash Administrator's Report**") in respect of the period commencing on and including the Interest Payment Date immediately preceding the relevant Payment Date (or in the case of the first Interest Payment Date, the Closing Date) and ending on but excluding the relevant Payment Date (the "**Relevant Reporting Period**"). The information set out in the Cash Administrator's Report will not be verified by the Administrator and will be based solely on the information provided to it by the Swap Counterparty, the Calculation Agent, the Principal Paying Agent, the Agent Bank, the Account Bank and any Repo Counterparty.

The Cash Administrator's Reports will be made available on the Administrator's website, currently at <https://tss.sfs.db.com/investpublic>. The Administrator's website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to such website and persons wishing to access the website will be required to certify that they are entitled to access the information posted thereon.

To the extent that the Administrator has received such information from the Swap Counterparty, the Calculation Agent, the Principal Paying Agent, the Agent Bank, the Account Bank and/or any Repo Counterparty in accordance with the Transaction Documents, the Cash Administrator's Report will set

forth, among other things, the following information with respect to the Notes in respect of the Relevant Reporting Period:

- (a) Swap Premium payments, any Repo Premium received (if applicable), the interest earned on and credited to the Accounts and aggregate Loss Adjustment Payments received in respect of the Credit Default Swap;
- (b) the aggregate amount of Expenses paid;
- (c) aggregate Cash Settlement Amounts paid;
- (d) aggregate Additional Loss Payments paid in respect of the Credit Default Swap from the Principal Collections Account;
- (e) Interest Amounts paid on the relevant Payment Date in respect of the Notes;
- (f) any amount of interest payable to the Noteholders or to be deducted in accordance with Condition 6.12 (*Interest on Principal Reinstatement*) in respect of the relevant Payment Date and additional amount of interest paid as a result of an Event Determination Date being deemed not to have occurred and determined in respect of the Notes;
- (g) the amount of any principal paid in respect of the Notes;
- (h) the Outstanding Principal Balance and the Adjusted Outstanding Principal Balance in respect of the Notes as of such relevant Payment Date;
- (i) the date of the next following Interest Payment Date;
- (j) USD LIBOR and the Rate of Interest in respect of the Notes; and
- (k) the aggregate Interest Amount expected to be payable in respect of the Notes for the next following applicable Interest Period,

in each case assuming that no reduction or reinstatement will be made to the Adjusted Outstanding Principal Balance of the Notes after the determination of the Interest Amount on or after the date of the Cash Administrator's Report.

#### **Governing law**

The Administration and Cash Management Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

## **ACCOUNT BANK AGREEMENT**

*The following descriptions consist of summaries of certain of the provisions of the Account Bank Agreement to be entered into on the Closing Date and are qualified by reference to the provisions of the Account Bank Agreement. The following summary does not purport to be complete and prospective investors must refer to the Account Bank Agreement for detailed information.*

The Account Bank will provide certain banking services to, and establish and operate the Accounts on behalf of, the Issuer in accordance with the terms of the Account Bank Agreement.

### **Deposit of Funds into the Accounts**

The issue proceeds of the Notes will as at the Closing Date be credited to the Principal Collections Account.

Pursuant to the Credit Default Swap, each payment by the Swap Counterparty of Swap Premium will be paid into the Interest Collections Account.

During any Repo Existence Period, pursuant to the relevant Repurchase Agreement, each payment by the Repo Counterparty of Repo Premium will be paid into the Interest Collections Account, any Collateral Income Proceeds in respect of any Repo Collateral received by or on behalf of the Custodian for the account of the Issuer will be credited to the Interest Collections Account and the sale proceeds of the Repo Collateral and all redemption proceeds of any Repo Collateral will be credited to the Principal Collections Account.

The Custodian, on behalf of the Issuer, will, subject to the provisions of the relevant Repurchase Agreement, pay over to the Repo Counterparty all Income received by the Custodian (on behalf of the Issuer) in respect of the Repo Collateral.

If the Notes Termination Date occurs during a Repo Existence Period, the Repo Counterparty shall repurchase from the Issuer securities equivalent to all of the Repo Collateral on such date at a price equal to the Outstanding Repurchase Price as at such date. In accordance with the Security Trust Deed, the proceeds of any repurchase payments made to the Issuer under the Repurchase Agreement shall be deposited into the Principal Collections Account.

Any Loss Adjustment Payments (made up of such amount of Cash Settlement Amount(s) actually paid by the Issuer over the Cash Settlement Amount(s) that should have been paid by the Issuer following the determination of the Adjusted Cumulative Loss Amount pursuant to the Swap Confirmation) will be credited to the Principal Collections Account.

Any due but unpaid Swap Premium and any other amounts due and payable under the provisions of the Swap Confirmation but unpaid (or amounts that would have become due and payable on or prior to the Early Termination Date but for Section 2(a)(iii) of the ISDA Master Agreement) and interest (pursuant to Section 9(h)(ii)), if any, on such amounts will be credited to the Interest Collections Account.

### **Withdrawal from the Accounts**

Unless all Secured Obligations of the Issuer shall have been discharged in full, neither the Issuer nor the Administrator shall, without the consent of the Security Trustee, be entitled to withdraw the monies standing to the credit of any of the Accounts or any part thereof and the Account Bank shall not be under any obligation to release any balance standing to the credit of any of the Accounts (other than to transfer interest amounts between the Accounts) unless and to the extent that its withdrawal is to make payments anticipated under the Security Trust Deed or the Account Bank Agreement.

If the directions to withdraw funds to make payments are received by the Account Bank before 11.00 a.m. London time 2 Business Days prior to the date on which the payment is to be made, the Account Bank shall if so directed comply with such directions by no later than the close of business on the date falling 2 Business Days after receipt of such direction. With respect to directions received at or after 11.00 a.m. London time on any Business Day or on a day which is not a Business Day, the Account Bank is required to comply with such directions on the date falling 3 Business Days after receipt of such directions, or such later Business Day as may be directed.

#### **Interest on Interest Collections Account**

Interest shall accrue on the credit balance of the Interest Collections Account for each Interest Period from and including the Closing Date up to but excluding the Final Maturity Date, at a rate of interest agreed from time to time between the Issuer, the Account Bank and the Swap Counterparty and will be credited to the Interest Collections Account in arrear on each Interest Payment Date.

#### **Interest on Principal Collections Account**

Interest shall accrue on the credit balance of the Principal Collections Account for each Interest Period (or part thereof) occurring at any other time, at a rate of interest agreed between the Account Bank, the Issuer and the Swap Counterparty from time to time and will be credited to the Interest Collections Account in arrear on each Interest Payment Date.

#### **Repo Existence Period**

The Account Bank Agreement provides that, during any Repo Existence Period, to the extent the Issuer is required to pay any principal amount due on the Notes or any amount (including any Cash Settlement Amount, Additional Loss Payment and/or Interest Deduction Amount) due under the Credit Default Swap (each, an "**Issuer Payment**"), an amount equal to the Issuer Payment shall be released from the Principal Collections Account by the Account Bank upon receipt of an instruction or direction (in accordance with the Account Bank Agreement) to be applied, in accordance with the terms of the Security Trust Deed, in order to make such payment.

#### **Account Bank Downgrade Event**

If the Account Bank or its guarantor ceases to have the Required Account Bank Rating or any such rating is withdrawn (any such event being an "**Account Bank Initial Downgrade Event**"), then (a) the Account Bank is required to procure (at the expense of the Issuer), within 30 calendar days of the occurrence of such event, that its obligations under the Account Bank Agreement are guaranteed by a financial institution with the Required Account Bank Rating or (b) the Swap Counterparty is required to procure (at the expense of the Issuer), within 30 calendar days of the occurrence of such event, that the obligations of the Account Bank under the Account Bank Agreement are assumed, on terms substantially similar to the terms of the Account Bank Agreement, by a financial institution with the Required Account Bank Rating. If the Account Bank has not procured that its obligations under the Account Bank Agreement are guaranteed by a financial institution with the Required Account Bank Rating and the Swap Counterparty has not procured that the obligations of the Account Bank under the Account Bank Agreement are assumed, on terms substantially similar to the terms of the Account Bank Agreement, by a financial institution with the Required Account Bank Rating (or both), in each case, within 30 calendar days of the occurrence of such event, such event shall be an "**Account Bank Final Downgrade Event**".

## **Termination of the Account Bank Agreement and replacement of Account Bank**

### *Termination by Account Bank*

The Account Bank Agreement may be terminated by the Account Bank upon the expiry of not less than 45 calendar days' written notice of termination, without assigning any reason therefor, given by the Account Bank to the Issuer, subject to and in accordance with the general termination provisions of the Account Bank Agreement described below.

### *Termination by Issuer*

Pursuant to the Collateral Switch Agreement, the Issuer agrees that if directed by the Swap Counterparty, it shall terminate the Account Bank Agreement and appoint a new entity as account bank in accordance with the terms of the Account Bank Agreement.

The Account Bank Agreement may be terminated by the Issuer upon the expiry of not less than 45 calendar days' written notice of such termination given by the Issuer to the Account Bank, subject to and in accordance with the general termination provisions of the Account Bank Agreement described below.

In addition, the Issuer shall also terminate the Account Bank Agreement by not less than 5 Business Days' prior written notice to the Account Bank in the event that:

- (a) an Account Bank Final Downgrade Event has occurred;
- (b) the Account Bank becomes incapable of acting or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or a substantial part of its property, or if an administrator, liquidator or administrative or other receiver of it or of all or a substantial part of its property is appointed, or if an order of any court is entered approving any petition filed by it or against it under the provisions of any applicable bankruptcy or insolvency law; or
- (c) the Account Bank delivers to the Issuer an opinion of independent legal advisers of recognised standing to the effect that the Account Bank will be required to deduct or withhold an amount on account of Tax from any amount payable to the Issuer in respect of any of the Accounts.

### *General conditions relating to termination of the Account Bank Agreement*

Termination of the Account Bank Agreement will only take effect upon (and the Account Bank will not be released from its obligations until) the satisfaction of the following conditions:

- (a) the party delivering the termination notice delivers such notice to the Account Bank or the Issuer, as the case may be;
- (b) the Security Trustee (acting on the instructions of the Note Trustee) and the Swap Counterparty consent in writing to such termination; and
- (c) the appointment by the Issuer of a suitably experienced substitute account bank (selected by the Swap Counterparty) provided that: (1) such appointment is approved in writing by the Security Trustee (acting on the instructions of the Note Trustee) and the Swap Counterparty and is effective not later than the termination of the Account Bank Agreement; (2) the substitute bank has the Required Account Bank Rating or if not, its obligations under the replacement account bank agreement are guaranteed by a financial institution with the Required Account Bank

Rating; and (3) such substitute bank has entered into an agreement with the Issuer, the Administrator and the Security Trustee substantially on the terms of the Account Bank Agreement (and at the same time thereof, the Issuer shall grant security over its interest in such agreement and any accounts created thereunder in favour of the Security Trustee) and *provided further that* if by the relevant cut-off time as provided in the Account Bank Agreement a substitute account bank has not been appointed then the Account Bank may itself appoint as its successor any reputable bank or financial institution, with the written approval of the Issuer, the Security Trustee (acting on the instructions of the Note Trustee) and the Swap Counterparty.

The party delivering the termination notice is also required to provide the Administrator, the Security Trustee and the Swap Counterparty with a copy of the termination notice at the same time such notice is delivered to the Account Bank or the Issuer, as the case may be.

A failure on the part of the Issuer to replace the Account Bank following the occurrence of the events described above, would constitute an Event of Default with respect to the Notes, if such failure is, in the sole opinion of the Note Trustee (1) materially prejudicial to the interests of the Noteholders and (2) incapable of remedy or, if capable of remedy, continues unremedied for a period of 30 calendar days following the delivery by the Note Trustee of written notice thereof to the Issuer. If the above Event of Default occurs then the Note Trustee may, at any time, and shall if so directed in writing by an Extraordinary Resolution of the Noteholders, and subject to being indemnified and/or secured and/or prefunded to its satisfaction, deliver a Note Default Notice to the Issuer declaring the Notes to be immediately due and payable.

#### **Governing law**

The Account Bank Agreement and any non-contractual obligations arising out of or in connection with are governed by, and shall be construed in accordance with, English law.

## **SECURITY TRUSTEE, NOTE TRUSTEE AND AGENTS**

*The following descriptions consist of summaries of certain of the provisions of the Security Trust Deed, the Note Trust Deed and the Agency Agreement, all of which are to be entered into on the Closing Date, and are qualified by reference to the provisions of the Security Trust Deed, the Note Trust Deed and the Agency Agreement, as appropriate. The following summary does not purport to be complete and prospective investors must refer to the Security Trust Deed, the Note Trust Deed and the Agency Agreement, as appropriate, for detailed information.*

### **Note Trustee**

Deutsche Trustee Company Limited will act as note trustee (in such capacity, the "**Note Trustee**") of the Notes on behalf of the Noteholders under the Note Trust Deed dated 12 August 2011. The Note Trustee may resign upon not less than 60 calendar days' notice in writing to the Issuer and the Administrator, *provided* that no resignation shall be effective unless there remains a trustee thereof (being a trust corporation) in office after such retirement or until a successor note trustee has been appointed. Upon such notice, the Issuer will appoint a successor note trustee who is approved in writing by an Extraordinary Resolution of the Noteholders and the Swap Counterparty.

The Note Trust Deed provides that the Note Trustee's appointment will terminate if at any time the Note Trustee becomes, among other things, incapable of acting, or, is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or if an administrator, liquidator or administrative or other receiver of it or of all or a substantial part of its property is appointed. In addition, the Swap Counterparty and the Noteholders will together have the power (in the case of the Noteholders, exercisable by an Extraordinary Resolution of the Noteholders) to remove the Note Trustee or any successor note trustee, *provided* that no removal shall be effective unless there remains a note trustee (being a trust corporation) in office after such removal or a successor note trustee shall have been appointed.

### **Security Trustee**

Deutsche Trustee Company Limited will act as security trustee (in such capacity, the "**Security Trustee**") of the security granted by the Issuer under the Security Trust Deed dated 12 August 2011 on behalf of itself, the Noteholders and the other Secured Parties. The Security Trustee may resign upon not less than 60 calendar days' notice in writing to the Issuer and the Secured Parties, *provided* that no resignation shall be effective unless there remains a trustee thereof (being a trust corporation) in office after such retirement or until a successor security trustee has been appointed. Upon such notice, the Issuer will appoint a successor security trustee who is approved in writing by an Extraordinary Resolution of the Noteholders and the Swap Counterparty.

The Security Trust Deed provides that the Security Trustee's appointment will terminate if at any time the Security Trustee becomes, among other things, incapable of acting, or, is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or if an administrator, liquidator or administrative or other receiver of it or of all or a substantial part of its property is appointed. In addition, the Swap Counterparty and the Noteholders will together have the power (in the case of the Noteholders, exercisable by an Extraordinary Resolution of the Noteholders) to remove the Security Trustee or any successor security trustee. No removal of any Security Trustee shall become effective unless there remains a security trustee thereof (being a trust corporation) in office after such removal or a successor security trustee shall have been appointed.

## **Trustees generally**

### *Indemnity*

The Note Trustee and the Security Trustee will be indemnified by the Issuer against all Liabilities incurred by it arising out of its appointment as Note Trustee under the Note Trust Deed and/or its appointment as Security Trustee under the Security Trust Deed, as the case may be, except for any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, wilful default, breach of duty, breach of trust or fraud of which the Note Trustee or the Security Trustee (as the case may be) may be guilty in relation to its duties under the Note Trust Deed or the Security Trust Deed (as the case may be).

Pursuant to the Security Trust Deed, the Swap Counterparty has agreed to indemnify and/or secure and/or prefund the Security Trustee and the Note Trustee, respectively, and each of their respective officers, directors, employees and agents or any person appointed by it (including, in the case of the Security Trustee, a Receiver) to whom any trust, power, authority or discretion may be delegated (each, a "**Relevant Party**"), for, and to hold them harmless against, any Exceptional Expenses properly incurred in connection with, on, or after the occurrence of an Event of Default or the Enforcement Date by the Security Trustee, the Note Trustee or such Relevant Party other than any Exceptional Expense resulting from the Security Trustee's, the Note Trustee's or any Relevant Party's, as the case may be, own gross negligence, wilful default, breach of duty, breach of trust or fraud.

### *Entry into transactions*

The Note Trustee and the Security Trustee may enter into any transactions in the ordinary course of business with, among others, the Issuer and any other party to the Transaction Documents and shall not be accountable to, among others, the Noteholders, the Issuer, or any other party to the Transaction Documents for, among other things, any profit arising or resulting from any such contracts or transactions.

### *Limitation for Negligence*

Neither the Note Trustee nor the Security Trustee will be liable for any Liabilities suffered, sustained or incurred by the Issuer or any Noteholder at any time as a consequence of any action taken, or omission, in good faith in accordance with the Note Trust Deed or the Security Trust Deed, as the case may be, unless caused by the Note Trustee's or the Security Trustee's, as the case may be, own gross negligence, wilful default, breach of duty, breach of trust or fraud.

As more fully set out in the Security Trust Deed, the Security Trustee shall not be:

- (a) under any obligation to insure any of the Security or any deeds or documents of title or other evidence in respect of the Security or to require any other person to maintain any such insurance or monitor the adequacy of any such insurance and shall not be responsible for any Liability which may be suffered as a result of the lack of or inadequacy of any such insurance and is not liable with respect to any loss, theft or reduction in value with respect to the Charged Assets;
- (b) liable to any Secured Party or other person for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Assets and shall not be responsible for any claim arising from the fact that any of the Charged Assets are held in safe custody by any Custodian or held in a clearing system.

As more fully set out in the Security Trust Deed and the Note Trust Deed, the Note Trustee and the Security Trustee shall not be:

- (a) responsible for:
  - (i) any recitals, statements, representations, warranties of any person contained in the Note Trust Deed, the Notes, any other Transaction Document or any document relating to the Security or other documents entered into in connection therewith;
  - (ii) the validity or sufficiency of either the whole or any part of the Note Trust Deed or the other Transaction Documents;
  - (iii) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Note Trust Deed or the other Transaction Documents or any document relating thereto or any Security constituted thereby; or
  - (iv) the accuracy and/or completeness of any information supplied to it by the Issuer or any other person in connection with, or for the legality, validity, effectiveness, adequacy or enforceability of any documents, certificates, reports and accounts relating thereto or the nature, status, creditworthiness or solvency of the Issuer or any other party to any of the Transaction Documents and shall not (save as otherwise provided in the Note Trust Deed or, as the case may be, the Security Trust Deed) be liable or responsible for any losses to any person, howsoever caused, as a result of taking or omitting to take any action whatsoever in relation to any such documents, or otherwise;
- (b) obliged to monitor or supervise the functions of any other person under the Note Trust Deed, or as the case may be, the Security Trust Deed, or any other Transaction Document and each of the Note Trustee and the Security Trustee shall be entitled, in the absence of express notice of a breach of obligation, to assume that each other such person is properly performing its obligations;
- (c) under any obligation to monitor, verify or make any determination or have any Liability to any Noteholder, or as the case may be, any Secured Party, or other person with respect to:
  - (i) the Credit Default Swap, any list of Reference Entities in respect thereof, the occurrence or type of any Credit Event, any amount determined pursuant to any valuation procedure thereunder, or any Cash Settlement Amount payable thereunder; or
  - (ii) if applicable, the value of the Repo Collateral then in existence or the amount of Eligible Securities to be transferred in any circumstance in relation thereto.

The Security Trustee will not nor shall any Receiver appointed pursuant to the Security Trust Deed or any attorney or agent of the Security Trustee be liable to any Noteholder or any other Secured Party for any loss, expense or liability which may be suffered as a result of any delay in realising the Repo Collateral unless caused by the Security Trustee's own gross negligence, wilful default, breach of duty, breach of trust or fraud.

#### *Remuneration*

For its services rendered as note trustee and security trustee under the Note Trust Deed and the Security Trust Deed respectively, the Issuer will pay the Note Trustee and the Security Trustee the fees agreed between the Issuer, the Swap Counterparty and the Note Trustee and the Security Trustee, respectively.

## **The Agents**

The Notes are subject to the Agency Agreement. References herein to the "**Agents**" are to the Principal Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents, the Calculation Agent and the Agent Bank and any reference to an "**Agent**" is to any one of them.

The Issuer may, with the prior written consent of the Note Trustee and upon at least 30 calendar days' prior written notice, terminate the appointment of any Agent. In certain circumstances, the Issuer may also, with the prior written consent of the Note Trustee, terminate the appointment of any Agent (subject to the appointment of a replacement Agent) immediately upon notice. An Agent may resign upon at least 90 calendar days' prior written notice to the Issuer, the Administrator, the Note Trustee and the Security Trustee and, except in the case of the resignation of the Principal Paying Agent, the Principal Paying Agent. Any resignation by, or termination of the appointment of, any Agent will not be effective until a successor Principal Paying Agent, Registrar, Agent Bank or Calculation Agent, as the case may be, has been appointed in accordance with the terms of the Agency Agreement.

Upon receipt of notice of the resignation of an Agent, the Issuer will, with the prior approval of the Note Trustee, appoint a successor paying agent, agent bank, calculation agent, as the case may be. If, on the 30th calendar day prior to the expiry of any notice of resignation given by an Agent, no successor has been appointed, such Agent may itself, with the prior written approval of the Issuer, the Note Trustee and the Swap Counterparty, appoint a successor.

Each Agent and the directors, officers, employees and controlling persons of such Agent will be indemnified and held harmless by the Issuer against any losses, liabilities, costs, claims, actions, damages, losses, expenses or demands incurred by any of them, other than by reason of its gross negligence, wilful default or fraud arising out of or in connection with the exercise or performance of any of the powers or duties of such persons under the Agency Agreement.

Each Agent will indemnify the Issuer or its directors, officers employees and controlling persons against any losses, liabilities, costs, claims, actions, damages, losses, expenses or demands (other than any consequential losses or damages in connection therewith or by reason of a force majeure event as set out in the Agency Agreement) caused by such Agent's own gross negligence, wilful default or fraud.

For the services of the Agents rendered under the Agency Agreement, the Issuer will pay to the Principal Paying Agent the fees as agreed between the Issuer, the Principal Paying Agent and the Swap Counterparty.

## **Trustees and Agents**

As described above, Deutsche Trustee Company Limited is acting as Note Trustee and as Security Trustee, SCB is acting as Calculation Agent, Deutsche Bank AG, London Branch is acting as Principal Paying Agent, Transfer Agent and Agent Bank, Deutsche Bank Trust Company Americas is acting as Registrar and as Paying Agent and Transfer Agent in the United States and NCB Stockbrokers Limited is acting as Listing Agent. Each of SCB, Deutsche Trustee Company Limited, Deutsche Bank Trust Company Americas, Deutsche Bank AG, London Branch and NCB Stockbrokers Limited and their respective affiliates, in providing services in connection with the transactions contemplated by the Transaction Documents, shall have only the duties and responsibilities expressly agreed to by such entity in the relevant capacity and shall not, by virtue of its or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities, or be deemed to be held to a standard of care, other than as expressly provided with respect to each such capacity. SCB, Deutsche Trustee Company Limited, Deutsche Bank Trust Company Americas, Deutsche Bank AG, London Branch and NCB Stockbrokers Limited and their respective affiliates, in their various capacities, in connection with the transactions contemplated by the Transaction Documents, may enter into business dealings, including the acquisition

of investment securities, as contemplated by the Transaction Documents, from which they may derive revenues and profits in addition to the fees stated in the various Transaction Documents, without any duty to account therefor.

**Governing law**

Each of the Note Trust Deed, the Security Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

## TRADE FINANCE

Trade Services is a core business for Standard Chartered Bank. It forms a key part of the Wholesale Bank's overall Transaction Banking product offering, together with Cash Management and Securities Services.

Standard Chartered Bank offers a full range of Trade Services products to its customers – including importers, exporters and financial institutions - in Asia Pacific, Middle East, Africa, United Kingdom, Europe and the Americas. Standard Chartered Bank's Trade Services business employs over 500 specialist sales people in 42 countries, supported by over 1,500 dedicated trade operations personnel in 37 booking centres worldwide.

### **Reference Obligations**

At the Initial Portfolio Composition Date, the Reference Obligations in the Reference Portfolio will comprise loans and other credits and financings extended to customers of Standard Chartered Bank and its Affiliates for the purpose of financing specific trade transactions. Reference Obligations may constitute reimbursement, repayment or indemnity claims with respect to Reference Entities, whether under loan agreements, letters of credit, guarantees, commercial bonds, bills of exchange, promissory notes or other documents or instruments. Reference Obligations may include claims in respect of principal, interest, fees, disbursements or other like payments (including partial or contingent claims).

### **Trade Finance Products**

Reference Obligations may arise from the following trade financing activities or products:

#### ***Letters of Credit***

Issuing, advising and/or confirming letters of credit and/or accepting, negotiating, discounting, purchasing and/or processing any documents or payments pursuant thereto. Where any SCB Entity issues, advises or confirms a letter of credit it may also extend credit or finance in one of the other forms identified in this section in respect of the same transaction. For example, where an SCB Entity issues a letter of credit, it may also extend a loan to the buyer/applicant to finance the next stage of the buyer's working capital cycle.

#### ***Documentary Collections***

Handling documentary collections in respect of specific contracts for the supply of goods and/or services and/or accepting, negotiating discounting, purchasing and/or processing any documents or payments pursuant thereto. Where an SCB Entity handles a documentary collection it may also extend credit or finance in one of the other forms identified in this section in respect of the same transaction.

#### ***Bonds, Guarantees & Standby Letters of Credit***

Issuing commercial or financial bonds, guarantees and/or standby letters of credit in respect of specific contracts for the supply of goods and/or services and/or processing any documents or payments pursuant thereto. Bonds, guarantees and standby letters of credit issued in respect of Project Finance or Construction will be specifically excluded from the Reference Portfolio.

#### ***Export & Import Loans***

Extending loans to sellers or buyers to finance specific contracts for the supply of goods and/or services. Such loans may be extended to finance specific trade transactions in respect of which an SCB Entity has

issued, advised or confirmed a letter of credit or handled a documentary collection, or otherwise in respect of an 'open account' transaction effected by a customer of an SCB Entity.

***LC Rebursements & Refinancing***

Issuing reimbursement undertakings in respect of letters of credit and/or extending loans to finance and/or refinance payments under specific letters of credit and/or processing any documents or payments pursuant thereto.

The tenor of the Reference Obligations will generally be under 180 days. However, a certain number of Reference Obligations with remaining maturities between 180 and 366 days may be included in the Reference Portfolio. Although it is anticipated that the majority of the Reference Obligations in the Reference Portfolio will comprise loans or other credits in respect of cross-border trade transactions, certain Reference Obligations may be in respect of domestic transactions between parties in the same jurisdiction.

## **STANDARD CHARTERED BANK**

### **Standard Chartered Bank**

Standard Chartered PLC ("SCPLC"), the ultimate holding company of Standard Chartered Bank ("SCB"), Standard Chartered Bank (Hong Kong) Limited and SC First Bank, was incorporated and registered in England and Wales on 18 November 1969 as a company limited by shares. Its ordinary shares and preference shares are listed on the Official List of the Financial Services Authority in its capacity as the UK Listing Authority and traded on the London Stock Exchange. SCPLC's ordinary shares are also listed on the Hong Kong Stock Exchange, and through Indian Depository Receipts on the Bombay Stock Exchange and National Stock Exchange of India. SCPLC operates under the Companies Act 2006 and its registered number is 966425. SCPLC's registered office is at 1 Aldermanbury Square, London EC2V 7SB, and its principal place of business in the United Kingdom is at 1 Basinghall Avenue, London EC2V 5DD. SCPLC's telephone number is +44 (0)20 7885 8888. SCPLC adopted new articles of association on 7 May 2010.

SCB was incorporated in England with limited liability by Royal Charter in 1853. SCB's issued share capital comprises ordinary shares, all of which are owned by Standard Chartered Holdings Limited, a company incorporated in England and Wales and a wholly-owned subsidiary of SCPLC, non-cumulative irredeemable preference shares of USD 0.01, all of which are owned by Standard Chartered Capital Investments LLC, a company incorporated in the United States and non-cumulative redeemable preference shares of USD 5.00, all of which are owned by SCPLC. SCB's debt securities are, as at the date of this Prospectus, listed on the Luxembourg Stock Exchange and the Official List of the London Stock Exchange. SCB's principal office is at 1 Aldermanbury Square, London EC2V 7SB and its principal place of business in the United Kingdom is at 1 Basinghall Avenue, London EC2V 5DD. SCB's reference number is ZC18.

SCPLC and its subsidiaries (the "**Group**") is an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. As at 31 December 2010, the Group has a network of over 1,700 branches and outlets in over 70 countries and over 85,000 employees worldwide.

The Group, through SCB and its subsidiaries, operates two business divisions: Consumer Banking and Wholesale Banking.

### **Business divisions**

#### ***Consumer Banking***

Consumer Banking serves the needs of personal, premium, small and medium enterprises and private banking customers, offering a suite of innovative products and services to meet their borrowing, wealth management and transacting needs. A customer focused approach enables deeper understanding of customers' evolving needs and in providing customised financial solutions. Building on a rich history of over 150 years, Consumer Banking has a long track record and deep understanding of fast-growing markets across Asia, Africa and the Middle East.

#### ***Wholesale Banking***

Wholesale Banking provides a wide range of solutions to help corporate and institutional clients facilitate trade and finance across some of the fastest growing markets and trade corridors in today's global economy. Its focus is on building a client-driven business, being the bank of choice for many clients in Asia, Africa and the Middle East and leveraging its in-depth local knowledge and extensive cross-border network.

With a solid 150-year track record and on-the-ground expertise, Wholesale Banking provides clients with trade finance, cash management, securities services, foreign exchange and risk management, capital raising and corporate and principal finance solutions.

### **Geographic Markets**

The Group's network covers Asia Pacific, the Middle East, South Asia, Africa, the Americas, the United Kingdom and Europe.

#### ***Hong Kong***

For the year ended 31 December 2010, Hong Kong-based activities contributed USD 2,500 million operating income and USD 1,103 million profit before tax to the Group. For the year ended 31 December 2009, Hong Kong-based activities contributed USD 2,370 million operating income and USD 1,062 million profit before tax to the Group.

#### ***Singapore, Malaysia and Other Asia Pacific Regions***

For the year ended 31 December 2010, Singapore, Malaysia and other Asia Pacific business contributed USD 4,903 million operating income and USD 1,801 million profit before tax to the Group. For the year ended 31 December 2009, Singapore, Malaysia and other Asia Pacific business contributed USD 4,480 million operating income and USD 1,484 million profit before tax to the Group.

### **Directors**

The directors of SCB and their respective principal outside activities, where significant to SCB, are as follows:

**P A Sands** Chairman, and Group Chief Executive of SCPLC<sup>1</sup>

**J S Bindra** Director, Group Executive Director of SCPLC and Chief Executive Officer, Asia<sup>2</sup>

**S P Bertamini** Director, Group Executive Director of SCPLC, and Chief Executive, Consumer Banking<sup>3</sup>

**R H Meddings** Director, and Group Finance Director of SCPLC<sup>1</sup>  
Non-Executive Director of 3i Group plc

**T J Miller** Director, Property, Research and Assurance<sup>1</sup>  
Non-Executive Director of Michael Page International plc

**A M G Rees** Director, Group Executive Director of SCPLC and Chief Executive, Wholesale Banking<sup>1</sup>

**V Shankar** Director, CEO Europe, Middle East, Africa, Americas<sup>4</sup>

Notes:

1. The business address should be regarded for the purposes of this Prospectus as:  
1 Basinghall Avenue  
London EC2V 5DD
2. The business address should be regarded for the purposes of this Prospectus as:  
Standard Chartered Bank (Hong Kong) Limited  
32nd Floor, 4-4A Des Voeux Road  
Central, Hong Kong
3. The business address should be regarded for the purposes of this Prospectus as:

Plaza By The Park #09-00  
51 Bras Basah Road  
Singapore

4. The business address should be regarded for the purposes of this Prospectus as:  
Standard Chartered Bank, Dubai Branch  
DIFC Level 7, DIFC Bur Dubai  
Dubai 999

The directors of SCPLC and their respective principal outside activities, where significant to SCB, are as follows:

**J W Peace** Non-Executive Chairman<sup>1</sup>  
Chairman of Experian plc and Burberry Group plc

**P A Sands** Group Chief Executive, Director and Chairman of SCB<sup>1</sup>

**J S Bindra** Group Executive Director, Chief Executive Officer, Asia<sup>2</sup>

**S P Bertamini** Group Executive Director, Consumer Banking and Director of SCB<sup>3</sup>

**R Delbridge** Non-Executive Director<sup>1</sup>

**J F T Dundas** Non-Executive Director<sup>1</sup>  
Chairman of Jupiter Fund Management plc

**V F Gooding CBE** Non-Executive Director<sup>1</sup>  
Non-Executive Director of J Sainsbury plc and the BBC

**Dr Han Seung-soo, KBE** Non-Executive Director<sup>1</sup>

**S J Lowth** Non-Executive Director<sup>1</sup>  
Non-Executive Director of AstraZeneca PLC

**R H P Markham** Non-Executive Director<sup>1</sup>  
Non-Executive Director of Legal and General Group plc, AstraZeneca PLC and United Parcel Service, Inc. and Director of The Financial Reporting Council Limited

**R Markland** Non-Executive Director<sup>1</sup>  
Non-Executive Director of The Sage Group plc

**R H Meddings** Group Finance Director and Director of SCB<sup>1</sup>  
Non-Executive Director of 3i Group plc

**J G H Paynter** Non-Executive Director<sup>1</sup>  
Non-Executive Director of Jardine Lloyd Thompson Group plc

**A M G Rees** Group Executive Director, Wholesale Banking and Director of SCB<sup>1</sup>

**P D Skinner** Non-Executive Director<sup>1</sup>  
Non-Executive Director of the Tetra Laval International SA and L'Air Liquide SA

**O H J Stocken** Non-Executive Director<sup>1</sup>  
Chairman of Home Retail Group plc, Oval Limited and Stanhope Group Holdings Limited

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Singapore

### **Financial Summary of SCPLC (FY2006 to 1H2011)**

	<b>1H2011</b> <b>\$million<sup>1</sup></b>	<b>1H2010</b> <b>\$million<sup>1</sup></b>	<b>FY2010</b> <b>\$million</b>	<b>FY2009</b> <b>\$million</b>	<b>FY2008</b> <b>\$million</b>	<b>FY2007</b> <b>\$million</b>	<b>FY2006</b> <b>\$million</b>
Operating income .....	8,764	7,924	16,062	15,184	13,968	11,067	8,620
Impairment losses on loans and advances and other credit risk provisions.....	(412)	(437)	(883)	(2,000)	(1,321)	(761)	(629)
Other impairment .....	(72)	(50)	(76)	(102)	(469)	(57)	(15)
Profit before taxation .....	3,636	3,116	6,122	5,151	4,568	4,035	3,178
Profit attributable to parent company.....	2,566	2,148	4,332	3,380	3,241	2,841	2,278
Loans and advances to banks .....	57,317	49,390	52,058	50,885	46,583	35,365	19,724
Loans and advances to customers ..	262,126	215,005	240,358	198,292	174,178	154,266	139,300
Total assets.....	567,706	480,827	516,542	436,653	435,068	329,205	266,102
Deposits by banks .....	36,334	31,903	28,551	38,461	31,909	25,880	26,233
Customer accounts .....	333,485	279,089	306,992	251,244	234,008	179,760	147,382
Shareholders' funds .....	41,561	30,053	38,212	27,340	22,140	20,851	16,853
Total capital base .....	47,034	36,246	45,080	35,265	29,442	28,114	21,825
<b>Information per ordinary share</b>							
Basic earnings per share .....	107.0c <sup>2</sup>	99.6c <sup>2,4</sup>	196.3c	161.8c	185.1c	169.6c	142.6c
Normalised earning per share.....	105.2c	101.1c <sup>4</sup>	197.0c	173.2c	168.5c	166.7c	143.9c
Dividends per share.....	24.75c <sup>3</sup>	22.50c <sup>3</sup>	69.15c	63.61c	59.36c	57.46c	51.45c
Net asset value per share .....	1,667.2c	1,358.1c	1,573.2c	1,281.6c	1,091.1c	1,374.2c	1,208.5c
<b>Ratios</b>							
Return on ordinary shareholders' equity-normalised basis.....	13.0%	14.7%	14.1%	14.3%	15.2%	15.6%	16.9%
Cost-income ratio-normalised basis .....	54.0% <sup>2</sup>	54.3% <sup>2</sup>	55.9%	51.3%	56.1%	56.0%	55.2%
Capital ratios:.....							
Tier 1 capital .....	13.9%	11.2%	14.0%	11.5%	9.9%	9.8%	8.3%
Total capital .....	17.9%	15.5%	18.4%	16.5%	15.6%	16.7%	14.2%

- 1 The impact of the UK bank levy is excluded from these results.
- 2 Results on a normalised basis reflect the results of Standard Chartered PLC and its subsidiaries (the 'Group') excluding items presented in note 11 on page 72 of the bank's half year report.
- 3 Represents the interim dividend per share declared for the six months ended 30 June 2011 and 30 June 2010 and the recommended final dividend per share for the six months ended 31 December 2010 (subsequently declared at the Annual General Meeting on 5 May 2011 and recognised in the financial statements).
- 4 Earnings per share and interim dividend per share declared and paid prior to the rights issue in October 2010 have been restated as explained.

## TAXATION OF NOTEHOLDERS

### **United Kingdom Taxation**

The following is a summary of current United Kingdom tax law and the generally published practice of H.M. Revenue & Customs and is not intended to be exhaustive. The summary is based on the assumption that the Issuer is neither resident nor acting through a permanent establishment in the United Kingdom for United Kingdom tax purposes. The summary relates only to the position of persons who are the absolute beneficial owners of their Notes and may not apply to certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer. Any Noteholders who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult their professional advisers.

Payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax unless such interest is regarded as having a United Kingdom "source" for United Kingdom tax purposes. In the case of interest on Notes which is regarded as having a United Kingdom source, payments of interest on the Notes may nonetheless be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax. If the Notes cease to be so listed, another exemption from that tax (including under any applicable double taxation treaty) may, depending on the circumstances, be available.

Persons in the United Kingdom paying interest to or receiving interest on behalf of another person who is an individual may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

### **Cayman Islands Taxation**

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under Existing Cayman Islands Laws:

- (a) Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.
- (b) No stamp duty is payable in respect of the issue of the Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has applied for and expects to obtain an undertaking from the Governor in Cabinet of the Cayman Islands in the following form:

## **The Tax Concessions Law**

### **1999 Revision**

#### **Undertaking as to Tax Concessions**

In accordance with the provision of Section 6 of The Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with Sealane II (Trade Finance) Limited (the "**Company**").

- (a) That no law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) On or in respect of the shares, debentures or other obligations of the Company; or
  - (ii) by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).
- (c) These concessions shall be for a period of twenty years from the date of issue of this undertaking.

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

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at the rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium was previously required to apply a withholding system but has replaced this with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States including the Cayman Islands, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## **MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

**TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holders and the potential application of FATCA withholding to both U.S. Holders and Non-U.S. Holders (each as defined below). This summary deals only with initial purchasers of Notes at the relevant issue price that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent., or more of the voting stock of the Issuer, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes. The term "**Non-U.S. Holder**" is a beneficial owner of Notes that is not a U.S. Holder or a partnership for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF**

## **STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

### **Characterization of the Notes**

The determination whether an obligation represents a debt or equity interest is based on all the relevant facts and circumstances, and courts at times have held that obligations purporting to debt constituted equity for U.S. federal income tax purposes. There are no regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms, and under circumstances, substantially the same as the Notes, including in particular the absence in form of any meaningful equity in the Issuer and the contingencies that might affect repayment of the principal of the Notes in full (without reduction).

Under U.S. federal income tax principles, a strong likelihood exists that the Notes will be treated as equity, and accordingly the Issuer will treat the Notes as equity in the Issuer for U.S. federal income tax purposes. In making an investment in the Notes, holders agree to treat the Notes as equity in the Issuer for U.S. federal income tax purposes. However, no ruling is being requested from the IRS with respect to the Notes, and no assurance can be given that the IRS or any court will agree with the treatment described herein.

Except where discussed below under "Possible Alternative Characterisations", the remainder of this discussion assumes that, for U.S. federal income tax purposes, the Notes are properly treated as equity in the Issuer. Prospective purchasers should consult their tax advisers concerning the U.S. federal income tax characterisation of the Notes and the consequences thereof.

### ***Payments of Interest***

Payments of interest on the Notes will generally be treated as distributions with respect to stock of the Issuer. Subject to the PFIC and controlled foreign corporation ("CFC") rules discussed below, a distribution paid by the Issuer out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be taxable to a U.S. Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from other United States corporations, or for the special reduced rate of tax applicable to certain dividends from "qualified foreign corporations". Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Notes and thereafter as capital gain. U.S. Holders should therefore assume that any distribution by the Issuer with respect to Notes will constitute dividend income. U.S. Holders of Notes should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Issuer.

### ***Sale or other Disposition***

A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost. Subject to the PFIC rules discussed below, upon a sale or other disposition of Notes, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Notes. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Long-term capital gain recognized by a non-corporate U.S. Holder is generally taxed at preferential rates. Any gain or loss will generally be U.S. source.

### ***Equity Interests in a PFIC***

General. With respect to any U.S. Holder that was not treated as a U.S. Shareholder of a CFC (as discussed below), the rules applicable to interests in a PFIC would apply. Under these rules, a U.S. Holder would be subject to special rules with respect to (i) any "excess distribution" (generally, any distributions received by the U.S. Holder on the Notes in a taxable year that are greater than 125 per cent. of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Notes) and (ii) any gain realised on the sale or other disposition of the Notes. Under these rules (a) the excess distribution or gain will be allocated rateably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Issuer is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. If the Issuer acquires any interest in an entity that is considered for U.S. federal income tax purposes to be an equity interest in a PFIC, a U.S. Holder of the Notes will generally be subject to similar rules with respect to distributions to the Issuer by, and dispositions by the Issuer of, an equity interest in those PFICs.

QEF Election. A U.S. Holder of the Notes could avoid these adverse consequences by making a QEF election. The Issuer will provide U.S. Holders of the Notes with the information necessary to make a QEF election upon request and at such Holders' expense. If a U.S. Holder made a QEF election, the holder would be required to include in gross income each year (i) as ordinary income, its *pro rata* share of the Issuer's earnings and profits in excess of net capital gains and (ii) as long-term capital gains, its *pro rata* shares of the Issuer's net capital gains, in each case, whether or not the Issuer actually made any distribution. In certain cases where the Issuer did not distribute all of its earnings in a taxable year, a U.S. Holder may be able to elect to defer payment, subject to an interest charge for the deferral period, of the tax on income recognised on account of the QEF election. Absent such an election a U.S. Holder that made a QEF election could owe tax on significant "phantom income". Amounts previously subject to tax as income of the U.S. Holder under the QEF regime would not be subject to tax when they were distributed to a U.S. Holder. An electing U.S. Holder's basis in the Notes would be increased by any amounts included in income currently as described above and decreased by any amounts not subjected to tax at the time of distribution.

It also should be noted that, if the Issuer invests in certain obligations that are not in registered form, a U.S. Holder making a QEF election (i) may not be permitted to receive the benefit of a deduction for any loss attributable to such obligations when calculating the ordinary earnings and net capital gains of the Issuer, and (ii) may be required to treat income attributable to such obligations as ordinary earnings even though the income would otherwise constitute capital gains.

The Issuer is a PFIC and each U.S. Holder will be required to make an annual return on IRS Form 8621, reporting distributions received and gains realised with respect to each PFIC in which it holds a direct or indirect interest.

U.S. Holders of the Notes should consult their tax advisers concerning the application of the PFIC regime, QEF election, and the potential U.S. federal income tax consequences to them of making this election.

### ***Equity Interest in a CFC***

A foreign corporation will be treated as a CFC if it is considered to be more than 50 per cent. owned (by vote or value) by U.S. persons that each own (directly, indirectly or constructively as the result of applicable stock attribution rules) 10 per cent. or more of the corporation by vote (each, a "**U.S. Shareholder**"). The application of the CFC rules is uncertain, and it is not clear whether a U.S. Holder

that owned, or was treated as owning, 10 per cent. or more of the Notes would be considered to be a U.S. Shareholder for this purpose.

If the Notes were treated as equity interests in a CFC, a U.S. Holder that was treated as a U.S. Shareholder with respect to the Issuer would be required to include in gross income each year, as a dividend, its share of the Issuer's income and gains for the year, regardless of whether the Issuer actually made a payment on the Notes in that year. As a consequence, the U.S. Holder could owe tax on significant "phantom income". Any amounts previously subject to tax as income of the U.S. Holder under the CFC rules would not be subject to tax when payments in respect of those amounts were finally made to the U.S. Holder. The U.S. Holder's basis in the Notes would be increased by any amounts included in income currently as described above and decreased by any amounts not subjected to tax at the time of distribution.

### ***Transfer Reporting Requirements***

A U.S. Holder who purchases the Notes may be required to file Form 926 (or similar form) with the IRS in certain circumstances. A U.S. Holder who fails to file any such required form could be required to pay a penalty equal to 10 per cent. of the gross amount paid for the Notes (subject to a maximum penalty of USD 100,000, except in cases of intentional disregard). U.S. Holders should consult their tax advisers with respect to this or any other reporting requirement that may apply to an acquisition of the Notes.

### ***Possible Alternative Characterisations***

If the Notes were not treated as equity interests in the Issuer, among other things, they may be treated for U.S. federal income tax purposes as equity interests in a deemed separate corporation, or possibly as an indirect ownership interest in the assets of the Issuer, including any Collateral Investment and the Credit Default Swap.

If the Notes were treated as an ownership interest in each of the Issuer's assets, a U.S. Holder would be required to take into account for U.S. federal income tax purposes the U.S. Holder's share of any items of income, gain, deduction or loss attributable to those assets. The amount of income and gain recognised by a U.S. Holder in any year could exceed the cash payments made on the Notes in that year.

The timing, amount, source and character of income and gain recognised on a particular security that is part of any Collateral Investment will depend (among other things) on whether the security is debt or equity for U.S. federal income tax purposes, whether it is acquired at a discount or premium, whether the issuer is domestic or foreign, and whether interest is paid currently. Taxable gain or loss may also be realised on a sale or other disposition of any Collateral Investment. It also should be noted that, if the Issuer invests in certain obligations that are not in registered form, a U.S. Holder (i) may not be permitted to receive the benefit of a deduction for any loss attributable to such obligations, and (ii) may be required to treat income attributable to such obligations as ordinary earnings even though the income would otherwise constitute capital gains.

The U.S. federal income tax treatment of the Credit Default Swap is unclear. The IRS has proposed regulations that provide special tax accounting rules for certain contingent swaps. Although these proposed regulations by their terms are only effective for contingent swaps that are entered into after the date the proposed regulations are adopted in final form, it is unclear whether the regulations would nonetheless apply to the owner of the Notes if they were adopted in substantially the same form while the Credit Default Swap was outstanding. Prospective purchasers are urged to consult their tax advisers concerning the application of the proposed regulations to the Credit Default Swap.

A U.S. Holder's tax basis would be allocated among the underlying assets of the Issuer in accordance with their fair market values at the time of purchase. Similarly, any amount realised on a sale of the Notes will

be allocated among the underlying assets in accordance with their fair market values at the time of sale. A U.S. Holder would generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note allocable to each underlying asset. With some exceptions that will depend on the nature of any Collateral Investment, gain or loss recognised by a U.S. Holder in respect of each underlying asset should be capital gain or loss and should be long-term capital gain or loss if the U.S. Holder held an interest in the asset for more than one year. Gains and losses realised by a U.S. Holder on the sale or retirement of a Note would generally be U.S. source.

### **Backup Withholding and Information Reporting**

Payments by a U.S. paying agent or other U.S. intermediary of principal and interest on Notes, or the proceeds of sale or other disposal of Notes, will be reported to the IRS and the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

### **Foreign Financial Asset Reporting**

Recently enacted legislation imposes new reporting requirements on the holding of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds USD 50,000. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes held in an account at a domestic financial institution. U.S. Holders should consult their tax advisors regarding the application of this legislation.

### **FATCA Withholding**

On March 18, 2010, the HIRE Act was enacted, containing provisions from FATCA that could require a 30 per cent. withholding tax to be imposed (i) on payments with respect to certain U.S. assets held by the Issuer made to certain U.S. Holders and Non-U.S. Holders who do not comply with information reporting requirements or (ii) on payments to the Issuer with respect to interest, dividends and sales proceeds from certain U.S. assets held by the Issuer or on certain payments received from “compliant Foreign Financial Institutions” (as defined in the HIRE Act). The future application of FATCA to the Issuer and the holders of Notes is uncertain and may be subject to significant modifications. Based on the current IRS guidance on FATCA, the Issuer may be required to enter into an agreement with the IRS pursuant to which it collects information from holders of Notes and provides information to the IRS in respect of any U.S. Holders. If the Issuer fails to enter into the agreement with the IRS or fails to comply with its obligations under that agreement, the Issuer would be subject to a 30 per cent. withholding tax on all, or a portion of all, payments received from “compliant Foreign Financial Institutions”, including the Account Bank and the Swap Counterparty, if they are compliant financial institutions.

Under the Conditions, each holder of an interest in a Note agrees that if the Issuer is required to comply with FATCA in order to receive any payments without withholding tax, then such holder shall (i) provide the Issuer with the necessary information for FATCA reporting; and (ii) permit the Issuer to (x) share such information with the IRS, (y) compel or effect the sale of Notes held by any such holder, or in respect of which such holder has an interest, that fails to comply with the foregoing requirement, and (z) make other amendments to the Transaction Documents to enable the Issuer to comply with FATCA. To the extent that the Transaction Documents do not permit the Issuer to take any of the actions that may be required for the Issuer to comply with FATCA, each such holder, by entering into the Transaction Documents or acquiring an interest in the Notes, authorises the amendment of the Transaction Documents to provide for such action.

**FATCA is particularly complex and its application to the Issuer is uncertain at this time. Each holder of Notes should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.**

## CERTAIN ERISA AND OTHER CONSIDERATIONS

### General

The United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") imposes fiduciary standards and certain other requirements on employee benefit plans subject thereto (collectively, "**ERISA Plans**"), including collective investment funds, separate accounts, and other entities or accounts whose underlying assets are treated as assets of such plans pursuant to the U.S. Department of Labor "plan assets" regulation, 29 CFR Section 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Assets Provisions**") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan. The prudence of a particular investment will be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed in "*Risk Factors*" and the fact that in the future there may be no market in which the fiduciary will be able to sell or otherwise dispose of the Notes.

In addition, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption applies to the transaction. In particular, a sale or exchange of property or an extension of credit between a Plan and a "party in interest" or "disqualified person" may constitute a prohibited transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes or other liabilities under ERISA and the Code.

Under a "look-through rule" set forth in the Plan Assets Provisions, if a Plan invests in an "equity interest" of an entity and no other exception applies, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets. An equity interest does not include debt (as determined by applicable local law) which does not have substantial equity features. Under the Plan Assets Provisions, if a Plan invests in an "equity interest" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by "benefit plan investors" is not "significant". Equity participation in an entity by "benefit plan investors" is "significant" if 25 per cent. or more of the value of any class of equity interest in the entity is held by "benefit plan investors".

The term "benefit plan investor" includes (a) an employee benefit plan as defined in Section 3(3) of ERISA, that is subject to the provisions of Title I of ERISA, (b) a plan subject to Section 4975 of the Code, (c) an entity whose underlying assets include plan assets by reason of any such employee benefit plan or plans' investment in such entity, including but not limited to an insurance company acting on behalf of its general account, an insurance company separate account and a collective investment fund or (d) an entity that otherwise constitutes a "benefit plan investor" within the meaning of the Plan Assets Provisions (the plans and entities described in clauses (a), (b), (c) and (d) above being referred to as "**Benefit Plan Investors**"). For purposes of making the 25 per cent. determination, the value of any equity interests held by a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the entity or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person, shall be disregarded. Under the Plan Assets Provisions, an "affiliate" of a person includes any person, directly or indirectly through one or more intermediaries, controlling, controlled by or under common control with the person, and "control"

with respect to a person, other than an individual, means the power to exercise a controlling influence over the management or policies of such person (any such person, "**Controlling Person**").

Each purchaser of a Note (or any interest in a Note) (other than an original purchaser from the Lead Manager (such purchasers, "**Original Purchasers**") will be deemed to have represented and agreed that either (a) it is not a Benefit Plan Investor or a governmental plan, foreign plan or church plan subject to any federal, state, foreign or local law that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code or (b) it is a governmental plan, foreign plan or church plan and its purchase, holding and disposition of the Notes will not constitute or result in a non-exempt prohibited transaction or another violation of any similar federal, state, foreign or local law. Any purported purchase of Notes by a purchaser or transfer of a Note (or any interest in a Note) to a transferee that does not comply with the foregoing shall be null and void *ab initio*.

The Notes may be sold to Benefit Plan Investors which are Original Purchasers, provided that the aggregate interest originally purchased by such Benefit Plan Investors is not 25 per cent. or more of the total value of the Notes (disregarding for this purpose any Notes held by a Controlling Person). Each Original Purchaser which is a Benefit Plan Investor must represent that its acquisition and holding of the Notes will not result in a non-exempt prohibited transaction. Subject to the foregoing, if, the Issuer determines that any beneficial owner of a Note is a Benefit Plan Investor or a Controlling Person holding an interest in the Notes that exceeds the 25 per cent. threshold set out above or holding an interest in the Notes in violation of its deemed representation, the Issuer may require, by notice to such beneficial owner that such beneficial owner sell all of its right, title and interest to such Note (or interest therein) to a Person that is not a Benefit Plan Investor or a Controlling Person (for the purposes of ERISA), with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (x) upon written direction from the Issuer, the Registrar shall, and is hereby irrevocably authorised by such beneficial owner to cause its interest in such Note to be transferred in a commercially reasonable sale (conducted by an investment bank on behalf of the Registrar in accordance with Sections 9-610 and 9-611 of the UCC as applied to securities that are customarily sold on a recognized market or that may decline speedily in value) to a Person that certifies to the Registrar, in connection with such transfer, that such Person is neither a Benefit Plan Investor nor a Controlling Person (for the purposes of ERISA) and (y) pending such transfer, no further payments will be made in respect of such Note (or beneficial interest therein) held by such beneficial owner.

The sale of any Notes (or an interest in a Note) to an employee benefit plan is in no respect a representation by the Issuer or the Lead Manager or any other party to this transaction that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular plan, or that such an investment is appropriate for such plans generally or any particular plan.

**Any employee benefit plan not subject to ERISA or Section 4975 of the Code proposing to invest in the Notes should consult with its counsel to confirm that such investment will not result in a prohibited transaction that is not subject to an exemption and will satisfy any additional federal, state, local or non-U.S. requirements applicable to such employee benefit plan.**

## SUBSCRIPTION AND SALE

The following description consists of summaries of certain provisions of the Subscription Agreement to be entered into on the Closing Date and is qualified by reference to the provisions of the Subscription Agreement. The following summary does not purport to be complete and prospective investors must refer to the Subscription Agreement for detailed information.

Pursuant to the Subscription Agreement dated on or around 8 August 2011, Standard Chartered Bank (the "**Lead Manager**") will purchase the Notes from the Issuer at an issue price of 100 per cent. of the Initial Principal Balance. Accordingly, on the Closing Date beneficial interests in the Global Note Certificates will be transferred (in the book entry systems of the Common Depository and the DTC Custodian, as applicable) to the order of the Lead Manager against payment of the issue price in immediately available funds.

### General

The Lead Manager acknowledges that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Accordingly, the Lead Manager undertakes to the Issuer that it will, to the best of its knowledge, comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes such offering material, in all cases at its own expense.

In connection with the issue of the Notes, Standard Chartered Bank (the "**Stabilisation Manager**") (or persons acting on its behalf) may over-allot Notes (*provided* that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on its behalf) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted by the Stabilisation Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.

### United States

The Lead Manager has acknowledged that the Notes have not been and will not be registered under the Securities Act or the state securities laws of any state of the United States or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons, except in the case of the Rule 144A Notes, in reliance on Rule 144A to QIBs who are also QPs. None of the Notes other than the Rule 144A Notes may be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

The Lead Manager has acknowledged and agreed that it will offer and sell the Regulation S Notes: (a) (i) as part of its distribution at any time; and (ii) otherwise until 40 days after the Closing Date (the "**40-Day Distribution Compliance Period**"), only in accordance with Rule 903 of Regulation S or, pursuant to Rule 144A or another exemption from the registration requirements under the Securities Act, and (b) it will send to each dealer or person receiving a selling concession, fee or other remuneration in respect of such Regulation S Notes that purchases Regulation S Notes from it in reliance on Regulation S a notice stating that such dealer or person receiving a selling concession, fee or other remuneration is subject to the same restrictions during the 40-Day Distribution Compliance Period.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. The Lead Manager may, directly or through its U.S. broker-dealer affiliates, arrange for the offer and resale of the Notes within the United States only to QIBs who are also QPs in reliance on Rule 144A.

In addition, until 40 days after the later of (A) the commencement of the offering of the Notes and (B) the Closing Date, except in either case in accordance with Regulation S under the Securities Act, an offer or sale of the Notes within United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act.

The Lead Manager has acknowledged and agreed that neither it nor any persons acting on its behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes, and it has complied and will comply with the offering restrictions requirement of Regulation S.

The Lead Manager has acknowledged and agreed that neither it nor any persons acting on its behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) in connection with any offer or sale of the Notes in the United States.

Due to the restrictions set forth above in "*Purchase and Transfer Restrictions*", purchasers of the Notes in the United States are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of the Notes.

Each purchaser of Notes offered hereby will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision. Purchasers are also deemed to have made the representations and agreements set out in "*Form of Notes*" and "*Purchase and Transfer Restrictions*".

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Lead Manager for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of

sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### **United Kingdom**

The Lead Manager has represented, warranted and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA and any applicable secondary legislation made under the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Cayman Islands**

The Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, and will not, directly or indirectly, make any invitation to any member of the public in the Cayman Islands, within the meaning of Section 175 of the Companies Law (2010 Revision) of the Cayman Islands, to subscribe for any Notes and this Prospectus may not be issued or passed to any such person.

### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia ("**Australian Corporations Act**")) in relation to any Note has been, or will be, lodged with Australian Securities and Investments Commission ("**ASIC**"). The Lead Manager has represented and agreed that it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any Prospectus or any other offering material or advertisement relating to any Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates to the offeree) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Australian Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a "retail client" as defined for the purposes of Section 761G of the Australian Corporations Act;
- (iii) such action complies with any applicable laws, regulations or directives in Australia (including, without limitation, the licensing requirements under Chapter 7 of the Australian Corporations Act); and

(iv) such action does not require any document to be lodged with ASIC.

## **Belgium**

The Notes may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 2.1(d) of the Prospectus Directive and Article 3 §1 of the Belgian Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets as amended from time to time (the "**Prospectus Law**").

This Prospectus has not been submitted for approval to the Belgian Banking, Finance and Insurance Commission.

Accordingly, the offering may not be advertised and the Lead Manager has represented and agreed that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes and that it has not distributed, and will not distribute, any memorandum, information circular, brochure or any similar documents, directly or indirectly, to any individual or legal entity in Belgium other than:

- (a) qualified investors, as defined in Article 10 of the Prospectus Law;
- (b) investors required to invest a minimum of €50,000 (per investor and per transaction);

and in any other circumstances set out in Article 3 §2 of the Prospectus Law.

This Prospectus has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the placement of Notes. Accordingly, the information contained herein may not be used for any other purpose nor disclosed to any other person in Belgium.

## **Bermuda**

The Lead Manager has represented, warranted and agreed that the Notes are being offered on a private placement basis to persons who satisfy the criteria outlined in this Prospectus. The Lead Manager acknowledges that this Prospectus is not subject to and has not received approval from either the Bermuda Monetary Authority or the Registrar of Companies in Bermuda and no statement to the contrary, explicit or implicit, is authorised to be made in this regard. The Lead Manager has represented and agreed that the Notes being offered may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 of Bermuda. Additionally, non-Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorised to do so under applicable Bermuda legislation. Engaging in the activity of offering or marketing the Notes being offered in Bermuda to persons in Bermuda may be deemed to be carrying on business in Bermuda.

## **Canada (Ontario, Quebec, Alberta and British Columbia Only)**

### ***Resale Restrictions***

The distribution of the Notes in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia and only on a private placement basis exempt from the requirement that a prospectus is prepared and filed with the securities regulatory authorities in each province where trades of the Notes are made. Any resale of the Notes in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the Notes.

### ***Representations of Purchasers***

By purchasing the Notes in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to the Issuer, the Arranger, the Lead Manager and any dealer from whom the purchase confirmation is received that:

- the purchaser is resident in Ontario, Quebec, Alberta or British Columbia;
- the purchaser is entitled under applicable provincial securities laws to purchase the Notes without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" as defined under National Instrument 45-106 – Prospectus and Registration Exemptions;
- the purchaser is a "permitted client" as defined in National Instrument 31-103—Registration Requirements and Exemptions;
- where required by law, the purchaser is purchasing as principal and not as agent;
- the purchaser has reviewed the text above under "Resale Restrictions";
- the purchaser confirms that none of the funds being used to purchase the Notes are, to its knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities. The funds being used to purchase the Notes and advanced by or on behalf of the Canadian purchaser will not represent proceeds of crime for the purpose of the *Proceeds of Crime (Money Laundering) Act* (Canada), or equivalent legislation in any other jurisdiction to which such Canadian purchaser may be subject; and
- the purchaser acknowledges and consents to the provision of specified information concerning the purchase of the Notes to the regulatory authority that by law is entitled to collect the information, including certain personal information.

### ***Indirect Collection of Personal Information (Ontario Purchasers)***

By purchasing the Notes, each purchaser acknowledges that personal information ("Information") such as the purchaser's name and the amount of the Notes purchased may be delivered to the Ontario Securities Commission ("OSC") and that such Information is collected indirectly by the OSC under the authority granted to it in securities legislation for the purposes of the administration and enforcement of the securities legislation of Ontario. By purchasing the Notes, the purchaser shall be deemed to have authorised such indirect collection of Information by the OSC where such Information is required under applicable laws. By purchasing the Notes the purchaser acknowledges that Information concerning the purchaser will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the purchaser consents to the disclosure of the Information. Questions about such indirect collection of Information should be directed to the OSC's Administrative Support Clerk, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8 or to the following telephone number: (416) 593-3684.

### ***Rights of Action—Ontario Purchasers***

Under Ontario securities legislation, certain purchasers who purchase a security offered by this Prospectus during the period of distribution will have a statutory right of action for damages, or while still the owner of the Notes, for rescission against the Issuer in the event that this document contains a misrepresentation without regard to whether the purchaser relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which

payment is made for the Notes. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the Notes. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Issuer. In no case will the amount recoverable in any action exceed the price at which the Notes were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the Issuer will have no liability. In the case of an action for damages, the Issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

#### ***Enforcement of Legal Rights***

All of the directors and officers of the Issuer as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Issuer or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Issuer or those persons in Canada or to enforce a judgment obtained in Canadian courts against the Issuer or those persons outside of Canada.

#### ***Taxation and Eligibility for Investment***

Canadian purchasers of the Notes should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Notes in their particular circumstances and about the eligibility of the investment by the purchaser under relevant Canadian legislation.

#### ***Language of Documents***

Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la reception de ce document chaque investisseur Canadien confirme par les presentee quit a expressement exige que tous les documents faisant foi ou se rapportant de quelque maniere que ce soit a la vente des valeurs mobilières decrites aux presentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rediges en anglais seulement.*

#### ***China***

The Lead Manager has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in China, except as permitted by the securities laws of China.

#### ***Dubai International Financial Centre***

The Lead Manager has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "DFSA"); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

## **France**

This Prospectus is not being distributed in the context of a public offering in France and has thus not been submitted to the Autorité des Marchés Financiers ("AMF") for prior approval and clearance procedure.

The Lead Manager has represented, warranted and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

## **Hong Kong**

The Lead Manager has represented, warranted and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## **Ireland**

The Lead Manager has represented, warranted and agreed that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with all applicable provisions of: (i) the Irish Prospectus Directive 2003/71/EC Regulations 2005 and any rules issued by the Central Bank under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (as amended); (ii) the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) of Ireland and any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank; and (iii) the Irish Market Abuse Directive 2003/6/EC Regulations 2005 and any rules issued by the Central Bank pursuant thereto.

## **Italy**

The Lead Manager has represented, warranted and agreed that the Notes are not to be offered or sold in the Republic of Italy.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the "FIEA"). Accordingly, the Lead Manager represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of Foreign Exchange and Foreign Trade Control Act (Law No. 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other applicable laws, regulations and ministerial guidelines of Japan.

## **Nigeria**

This Prospectus and the Notes have not been and will not be registered with the Nigerian Securities and Exchange Commission ("Nigerian SEC"), or under the Nigerian Investments and Securities Act, No. 29, 2007 ("ISA"). Further, neither this Prospectus nor any other offering material related to the Notes may be utilised in connection with any offering to the public within Nigeria, and the Notes may not be offered or sold within Nigeria to, or for the account or benefit of, persons resident in Nigeria, except to the extent that the Notes have been registered with the Nigerian SEC and its written approval obtained in accordance with the provisions of the ISA and other Nigerian securities law. The Notes may however be offered and sold in Nigeria in certain transactions exempt from the registration requirements of the ISA. Accordingly, this Prospectus is not directed to, and the Notes are not available for subscription by, any persons within Nigeria, other than the selected investors to whom this Prospectus has been addressed as a private sale, or domestic concern, within the exemption and meaning of Section 69(2) of the ISA. The Lead Manager has agreed that, other than in accordance with the ISA and regulations made thereunder, it will not offer, sell or deliver the Notes in Nigeria as part of their distribution at any time.

## **Qatar**

The Lead Manager has represented and agreed that it has not offered, sold or delivered and will not offer, sell, or deliver, at any time, directly or indirectly, any Notes in the State of Qatar in a manner that would constitute a public offering. This Prospectus has not been reviewed or approved by or registered with the Qatar Central Bank, the Qatar Exchange or the Qatar Financial Market Authority. The Notes have not been and will not be registered with the Qatar Exchange, the Qatar Financial Market Authority, the Qatar Central Bank or with any other authority pursuant to any laws, regulations and rules in Qatar. This Prospectus is strictly private and confidential and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof.

## **Singapore**

The Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that

corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

### **South Africa**

The Lead Manager has represented, warranted and agreed that it will not make an "offer to the public" (as such expression is defined in the South African Companies Act, 2008 (the "**SA Companies Act**") and which expression includes any section of the public) of the Notes (whether for subscription, purchase or sale) in South Africa. Offers of the Notes by the Lead Manager in South Africa may be made pursuant to section 96 of the SA Companies Act which section provides for offers that are not deemed to be "offers to the public".

This Prospectus does not, nor is it intended to, constitute a prospectus prepared and registered under the SA Companies Act.

This Prospectus does not constitute an offer to accept deposits from the "general public" in terms of the South African Banks Act, 1990.

Information made available in this Prospectus should not be considered as "advice" as defined in the Financial Advisory and Intermediary Services Act, 2002.

### **South Korea**

The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act and its subordinate decrees and regulations (collectively, the "**FSCMA**"). The Notes may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except as otherwise permitted under the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law and its subordinate decrees and regulations (collectively, the "**FETL**"). Without prejudice to the foregoing, the number of Notes offered in Korea or to a resident in Korea shall be less than fifty and for a period of one year from the issue date of the Notes, none of the Notes may be divided resulting in an increased number of the Notes. Furthermore, the Notes may not be resold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the FETL) in connection with the purchase of the Notes.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

The Lead Manager has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

The Lead Manager has acknowledged that the information contained in this Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

### **General**

The Lead Manager has represented, warranted and agreed that it will not offer, sell or deliver any of the Notes, directly or indirectly, or distribute this Prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will to its best knowledge and belief result in compliance with the applicable laws and regulations thereof.

Purchasers of the Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price of the Notes.

The Lead Manager has acknowledged that it is not authorised to make any representation or use any information in connection with the issue, purchase and sale of the Notes other than as contained in this Prospectus (including any amendment or supplement thereto authorised by the Issuer).

## BOOK ENTRY CLEARANCE PROCEDURES

*The information set out below has been obtained from information published by the Clearing Systems (as defined herein) and the Issuer believes that such sources are reliable, but prospective investors are advised to make their own enquiries as to such procedures. The Issuer accepts responsibility for the accurate reproduction of such information from public information published by the Clearing Systems and as far as the Issuer is aware and are able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "Clearing Systems") currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Common Depositary, the DTC Custodian, the Issues, the Note Trustee, the Security Trustee, the Lead Manager, any Paying Agent or the Swap Counterparty (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.*

### ***Euroclear, Clearstream, Luxembourg and DTC***

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg and DTC to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*Settlement and Transfer of Notes*" below.

### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Note Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

### ***DTC***

DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants ("**Direct Participants**") and to facilitate the clearance and settlement of securities transactions between its Direct Participants through electronic computerised book-entry changes in accounts of Direct Participants, thereby eliminating the need for physical movement of

certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to the DTC system is available to others such as securities brokers, dealers, banks, trust companies and clearing corporations, that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with Direct Participants, "Participants").

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of Global Note Certificates for exchange as described under "*Form of the Notes – Exchange for Individual Note Certificates*" above) only at the direction of one or more Participants in whose accounts with DTC interests in Global Note Certificates are credited and only in respect of such portion of the aggregate principal amount of the relevant Global Note Certificates as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Form of the Notes – Exchange for Individual Note Certificates*" above, DTC will surrender the relevant Rule 144A Global Note Certificates for exchange for Rule 144A Individual Note Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A or Regulation S (as applicable)).

### **Book-Entry Ownership**

#### ***Euroclear and Clearstream, Luxembourg***

Each Regulation S Global Note Certificate will have an ISIN and a Common Code and will be deposited with the Common Depositary as common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of the Common Depositary.

#### ***DTC***

Each Rule 144A Global Note Certificate will have an ISIN and CUSIP number and will be deposited with the DTC Custodian as custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The DTC Custodian and DTC will electronically record the principal amount of the Notes held within DTC.

#### ***Payments and Relationship of Participants with Clearing Systems***

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note represented by a Global Note Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for its share of each payment made by the Issuer to the holder of such Global Note Certificate (save in the case of payments other than in US dollars outside DTC, as referred to below) and in relation to all other rights arising under the Global Note Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be).

The Issuer expect that, upon receipt of any payment in respect of Notes represented by a Global Note Certificate, the depositary by whom such Note is held, or nominee in whose name it is registered, will (save as provided below in respect of the Rule 144A Global Note Certificates) immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Note Certificate held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices.

Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note Certificate and the obligations

of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note Certificate in respect of each amount so paid. None of the Common Depositary, the DTC Custodian, the Issuer, the Note Trustee, the Security Trustee, any Paying Agent, the Swap Counterparty or the Corporate Services Provider will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

### **Settlement and Transfer of Notes**

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note Certificate held within a Clearing System are exchanged for Individual Note Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note Certificate to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

### ***Trading between Euroclear and/or Clearstream, Luxembourg Participants***

Secondary market sales of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional US dollar-denominated bonds.

### ***Trading between DTC Participants***

Secondary market sales of Book-Entry Interests in the Notes between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds.

### ***Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser***

When book-entry interests in Notes are to be transferred from the account of a DTC Participant holding a beneficial interest in a Global Note Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in that Global Note Certificate (subject to the certification procedures provided in the Agency Agreement), the DTC Participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12.00 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg Participant. On the settlement date, the custodian of the Global Note Certificate will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede, and evidenced by the relevant Global Note Certificate and (ii) increase the amount of Notes registered in the name of the nominee of the Common Depositary and evidenced by the relevant Global Note Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first Business Day following the settlement date.

### ***Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser***

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC Participant wishing to purchase a beneficial interest in a Global Note Certificate (subject to the certification procedures provided in the Note Trust Deed), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one Business Day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the Common Depositary and the Registrar to arrange delivery to the DTC Participant on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the Common Depositary will (a) transmit appropriate instructions to the custodian of the Global Note Certificate who will in turn deliver evidence of such book-entry interests in the Notes free of payment to the relevant account of the DTC Participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the Common Depositary and evidenced by the relevant Global Note Certificate and (ii) increase the amount of Notes registered in the name of Cede and evidenced by the relevant Global Note Certificate.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Note Certificates among Participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Common Depositary, the DTC Custodian, the Issuer, the Note Trustee, the Security Trustee, any Paying Agent, the Swap Counterparty or the Corporate Services Provider will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Direct Participant or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Any purported transfer of a Note not in accordance with the Note Trust Deed will be null and void *ab initio* and will not be given effect for any purpose whatsoever; provided, however, without prejudice to the rights of the Issuer against any beneficial owner or purported beneficial owner of Notes, nothing in

the Note Trust Deed or the Notes will be interpreted to confer on the Issuer, the Note Trustee or any Paying Agent any right against Euroclear, Clearstream, Luxembourg or DTC to require that Euroclear, Clearstream, Luxembourg or DTC, as applicable, reverse or rescind any trade completed in accordance with its rules.

***Pre-issue Trades Settlement***

It is expected that delivery of Notes will be made against payment therefor on the Closing Date, which could be more than three Business Days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within three Business Days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the following Business Days until three days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the Closing Date should consult their own adviser.

## **GENERAL INFORMATION**

### **Legal Proceedings**

No legal, governmental or arbitration proceedings are pending or threatened against the Issuer, nor has the Issuer been involved with any legal, governmental or arbitration proceedings, which may have or have had since its incorporation a significant effect on its financial position.

### **Miscellaneous**

Since the date of its incorporation, the Issuer has not commenced business (except for matters relating to the Transaction Documents). The Issuer does not, save as disclosed herein, have, as of the date of this Prospectus, any loan capital (including term loans) outstanding or created but unissued or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, obligations under financial leases, hire purchase commitments, guarantees or other contingent liabilities. No share capital or loan capital of the Issuer is under option or is agreed conditionally or unconditionally to be put under option.

### **Authorisation**

All authorisations, consents and approvals required to be obtained by the Issuer for, or in connection with, the creation and issue of the Notes, the performance by the Issuer of the obligations expressed to be undertaken by it and the distribution of this Prospectus have been obtained and are in full force and effect. The issue of the Notes has been authorised by resolutions of the board of directors of the Issuer passed on 27 July 2011.

### **Material Adverse Change**

Since 21 March 2011, being the date of the Issuer's incorporation there has been no material adverse change, or any development reasonably likely to involve any material adverse change, in the condition (financial or otherwise) of the Issuer.

### **Currency**

In this Prospectus, unless otherwise specified, references to "**USD**" and "**U.S. Dollar**" each means the lawful currency of the United States of America.

### **Security Codes**

The Regulation S Notes have been accepted for clearance through Euroclear and Clearstream Luxembourg and the Rule 144A Notes have been accepted for clearance through DTC. The ISIN and Common Code for the Regulation S Notes and the ISIN and CUSIP number for the Rule 144A Notes are as set out in the following table:

<b>Regulation S ISIN</b>	<b>Common Code</b>	<b>Rule 144A US ISIN</b>	<b>CUSIP</b>
XS0612404623	061240462	US81207VAA08	81207V AA0

### **Irish Stock Exchange Listing**

This Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the

public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. The listing of the Notes will be cancelled if the Global Notes are not issued. The listing agent responsible for such listing is NCB Stockbrokers Limited.

### **Inspection of Documents and Availability of Information**

For the life of the Notes:

- (a) executed copies of the following documents will, when published, be available in physical form for inspection during usual business hours at the Specified Office of the Listing Agent in Ireland and at the registered office of the Issuer:
  - (i) the Account Bank Agreement;
  - (ii) the Administration and Cash Management Agreement;
  - (iii) the Agency Agreement;
  - (iv) the Collateral Switch Agreement;
  - (v) the Corporate Services Agreement;
  - (vi) the Registered Office Agreement;
  - (vii) the Credit Default Swap (which will include as an Annexure the Reference Registry in effect on the Initial Portfolio Composition Date detailing the composition of the Reference Portfolio on such date);
  - (viii) the Note Trust Deed;
  - (ix) the Security Trust Deed; and
  - (x) the Subscription Agreement.
- (b) copies of the following documents will, when published, be available in electronic form free of charge, during usual business hours, at the Specified Office of the Listing Agent in Ireland and in the case of items (i) and (iii) below only at the registered office of the Issuer:
  - (i) the memorandum and articles of association of the Issuer;
  - (ii) the future published semi-annual unaudited interim financial statements and the annual audited financial statements of the Swap Counterparty in the English language; and
  - (iii) the Investors' Reports and the Reference Registries in each case delivered by the Administrator with respect to each Payment Date and the other information, notices and reports produced pursuant to the Credit Default Swap.

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