PROSPECTUS

ARLO II Limited
(Incorporated with limited liability in the Cayman Islands)

Series 2005 (RoK-CCCIT-2)
USD 50,000,000 Secured Limited Recourse Credit-Linked Notes due 22 October 2014

This Prospectus incorporates by reference the contents of, the Base Prospectus dated 27 June 2011 (the "**Base Prospectus**") in relation to the U.S.$ 5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the "**Programme**") of ARLO II Limited (the "**Issuer**") (except for the section entitled "Terms and Conditions of the Notes" at pages 27 to 132 (inclusive), which is either not relevant for the investor or covered elsewhere in this Prospectus). The Terms and Conditions set out in the Programme Memorandum dated 6 July 2005 (the "**Principal Programme Memorandum**") as supplemented by the Programme Addendum dated 6 July 2005 (the "**Programme Addendum**" and, together with the Principal Programme Memorandum, the "**Programme Memorandum**") in relation to the Programme of ARLO II Limited (the "**Issuer**") shall be incorporated by reference in this Prospectus. 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 "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Unless the context otherwise requires, terms defined in the Base Prospectus have the same meanings when used in this Prospectus.

This Prospectus has been prepared for the purpose of giving information about the issue of the Series 2005 (RoK-CCCIT-2) USD 50,000,000 Secured Limited Recourse Credit-Linked Notes due 22 October 2014 of the Issuer (the "**Notes**").

The terms and conditions set out below should be read in conjunction with the Terms and Conditions set out in the Programme Memorandum.

The date of this Prospectus is 20 July 2011.

Arranger

BARCLAYS BANK PLC

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RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus (except (i) in relation to the information under the heading "Information concerning the Swap Counterparty" (the "**Barclays Information**"), for which Barclays Bank PLC takes sole responsibility, (ii) in relation to the information under the heading "Information concerning The Bank of New York Mellon" (the "**BNY Mellon Information**"), for which The Bank of New York Mellon takes sole responsibility, (iii) in relation to the information under the heading "Information concerning BNY Mellon Corporate Trustee Services Limited" (the "**BNY Mellon Trustee Information**"), for which BNY Mellon Corporate Trustee Services Limited takes sole responsibility, (iv) in relation to the information regarding the Charged Assets under the heading "Description of the Charged Assets" and elsewhere in this Prospectus, for which the Issuer only accepts responsibility for correctly reproducing such information from the Prospectus Supplement dated 27 October 2005 (to a Prospectus dated 20 October 2005) in respect of the Bond (as defined below) and that as far as the Issuer is aware and is able to ascertain from information published by the issuer of the Charged Assets, no facts have been omitted which would render the reproduced information inaccurate or misleading and accepts no other responsibility in respect thereof, (v) in relation to the information regarding the Reference Entity under the heading "Description of the Reference Entity" and elsewhere in this Prospectus, for which the Issuer only accepts responsibility for correctly reproducing such information from the information published by the Reference Entity, and as far as the Issuer is aware, no facts have been omitted which would render such information inaccurate or misleading and accepts no other responsibility in respect thereof, and (vi) in relation to the information in relation to the Reference Entity and Specified Reference Obligation contained in the Form of Confirmation set out in Schedule 1 hereto, for which the Issuer only accepts responsibility for correctly reproducing such information from such Form of Confirmation, and accepts no other responsibility in respect thereof).

To the best of the knowledge and belief of the Issuer (and in the case of (i) the Barclays Information, Barclays Bank PLC, (ii) the BNY Mellon Information, The Bank of New York Mellon and (iii) the BNY Mellon Trustee Information, BNY Mellon Corporate Trustee Services Limited) (each of which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. The delivery of this Prospectus at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or the Trustee. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any other person to subscribe for, or purchase, any Notes.

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

This Prospectus contains summaries of certain provisions of, or extracts from, the Constituting Instrument (as amended from time to time) executed in relation to the Notes and the documents and agreements referred therein. Such summaries and extracts are subject to, and are qualified in their entirety by, the actual provisions of such documents and agreements, copies of which are annexed hereto or available for inspection at the registered office of the Issuer, the principal office

of the Trustee, the specified office of the Principal Paying Agent. Holders of the Notes to which this Prospectus relates, and any other person into whose possession this Prospectus comes, will be deemed to have notice of all provisions of the documents executed in relation to the Notes which may be relevant to a decision to acquire, hold or dispose of such Notes.

This Prospectus has been approved by the Central Bank as competent authority under the Prospectus Directive. Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the Notes to be admitted to the Official List and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. This Prospectus constitutes a Prospectus for the purposes of the Prospectus Directive in connection with the application for such Notes to be admitted to the Official List. However, no assurance is given that such listing and admission will be obtained thereafter.

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

Each purchaser or holder of Notes will be deemed to represent that it is not, and for so long as it holds any Notes will not be, an employee benefit plan subject to the fiduciary responsibility provisions of ERISA, a plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, a person or entity whose assets include the assets of any such employee benefit plan or plan by reason of 29 C.F.R. Section 2510.3-101 or otherwise, or any other employee benefit plan without regard to the federal, state, local or foreign law pursuant to which the plan is organised or administered, and such purchaser or holder is not using the assets of any such plan to acquire the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The Base Prospectus is incorporated in, and shall be taken to form part of, this Prospectus, save for the Terms and Conditions of the Notes set out in the Base Prospectus.

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

The Terms and Conditions of the Notes contained in the following documents are incorporated in, and shall be taken to form part of, this Prospectus:

(1) the Principal Programme Memorandum; and

(2) the Programme Addendum.

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

The Principal Programme Memorandum, together with the Programme Addendum, has been filed with and approved by the Central Bank in accordance with the requirements of the Prospectus Directive.

The non-incorporated parts of the documents incorporated by reference are either not relevant for the investor or covered elsewhere in this Prospectus.

NOTICE TO INVESTORS FROM BARCLAYS BANK PLC

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

RISK FACTORS

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

General

Credit Considerations

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

Physical Settlement

The Notes may be subject to physical settlement. Default or similar events by, or in respect of, the issuer or other obligor of the Charged Assets may result in delivery to the Noteholders of obligations of such issuer (or such other obligor) of the Charged Assets in lieu of a cash payment under the Notes, or payment of the cash value thereof in lieu of such delivery. Default or similar events by, or in respect of, the Reference Entity (as defined in the Charged Agreement) will result in delivery to the Noteholders of certain obligations of such Reference Entity in lieu of any cash payment under the Notes, or payment of the cash value thereof in lieu of such delivery. Such obligations may have a market value which is at a substantial discount to par.

Security

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

Expenses

All payments of anticipated costs and expenses of the Issuer in connection with the issue of the Notes have been, or will be, met by payments made to the Issuer under the Charged Agreement and pending disbursement such payments received by the Issuer under the Charged Agreement will be held in one or more of the Issuer Expense Accounts. The Noteholders will have no entitlement or recourse to any amounts standing to the credit of the Issuer Expense Accounts and any claims of the Noteholders remaining after the application of the proceeds of the security for the Notes will not be met out of amounts standing to the credit of the Issuer Expense Accounts. To the extent that any unanticipated or extraordinary costs and expenses of the Issuer which are payable by the Issuer arise in connection with the Notes or otherwise, the Issuer may have no

available funds to pay such costs and expenses and there is a risk that it might become insolvent as a result thereof.

The Notes as Credit-Linked Notes

Exposure to the Reference Entity and Reference Obligation

The Notes do not represent a claim against the Reference Entity and, in the event of any loss, the Noteholders will not have recourse under the Notes to the Reference Entity. However, the Noteholders will be exposed to the credit risk of the Reference Entity and any Reference Obligation (as defined in the Charged Agreement).

Risk of Loss

The Noteholders bear the risk of loss in relation to the Reference Entity and any Reference Obligation, and in relation to the Charged Assets. Noteholders should note that such risk is borne from 4 November 2005, notwithstanding that this date precedes the Issue Date of the Notes. If a Credit Event or a Bond Redemption Event (each as defined in the Charged Agreement) occurs, the Notes will be redeemed (in the manner more particularly described in the Notes) and the Issuer will (subject as provided herein) deliver to the Noteholders the Attributable Portfolio (in the case of a Credit Event) and the Attributable Charged Assets (in the case of a Bond Redemption Event) (each as defined herein). The Attributable Portfolio and/or the Attributable Charged Assets may have a market value substantially less than par, or even zero and therefore the Noteholders may receive on such redemption less than their initial investment. In addition, the amount of interest payments will be adversely affected. If a Credit Event or a Bond Redemption Event occurs interest due on the Notes will cease to accrue from and including the Buyer Payment Date immediately preceding the Event Determination Date or the Bond Event Notice Delivery Date Notice (each as defined in the Charged Agreement) in respect of such Credit Event or Bond Redemption Event.

Exposure to default or early termination under Charged Agreement

Upon the occurrence of an Event of Default or Termination Event (each as defined in the Charged Agreement) under the Charged Agreement, the Notes shall fall due for early redemption by delivery of the Attributable Charged Assets, which may have a market value substantially less than par or even zero, and therefore in such circumstances, the Noteholders may receive on redemption an amount which is equal to less than the outstanding Principal Amount of the Notes.

No Obligation to Make Good on Losses

Neither the Issuer nor any of the Programme Parties guarantees the performance of or otherwise stands behind the Reference Entity or any Reference Obligation, the issuer or obligor of the Charged Assets or the Charged Assets and is not obligated to make good on any losses suffered by the Noteholders as a result of Credit Events with respect to the Reference Entity or any Reference Obligation.

Synthetic Exposure

The Issuer does not own any of the Reference Obligation(s) and the Swap Counterparty is not obligated to own any Reference Obligation or have any credit exposure to the Reference Entity. The Issuer and the Swap Counterparty need not suffer any loss in order for a Credit Event to exist. The Notes do not represent a claim against the Reference Entity and, in the event of any loss, Noteholders do not have recourse under the Notes to the Reference Entity.

Swap Counterparty Discretion

The Swap Counterparty will be entitled to determine in its sole and absolute discretion when and whether to deliver a Credit Event Notice and Notice of Publicly Available Information, and any delay or forbearance in delivering any such notices following the occurrence of any event or condition permitting the same is not and shall not be construed as a waiver of any such right and shall not affect the right of the Swap Counterparty to give any such notice at any time thereafter.

Independent Review and Advice

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

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in such Notes including any credit risk associated with the issuer of the Charged Assets, the Reference Entity and the Issuer. None of the Issuer or any of the Programme Parties will have any responsibility or duty to make any such investigations, to keep any such matters under review or to provide the prospective purchasers of the Notes with any information in relation to such matters or to advise as to the attendant risks.

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

No Representations

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

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

(1) the existence or financial or other condition of the issuer of the Charged Assets or the Reference Entity; or

(2) whether the relevant Obligations and/or the Deliverable Obligations (each as defined in the Charged Agreement) and Reference Obligation(s), or the Charged Assets, constitute legal, valid and binding obligations of the Reference Entity or the issuer of the Charged Assets, respectively..

Conflicts of Interest

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

Provision of Information

The Issuer, the Programme Parties and any of their respective affiliates, whether by virtue of the types of relationships described herein or otherwise, may possess information in relation to the issuer of the Charged Assets, the Reference Entity, any Reference Obligation, any obligation of the Reference Entity, any affiliate of the Reference Entity or any guarantor that is or may be material in the context of these Notes and that may or may not be publicly available or known. The Notes will not create any obligation on the part of any of the Issuer, the Programme Parties and any of their respective affiliates to disclose any such relationship or information (whether or not confidential). None of the Issuer, the Programme Parties or any of their respective affiliates makes any representation as to the credit quality of the Charged Assets, the issuer of the Charged Assets, the Reference Entity, the Reference Obligation or any obligation of the Reference Entity. The information contained herein in relation to the Charged Assets and the Reference Entity is contained in the sections entitled “Description of the Charged Assets” and “Description of the Reference Entity”, and none of the Issuer, the Programme Parties or any of their respective affiliates or any other person has verified the information relating to the Charged Assets and the Reference Entity contained herein or in any of the documents made available for inspection by the Noteholders and, accordingly, none of them makes any representation or warranty, express or implied, as to the accuracy or completeness of such information.

This Prospectus does not provide any information on the creditworthiness of, or likelihood of the occurrence of a Credit Event with respect to, the Reference Entity. As the occurrence of a Credit Event may result in a loss to purchasers of the Notes, each prospective investor is advised to make its own assessment of the likelihood of the occurrence of a Credit Event in respect of the Reference Entity.

Legal Opinions

Whilst legal opinions relating to the issue of the Notes have been obtained by the Arranger, the Dealer and the Trustee with respect to English law and Cayman Islands law, it is not intended that legal opinions be obtained with respect to the laws governing any Reference Obligation or other obligation of the Reference Entity or the laws of the country of incorporation of the Reference Entity in the context of the validity, enforceability or binding nature of the relevant Reference Obligation(s) or other obligation of the Reference Entity as against the Reference Entity.

No Fiduciary Role

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

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

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

Exposure to the Swap Counterparty

Following redemption of any Charged Assets in whole or in part on or prior to the Specified Date, the Bond Redemption Proceeds in respect thereof shall be paid by the Issuer to the Swap Counterparty, and the Notes will not have the benefit of any security in respect of such Charged Assets. Accordingly, the Issuer will not be holding the funds in respect of such Bond Redemption Proceeds during the remaining term of the Notes.

Accordingly, in the event of a redemption of any Charged Assets in whole or in part on or prior to the Specified Date and/or during the term of the Notes after the Seller Interim Amount A Payment Date, the Notes will only have the benefit of security over the rights of the Issuer to receive payments and deliveries from the Swap Counterparty under the Charged Agreement (including over any funds held from time to time by the Principal Paying Agent to meet payments due under the Notes). As a result, the ability of the Issuer to meet its obligations under the Notes shall be primarily dependent upon the full and timely performance by the Swap Counterparty of its obligations under the Charged Agreement.

The obligations of the Swap Counterparty under the Charged Agreement are themselves unsecured. Accordingly, Noteholders are significantly exposed to the creditworthiness of the Swap Counterparty, and prospective investors should only purchase the Notes if they have assessed and understand the risks of making such an investment in the Notes.

CONDITIONS OF THE NOTES

Series 2005 (RoK-CCCIT-2)
USD 50,000,000 Secured Limited Recourse Credit-Linked Notes due 22 October 2014

The Terms and Conditions of the Notes designated as above (the "**Notes**") shall be the Master Conditions as completed, modified and amended by the terms set out herein. The Master Conditions are set out in the Principal Programme Memorandum dated 6 July 2005 (the "**Principal Programme Memorandum**"), as supplemented by the Programme Addendum dated 6 July 2005 (the "**Programme Addendum**" and, together with the Principal Programme Memorandum, the "**Programme Memorandum**") relating to the ARLO II Limited U.S.$5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the "**Programme**").

Any capitalised term that is used, but not defined herein, shall have the meaning ascribed to it in the Charged Agreement.

1.	(i)	Issuer:	ARLO II Limited.
	(ii)	Arranger and Dealer:	Barclays Bank PLC.
	(iii)	Swap Counterparty:	Barclays Bank PLC.
	(iv)	Trustee:	BNY Mellon Corporate Trustee Services Limited.
	(v)	Issue Agent and Principal Paying Agent:	The Bank of New York Mellon.
	(vi)	Paying Agent:	The Bank of New York Mellon.
	(vii)	Custodian:	The Bank of New York Mellon.
	(viii)	Interest Calculation Agent:	Barclays Bank PLC.
	(ix)	Common Depositary:	The Bank of New York Mellon.
	(x)	Determination Agent:	Barclays Bank PLC.
	(xi)	Realisation Agent:	Barclays Bank PLC.
	(xii)	Registrar and Transfer Agent:	Not Applicable.
2.	(i)	Series Number:	Series 2005 (RoK-CCCIT-2).
	(ii)	Specified Currency:	U.S. Dollars ("**USD**", "**U.S.$**" or "**$**").
3.	Principal Amount:		USD 50,000,000.
4.	Status:		The Notes are secured and limited recourse obligations of the Issuer ranking *pari passu* and rateably without preference among themselves, recourse in respect of which is limited in the manner described in the Conditions. The Notes are secured in the manner described in Condition 4 and Paragraph 11 below and are

		subject to the priority set out below. After meeting the expenses and remuneration of and any other amounts due to the Trustee, including in respect of liabilities incurred, or to any receiver appointed pursuant to the Trust Deed, in each case in respect of the Notes, the net proceeds of the enforcement of the security constituted pursuant to the Trust Deed will be applied: (i) **first**, in meeting the claims (if any) (excluding, for the avoidance of doubt, in relation to any claim in respect of any Clean-Up Payment) of the Swap Counterparty under the Charged Agreement; (ii) **secondly**, in meeting the claims (if any) of the Noteholders *pari passu* and rateably; (iii) **thirdly**, in meeting the claims (if any) in respect of any Clean-Up Payment of the Swap Counterparty under the Charged Agreement; and (iv) **fourthly**, in payment of the balance (if any) to the Issuer.
5.	Issue Price:	100 per cent.
	Arranger's/Dealer's commission:	USD 187,500.
6.	Authorised Denomination:	Principal Amount. The Notes therefore comprise one Note only, and references in the Terms and Conditions of the Notes and in this Prospectus to "Notes" and "Noteholders" shall be construed accordingly.
7.	Issue Date:	17 November 2005.
8.	Maturity Date:	Scheduled Termination Date of the Charged Agreement.
9.	Charged Assets:	On the Issue Date the Charged Assets will comprise USD 50,000,000 principal amount of an issue by Citibank Credit Card Issuance Trust of Floating Rate Class 2005-A8 Notes of October 2012 (Legal Maturity Date October 2014) (ISIN: US17305ECV56) (the "**Bond**"). If any of the Charged Assets are redeemed in whole or in part on or prior to the Specified Date, the proceeds of such redemption (the "**Bond**

		Redemption Proceeds") shall be paid by the Issuer to the Swap Counterparty pursuant to Seller Interim Payment A, as set out in further detail in the Charged Agreement.
10.	Charged Agreement:	The International Swaps and Derivatives Association, Inc. ("**ISDA**") 1992 form of Master Agreement (Multicurrency – Cross Border) and a schedule thereto dated the date of the Constituting Instrument between the Swap Counterparty and the Issuer; as supplemented by a confirmation of a swap transaction entered into between the Swap Counterparty and the Issuer, with an effective date of 17 November 2005.
11.	Security:	As set out in Condition 4(a).
12.	Fixed Rate Notes Provisions:	Not Applicable.
13.	Floating Rate Notes Provisions:	Applicable.
	(i) Interest Commencement Date:	Issue Date.
	(ii) Interest Periods:	Each Buyer Calculation Period.
	(iii) Interest Payment Dates:	Each Buyer Period End Date (as defined in the Charged Agreement).
	(iv) Interest Amount:	In respect of each Interest Period, the Buyer Payment Amount (as defined in the Charged Agreement) payable in respect of the Buyer Calculation Period that corresponds to such Interest Period.
	(v) Other terms relating to the method for calculating interest for Floating Rate Notes:	For the avoidance of doubt, the provisions of this paragraph 13 are deemed to amend and supplement Condition 6 and, to the extent of any conflict between the provisions of this paragraph 13 and Condition 6, the provisions of this paragraph 13 shall prevail.
14.	Zero Coupon Notes Provisions:	Not Applicable.
15.	Index-Linked Interest Notes Provisions:	Not Applicable.
16.	Notes issued in bearer or registered form:	Bearer Notes.
17.	Whether Notes will be C Notes or D Notes:	The Notes shall be D Notes and, accordingly, the Notes shall be represented on issue by a Temporary Global Note. The Temporary Global Note shall be exchangeable for a Permanent Global Note on or after 40 days from the Issue Date (or such later date as may be determined to be the

		Exchange Date in accordance with the terms of such Temporary Global Note) upon certification as to non-U.S. beneficial ownership. The Permanent Global Note shall be exchangeable for definitive Bearer Notes in the limited circumstances set out in Condition 1(a)(1).
18.	Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity for each Talon:	No
19.	U.S. Series or non-U.S. Series:	Non U.S. Series.
20.	Listing:	Application for listing will be made to the Irish Stock Exchange. However, the Notes will not be listed on the Issue Date and no assurance is given that such listing will be obtained thereafter.
21.	Ratings:	No
22.	Business Days:	London and New York. In these Terms and Conditions and for the purposes of the Conditions, references to "**Business Days**" shall (except where specified otherwise) be construed as references to days which are London and New York Business Days.
23.	Call/Put Option:	Not Applicable.
24.	Scheduled Redemption Amount:	The Scheduled Redemption Amount of each Note shall be an amount equal to its pro rata share of the Bond Redemption Proceeds and of an amount equal to the Reserve Account Ledger Balance (as defined in the Charged Agreement).

25. Early redemption; Physical settlement:

(A) **Bond Redemption**: If a Bond Redemption Event occurs (regardless of whether or not it is continuing) and the Swap Counterparty delivers a Bond Event Notice to the Issuer pursuant to the Charged Agreement, the Notes shall be redeemed in accordance with the following provisions and, accordingly, Condition 7(b) shall not apply.

(i) If the Swap Counterparty delivers a Bond Event Notice pursuant to the Charged Agreement, the Issuer shall, on the Business Day following the date of delivery of the Bond Event Notice by the Swap Counterparty, give notice thereof to the Trustee, the Agents and the Noteholders in accordance with Condition 14 and the Notes shall become due and repayable on the Early Termination Date. The failure to deliver any such notice by or on behalf of the Issuer shall not affect the effectiveness of any Bond Event Notice delivered pursuant to the Charged Agreement or the application of the other provisions of this Paragraph 25(A).

(ii) At least 10 Business Days prior to the Early Termination Date, the Principal Paying Agent shall give notice on behalf of the Issuer (a "**Bond Redemption Notice**") to

each Noteholder specifying the cash amounts that will comprise the Charged Assets Portfolio and the date designated as the Early Termination Date in the Early Termination Notice delivered by the Swap Counterparty pursuant to the Charged Agreement.

(iii) On the Early Termination Date, subject to sub-paragraph (iv) below, the Issuer shall take reasonable efforts to pay, or cause to be paid, to each Noteholder the Relevant Portion of the sum of (i) the Attributable Charged Assets (if any) plus (ii) the Seller Early Redemption Payment Amount minus (iii) any Unwind Costs payable by the Issuer to the Swap Counterparty (the sum of (i), (ii) and (iii), the "**Early Termination Amount**") and, subject as provided below, no further payment shall be due to any such Noteholder.

(iv) In order to receive its Relevant Portion of the Early Termination Amount, each Noteholder must deliver to the Determination Agent at least five Business Days prior to the Early Termination Date a confirmation, duly completed to the satisfaction of the Determination Agent, from the relevant clearing system setting out the identity and contact details of the relevant Noteholder and confirming that the relevant Noteholder's position in the Notes has been irrevocably frozen until the Latest Permissible Early Termination Date. The Notes of any Noteholder giving such confirmation will be blocked for transfer in the relevant clearing system in which they are held. To the extent that a Noteholder does not deliver a confirmation satisfactory to the Determination Agent (as determined by the Determination Agent in its sole discretion) none of the Issuer, the Trustee, the Determination Agent, the Swap Counterparty or any other person shall be liable to any Noteholder in respect of any failure or delay in the payment of the Relevant Portion of the Early Termination Amount to such Noteholder or any consequence thereof.

(B) **Credit Event Redemption**: If a Credit Event occurs in respect of the Reference Entity and the Swap Counterparty delivers a Credit Event Notice to the Issuer pursuant to the Charged Agreement, the Notes shall be redeemed by delivery to each Noteholder of its Relevant Portion of the Attributable Portfolio and payment to each Noteholder of its Relevant Portion of the Reserve Account Ledger Balance (if any) in accordance with the following provisions.

(i) If the Swap Counterparty delivers a Credit Event Notice, the Issuer shall give notice thereof, on the Business Day following the date of delivery of the Credit Event Notice by the Swap Counterparty, to the Trustee, the Agents and the Noteholders in accordance with Condition 14 and the Notes shall become due and repayable on the Physical Settlement Date. The failure to deliver any such notice by or on behalf of the Issuer shall not affect the effectiveness of any Credit Event Notice delivered pursuant to the Charged Agreement or the application of the other provisions of this Paragraph 25(B).

(ii) On the Physical Settlement Valuation Date, or as soon as practicable thereafter, the Principal Paying Agent shall give notice on behalf of the Issuer (a **"Credit Redemption Notice**") to each Noteholder specifying the Deliverable Obligations that will comprise the Portfolio and the date designated as the Physical Settlement Date in the Notice of Physical Settlement delivered by the Swap Counterparty pursuant to the Charged Agreement.

(iii) On the Physical Settlement Date, and subject to sub-paragraphs (iv) and (v) below, the Issuer shall take reasonable efforts to deliver, or cause to be delivered, to each Noteholder the Relevant Portion of the Attributable Portfolio (if any) and, subject as provided below, no further payment shall be due to any such Noteholder. Any stamp duty or other tax, levy or duty and any other costs and expenses payable in respect

of the delivery of the Relevant Portion of the Attributable Portfolio shall be the responsibility of, and payable by, the relevant Noteholder and such delivery and/or payment shall be subject to payment of the same by the relevant Noteholder.

(iv) In order to receive its Relevant Portion of the Attributable Portfolio, each Noteholder must deliver to the Determination Agent at least five Business Days prior to the Physical Settlement Date a Physical Delivery Confirmation Notice, duly completed to the satisfaction of the Determination Agent. The Notes of any Noteholder giving such notice will be blocked for transfer in the relevant clearing system in which they are held. To be effective, a Physical Delivery Confirmation Notice must set out the identity and contact details of the relevant Noteholder and sufficiently detailed settlement instructions concerning the delivery to it or its nominee of the Relevant Portion of the Attributable Portfolio and must be accompanied by a confirmation from the relevant clearing system that the relevant Noteholder's position in the Notes has been irrevocably frozen until the later of the Physical Settlement Date and the Latest Permissible Physical Settlement Date. To the extent that a Noteholder does not deliver a valid Physical Delivery Confirmation Notice (as determined by the Determination Agent in its sole discretion) none of the Issuer, the Trustee, the Determination Agent, the Swap Counterparty or any other person shall be liable to any Noteholder in respect of any failure or delay in the transfer or delivery of the Relevant Portion of the Attributable Portfolio to such Noteholder or any consequence thereof.

(v) If, despite the reasonable efforts of the Issuer to deliver, or cause to be delivered, the Relevant Portion of the Attributable Portfolio to any Noteholder, any part of the Portfolio comprising the Relevant Portion of the Attributable Portfolio has not been delivered to such Noteholder by the Latest Permissible Physical Settlement Date or the Determination Agent determines in its sole discretion that it is not practicable to deliver all or part of the Portfolio comprising the Relevant Portion of the Attributable Portfolio to a Noteholder, whether by reason of any transfer restriction on the securities in question or the nature or status of the relevant Noteholder or for any other reason including (without limitation) any illiquidity in respect of all or any part of the Attributable Portfolio, as determined by the Determination Agent (such undelivered part of the Attributable Portfolio, the "**Undeliverable Obligations**"), then the Issuer shall no longer be obliged to deliver or procure the delivery of any part of such Relevant Portion of the Attributable Portfolio to the relevant Noteholder and the Issuer shall instead pay to such Noteholder an amount equal to the Relevant Portion of the Cash Settlement Amount on the Cash Settlement Date.

(vi) In addition, the Issuer shall pay, or procure the payment of, the Relevant Portion of the Reserve Account Ledger Balance to each Noteholder on the Physical Settlement Date.

Noteholders should be aware that they bear the risk of a Credit Event occurring or having occurred at any time from and including 4 November 2005 (notwithstanding that such date precedes the Issue Date), up to and including the Specified Date.

None of the Issuer, the Programme Parties and their respective affiliates has made any investigation of, or makes any representation or warranty, express or implied, as to whether a Credit Event has occurred or is likely to occur or as to the creditworthiness of the Reference Entity, and each prospective Noteholder is advised to make its own investigations and assessment of the same.

(C) The Portfolio shall be comprised of obligations and/or other assets delivered to or to the order of the Issuer pursuant to the Charged Agreement. The Swap Counterparty has no obligation pursuant to the terms of the Charged Agreement to give any consideration as to

whether some or all of the Portfolio consists of Undeliverable Obligations and shall have no liability to the Noteholders or to any other person in respect thereof. The Determination Agent and the Principal Paying Agent shall have no discretion with respect to the selection of the obligations and/or other assets comprising the Portfolio or as to whether they are Undeliverable Obligations.

(D) Any determination made by the Determination Agent pursuant to this Paragraph 25 shall (in the absence of manifest error) be final and binding upon all parties. If the Determination Agent is unable or unwilling to act as such, the Issuer shall, with the prior written consent of the Trustee, appoint the London office of a leading international investment bank to act as such in its place. The Determination Agent may not resign its duties without a successor having been appointed as aforesaid.

(E) Any term that is used in this Paragraph 25 and not defined herein shall bear the meaning ascribed to it in the Charged Agreement.

(F) For the avoidance of doubt, Condition 7(c) shall only apply to the Notes if the Charged Agreement is terminated in whole but not in part and other than in consequence of Condition 7(g) or Condition 7(h) or in connection with a redemption of Notes pursuant to Paragraph 25 hereof or Condition 9.

26.	Settlement Procedures:	The Notes have been accepted for settlement in Euroclear and Clearstream, Luxembourg.
27.	Common Code:	023474301
28.	ISIN:	XS0234743010
29.	Agent for service of process:	For the purposes of Condition 18, (Governing Law and Submission to Jurisdiction) the Issuer has appointed Simmlaw Services Limited at its registered office at CityPoint, One Ropemaker Street, London EC2Y 9SS as its agent for service of any proceedings in England in relation to the Notes, the Trust Deed and the Constituting Instrument.
30.	Bond Redemption Events and Credit Events:	The occurrence of any Bond Redemption Event or any Credit Event, and all calculations, determinations and other steps required to be taken in connection therewith, under or in respect of the Charged Agreement are conclusive and binding on the Issuer, the Trustee, the Noteholders, the Agents and all other persons when and as they occur or they are made or taken under or in connection with the Charged Agreement pursuant to its terms, without further notice or determination hereunder.

CONFIRMED

ARLO II LIMITED

By:

Dated: 17 November 2005

TAX CONSIDERATIONS

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

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

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

SUBSCRIPTION AND SALE

General

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

The Arranger will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distributes the Base Prospectus or any part thereof, any other offering material or this Prospectus in all cases at its own expense unless otherwise agreed and neither the Issuer nor any other Arranger shall have responsibility therefor.

United States

The Notes have not been and will not be registered under the Securities Act. Consequently, the Notes may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act).

United Kingdom

The Arranger has agreed that:

(i) it has only communicated or caused to be communicated, and it will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Cayman Islands

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

Republic of Korea

The Notes have not been and will not be registered under the Securities and Exchange Law of the Republic of Korea, as amended (the "**SEL**"). The Notes have not been offered or sold and may not be offered or sold, directly or indirectly, in the Republic of Korea or to any resident of the Republic of Korea or to any persons for reoffering or resale, directly or indirectly, in the Republic of Korea or to any resident of the Republic of Korea except pursuant to an exemption from the registration requirements of the SEL available thereunder and in compliance with the Foreign Exchange Transaction Law and other relevant laws of the Republic of Korea.

European Economic Area

In relation to Notes which have a maturity of 12 months or more from their date of issue and which are not to be listed and admitted to trading on the regulated market of the Irish Stock Exchange (or other regulated market for the purposes of the Prospectus Directive) and have denominations of less than €50,000, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Arranger has represented and agreed, and each further Arranger appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(i) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

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

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

Hong Kong

The Arranger has agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to persons whose ordinary business it is to buy or sell shares or debentures (whether as principal or agent) or (b) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong (the "**CO**") or (c) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) (the "**SFO**") and any rules made under the SFO or (d) in other circumstances which do not result in the document being a "prospectus" within the meaning of the CO; and

(ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere) any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

DESCRIPTION OF THE ISSUER

General

ARLO II Limited, a Cayman Islands exempted company incorporated with limited liability, was incorporated on 31 October 2002 under the Companies Law (2002 Second Revision) (now the 2010 Revision) of the Cayman Islands (with company registration number CR-120855). The registered office of the Issuer is at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands (telephone no: +1 345 945 7099).

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset backed securities. As specified in Clause 3 of its Memorandum of Association, the objects of the Issuer are unrestricted. However, the Issuer has undertaken no business other than the establishment of the Programme and the issue of Notes (which term, wherever used in this section entitled "Description of the Issuer", shall have the meaning given thereto in the Programme Memorandum) and the making of Alternative Investments (if any) and the entry into of agreements related thereto and has covenanted and will covenant in connection with each issue of Notes and Alternative Investments to that effect. The Issuer does not and will not have any substantial assets other than the Charged Assets for the Notes and Alternative Investments and does not and will not have any substantial liabilities other than in connection with the Notes and Alternative Investments. Cash flow derived from the Collateral securing the Notes and the Alternative Investments will be the Issuer's only source of funds to fund payments in respect of the Notes and the Alternative Investments.

MaplesFS Limited (previously named Maples Finance Limited) (the "**Administrator**"), a Cayman Islands company licensed to carry on business as a trust company under the Banks and Trust Companies Law (2010 Revision) of the Cayman Islands, acts as the administrator of the Issuer. The office of the Administrator serves as the general business office and the registered office of the Issuer. Through such office and pursuant to the terms of the administration agreement dated 25 February 2003 and entered into between the Issuer and the Administrator (the "**Administration Agreement**"), the Administrator performs in the Cayman Islands various management functions on behalf of the Issuer, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until termination of the Administration Agreement. In consideration of the foregoing, the Administrator receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Administration Agreement provide that either party may terminate the Administration Agreement by giving at least 14 days' notice in writing 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 the Administration Agreement. In addition, either party may terminate the Administration Agreement at any time by giving at least three months' notice in writing to the other party, provided that no such termination shall take effect unless the Issuer has appointed a successor Administrator before the end of the notice period. If the Issuer does not do so, the Administrator may appoint its own successor.

The Administrator will be subject to the overview of the Issuer's Board of Directors.

The Administrator's principal office is PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Issuer's authorised share capital consists of 50,000 voting shares, U.S.$1.00 par value per share (the "**Issuer Ordinary Shares**"), of which 1,000 have been issued (being all of the Issuer Ordinary Shares which have been issued) to MaplesFS Limited (previously named Maples Finance Limited) (the "**Share Trustee**"), which holds them pursuant to the terms of a declaration of trust dated 25 February 2003 (the "**Declaration of Trust**") in trust until the Termination Date (as defined in the Declaration of Trust) and may only dispose or otherwise deal with such Issuer Ordinary Shares with the approval of the Trustee for so long as any Note or Alternative

Investment is outstanding. Prior to the Termination Date, the trust is an accumulation trust but the Share Trustee has power, with the consent of the Trustee, to benefit Noteholders or parties to Alternative Investments or Qualified Charities (as defined in the Declaration of Trust). It is not anticipated that any distribution will be made whilst any Note or Alternative Investment 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 (if any) for acting as Share Trustee) from, its holding of such Issuer Ordinary Shares.

The Issuer's Articles of Association provide that the Board of Directors of the Issuer will consist of at least one Director.

Business

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

The Issuer has, and will have, no material assets other than the sum of U.S.$1,000 representing the proceeds of its issued share capital, such fees (as agreed) per Series payable to it in connection with the issue of Notes or the entering into of Alternative Investments or the purchase, sale or incurring of other obligations and any Collateral and any other assets on which the Notes or Alternative Investments are secured. Save in respect of the fees generated in connection with each issue of Notes or entering into of Alternative Investments, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the proceeds of the Issuer's issued share capital, the Issuer will not accumulate any surpluses.

The Notes and Alternative Investments are obligations of the Issuer alone and not of, or guaranteed in any way by, the Administrator, the Share Trustee or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by, Barclays Bank PLC or any Swap Counterparty or any Agent.

Directors and Company Secretary

The Directors of the Issuer are as follows:

Carrie Bunton
Daniel Rewalt

Both of the above are officers and/or employees of MaplesFS Limited.

The business address of all of the Directors PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Company Secretary is Maples Secretaries (Cayman) Limited, (previously named Maples Secretaries Limited).

Financial Statements

Since its 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 any financial statements. The Issuer is required to and will provide the Trustee with written confirmation, on an annual basis, that, as far as the Issuer is aware, no Event of Default or event which, with the giving of notice or certification and/or lapse of time and/or the forming of an opinion would become an Event of Default has occurred or, if one has, specifying the same.

Floating Charge

The obligations of the Issuer in relation to all Series of Notes and Alternative Investments the Trustee in respect of which is BNY Mellon Corporate Trustee Services Limited are secured pursuant to a Deed of Floating Charge.

INFORMATION CONCERNING THE SWAP COUNTERPARTY

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

THE BANK AND THE GROUP

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

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

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

Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investor Service, Inc. ("**Moody's**") and Fitch Ratings Limited ("**Fitch**") are established in the European Community. S&P, Moody's and Fitch have each applied for registration pursuant to Article 15 (Application for Registration) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit ratings (the "Regulation"). As at the date of this Prospectus, no registration has been granted to S&P or Moody's or Fitch, however pursuant to Article 40 (Transitional Provisions) of the Regulation, S&P, Moody's and Fitch may continue to issue credit ratings which may be used for regulatory purposes by the financial institutions referred to in Article 4(1) of the Regulation unless such registration is refused.

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

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

[2] Total deposits include deposits from bank and customer accounts.

Acquisitions, Disposals and Recent Developments

Acquisition of Egg's UK credit card assets

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

Acquisition of Tricorona AB (publ)

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

Sale of HomEq Servicing

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

Acquisition of Citi's Italian credit card business

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

Competition and Regulatory Matters

Regulatory change

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

In the UK, the Financial Services Authority ("**FSA**")'s current responsibilities are to be reallocated between the Prudential Regulatory Authority (a subsidiary of the Bank of England) and a new Financial Conduct Authority by the end of 2012. The Independent Commission on Banking has been charged by the UK Government with reviewing the UK banking system. Its remit includes looking at reducing systemic risk, mitigating moral hazard, reducing the likelihood and impact of bank failure and competition issues. Its findings and recommendations are expected by September 2011.

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

Payment Protection Insurance ("PPI")

PPI has been under scrutiny by the UK competition authorities and financial services regulators. The UK Competition Commission (the "**CC**") has undertaken an in-depth enquiry into the PPI market which has resulted in the CC introducing a number of remedies including a prohibition on sale of PPI at the point of sale.

On 10 August 2010, the FSA issued a Policy Statement which amends the DISP (Dispute Resolution: Complaints) rules in the FSA Sourcebook for the handling of such complaints. In October 2010, the British Bankers' Association launched a judicial review of the FSA on the basis that the Policy Statement applies incorrect standards for the management of PPI sales complaints, including retrospective application of rules with higher standards than those in place at the time of sale. These proceedings were also against the Financial Ombudsman Service which seeks to implement the same standards for the resolution of complaints referred to it.

The judgment on the judicial review proceedings was announced on 20 April 2011 in favour of the FSA and the Financial Ombudsman Service. A reliable estimate of the financial impact cannot be provided until the judicial review proceedings have been finalised, including the outcome of any potential appeals and precise implications for banks' complaints handling and remediation practices. The British Bankers' Association members are considering the implications of the judgment and the merits of any appeal against the decision. It is therefore not practicable, as at the date of this Prospectus, to provide a reliable estimate or range of estimates of the potential financial impact of any court decision on this matter.

Interchange

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

Sanctions

U.S. laws and regulations require compliance with U.S. economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK Government. The Group conducted an internal review of its conduct with respect to U.S. Dollar payments involving countries, persons and entities subject to U.S. economic sanctions and reported the results of that review to various governmental authorities, including the U.S. Department of Justice, the Manhattan District Attorney's Office and the U.S. Department Of Treasury's Office of Foreign Assets Control (together, the "**U.S. Authorities**"), which conducted investigations of the matter.

On 18 August 2010, the Bank announced that it had reached settlements with the U.S. Authorities in relation to the investigation by those agencies into compliance with U.S. sanctions and U.S. Dollar payment practices. In addition, an Order to Cease and Desist was issued upon consent by the Federal Reserve Bank of New York and the New York State Banking Department. The Bank agreed to pay a total penalty of U.S.$298 million and entered into Deferred Prosecution Agreements covering a period of 24 months. The Bank fully briefed other relevant regulators on this settlement. The Deferred Prosecution Agreements mean that no further action will be taken against the Bank by the U.S. Authorities if, as is the Bank's intention, for the duration of the defined period the Bank meets the conditions set down in its agreements with the U.S. Authorities. The Bank does not anticipate any further regulatory actions relating to these issues.

London Interbank Offered Rate ("LIBOR")

The FSA, the U.S. Commodity Futures Trading Commission, the SEC and the U.S. Department of Justice are conducting investigations relating to certain past submissions made by the Bank to the British Bankers' Association, which sets LIBOR. The Bank is co-operating with the investigations being conducted by these authorities and is keeping relevant regulators informed. As at the date of this Prospectus, it was not possible to predict the ultimate resolution of the issues covered by the various investigations, including the timing and the scale of the potential impact on the Group of any resolution.

Directors

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

Name	***Function(s) within the Group***	***Principal outside activities***
Marcus Agius	Group Chairman	Non-Executive Director, British Broadcasting Corporation; Chairman, British Bankers' Association
Robert E Diamond Jr	Chief Executive	Chairman, Old Vic Productions PLC; Non-Executive Director, BlackRock, Inc.
Chris Lucas	Group Finance Director	—
Sir Richard Broadbent	Deputy Chairman, Senior Independent Director and Non-Executive Director	—
David Booth	Non-Executive Director	—
Alison Carnwath	Non-Executive Director	Non-Executive Chairman, Land Securities Group plc; Senior Independent Director, Man Group plc; Non-Executive Director, Paccar Inc; Non-Executive Chairman, ISIS EP LLP
Fulvio Conti	Non-Executive Director	Chief Executive Officer, Enel SpA; Director, AON Corporation
Simon Fraser	Non-Executive Director	Non-Executive Director, Fidelity Japanese Values Plc and Fidelity European Values Plc; Chairman, Foreign & Colonial Investment Trust PLC, Chairman, Merchants Trust PLC
Reuben Jeffery III	Non-Executive Director	Senior Adviser, Center for Strategic & International Studies; Independent Director, Transatlantic Holdings, Inc.; Chief Executive Officer, Rockefeller & Co., Inc.

Name	*Function(s) within the Group*	*Principal outside activities*
Sir Andrew Likierman	Non-Executive Director	Dean of London Business School; Chairman, National Audit Office
Dambisa Moyo	Non-Executive Director	Non-Executive Director, SABMiller plc; Non-Executive Director, Lundin Petroleum AB
Sir Michael Rake	Non-Executive Director	Chairman, BT Group PLC; Director, McGraw-Hill Companies; Director, Financial Reporting Council; Chairman, EasyJet PLC
Sir John Sunderland	Non-Executive Director	Director, Financial Reporting Council; Chairman, Merlin Entertainments Group

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

Employees

The average number of persons employed by the Group worldwide during 2010 (full time equivalents) was 151,300 (2009: 153,800).

Litigation

Lehman Brothers Holdings Inc.

On 15 September 2009, motions were filed in the United States Bankruptcy Court for the Southern District of New York (the "**Court**") by Lehman Brothers Holdings Inc. ("**LBHI**"), the SIPA Trustee for Lehman Brothers Inc. (the "**Trustee**") and the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc. (the "**Committee**"). All three motions challenge certain aspects of the transaction pursuant to which Barclays Capital Inc. ("**BCI**") and other companies in the Group acquired most of the assets of Lehman Brothers Inc. ("**LBI**") in September 2008 and the court order approving such sale. The claimants seek an order voiding the transfer of certain assets to BCI; requiring BCI to return to the LBI estate alleged excess value BCI received; and declaring that BCI is not entitled to certain assets that it claims pursuant to the sale documents and order approving the sale. On 16 November 2009, LBHI, the Trustee and the Committee filed separate complaints in the Court asserting claims against BCI based on the same underlying allegations as the pending motions and seeking relief similar to that which is requested in the motions. On 29 January 2010, BCI filed its response to the motions. The Bank considers that the motions and claims against BCI are without merit and BCI is vigorously defending its position. On 29 January 2010, BCI also filed a motion seeking delivery of certain assets that LBHI and LBI have failed to deliver as required by the sale documents and the court order approving the sale. Approximately £2.6 billion of the assets acquired as part of the acquisition had not been received by 31 December 2010, approximately £2.0 billion of which were recognised as part of the accounting for the acquisition and are included in the balance sheet as at 31 December 2010. This results in an effective provision of £0.6 billion against the uncertainty inherent in the litigation.

On 22 February 2011, the Court issued its Opinion in relation to these matters. The Opinion calls for the parties to submit proposed Orders that will implement the Opinion and anticipates additional proceedings to resolve any potential differences between the parties regarding the final Order(s) that should be entered. Any such Order(s) should clarify the precise impact of the Opinion and may include specific guidance regarding the treatment of specific types of assets.

Any final Order(s) may be the subject of further proceedings or appeals by one or more of the parties.

The Bank has considered the Opinion and the decisions contained therein and its possible actions with respect thereto. If the Opinion were to be unaffected by future proceedings, the Bank estimates that its maximum possible loss, based on its worst case reading of the Opinion, would be approximately £2.6 billion, after taking into account the effective provision of £0.6 billion. Any such loss, however, was not (as at the date of this Prospectus) considered probable and the Bank is satisfied with the current level of provision

American Depositary Shares

The Bank, Barclays PLC and various current and former members of Barclays PLC's Board of Directors have been named as defendants in five proposed securities class actions (which have been consolidated) pending in the United States District Court for the Southern District of New York. The consolidated amended complaint, dated 12 February 2010, alleges that the registration statements relating to American Depositary Shares representing Preferred Stock, Series 2, 3, 4 and 5 (the "**ADS**") offered by the Bank at various times between 2006 and 2008 contained misstatements and omissions concerning (amongst other things) the Bank's portfolio of mortgage-related (including U.S. subprime-related) securities, the Bank's exposure to mortgage and credit market risk and the Bank's financial condition. The consolidated amended complaint asserts claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933. On 5 January 2011, the Court issued an order and, on 7 January 2011, judgment was entered, granting the defendants' motion to dismiss the complaint in its entirety and closing the case. On 4 February 2011, the plaintiffs filed a motion asking the Court to reconsider in part its dismissal order, and that motion is pending. The Bank considers that these ADS-related claims against it are without merit and is defending them vigorously. As at the date of this Prospectus, it was not possible to estimate any possible loss in relation to these claims or any effect that they might have upon operating results in any particular financial period.

Other

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

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

Significant Change Statement

There has been no significant change in the financial or trading position of the Bank or the Group since 31 December 2010.

Material Adverse Change Statement

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

Principal Risk Factors

Business conditions and the general economy

The Bank operates a universal banking business model and its services range from current accounts for personal customers to inflation-risk hedging for governments and institutions. The Group also has significant activities in a large number of countries. Consequently, there are many ways in which changes in business conditions and the general economy can adversely impact profitability, whether at the level of the Group, the individual business units or specific countries of operation. The Group's stress testing framework helps it to understand the impact of changes in business conditions and the general economy, as well as the sensitivity of its business goals to such changes and the scope of management actions to mitigate their impact. The general recovery in the global economy resulted in an improvement in credit conditions in the Group's main markets during 2010. In the UK, the economy recovered slightly during 2010 reflecting the lower than expected growth in unemployment rates, the sustained low interest rate environment and moderate GDP growth. However, a slowdown in growth was evident in the fourth quarter of 2010 which is likely to lead to uncertainty in the near term. In addition, persistent unemployment and inflation, fiscal tightening, the possibility of weakening house prices, and possible rising oil prices may have an adverse impact on the strength of the recovery which could increase the risk that a higher proportion of the Group's customers and counterparties may be unable to meet their obligations. Economic credit conditions have also continued to show signs of improvement in many other key geographies, although in Spain the housing sector remains depressed which led to significantly increased impairment in the Group's Spanish wholesale portfolios in 2010. Unemployment rates remain high in the U.S.

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

- the extent and sustainability of economic recovery particularly in the UK, U.S., Spain and South Africa;

- the dynamics of unemployment particularly in the UK, U.S., Spain and South Africa and the impact on delinquency and charge-off rates;

- the speed and extent of possible rises in interest rates in the UK, U.S., South Africa and the Eurozone;

- the possibility of any further falls in residential property prices in the UK, South Africa and Western Europe;

- the impact of potentially deteriorating sovereign credit quality;

- the potential for single name losses in different sectors and geographies where credit positions are sensitive to economic downturn;

- the potential impact of increasing inflation on economic growth and corporate profitability;

- possible deterioration in the Group's remaining credit market exposures, including commercial real estate, leveraged finance and a loan to Protium Finance LP ("**Protium**");

- changes in the value of Sterling relative to other currencies, which could increase risk weighted assets and therefore raise the capital requirements of the Group;

- continued turmoil in the Middle East and North Africa region could result in loss of business in the affected countries, increased oil prices, increased volatility and risk aversion to this region; and

- the liquidity and volatility of capital markets and investors' appetite for risk, which could lead to a decline in the income that the Group receives from fees and commissions.

Regulatory changes

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

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

- Recovery and Resolution Plans: There has been a strong regulatory focus on resolvability in 2010, both from UK and international regulators. The Group has been engaged, and continues to be engaged, with the authorities on taking forward recovery planning and identifying information that would be required in the event of a resolution.

- The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**DFA**"): The DFA will have an impact on the Group and its business. The full scale of this impact remains unclear as many of the provisions of the DFA require rules to be made to give them effect and this process is still under way.

Retail and wholesale credit risk

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

- credit market exposures;

- sovereign risk; and

- economic uncertainty.

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

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

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

Market risk

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

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

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

- fixed rate loans and deposits that are not hedged or matched;

- structural risk due to variability of earnings on structural product and equity balances which have no contractual maturity and an interest rate which does not move in line with the base rate; and

- margin compression.

Capital risk

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

- ensure the financial holding company is well capitalised relative to the minimum regulatory capital requirements set out by the FSA and U.S. Federal Reserve where regulated activities are undertaken. The Group's authority to operate as a bank is dependent upon the maintenance of adequate capital resources;

- ensure locally regulated subsidiaries can meet their minimum regulatory requirements;

- support the Group's risk appetite and economic capital requirements; and

- support the Group's credit rating. A weaker credit rating would increase the Group's cost of funds.

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

Liquidity risk

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

This could result in:

- limited ability to support client lending, trading activities and investments;

- forced reduction in balance sheet and sales of assets;

- inability to fulfil lending obligations; and

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

People risk

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

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

Legal risk

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

- business may not be conducted in accordance with applicable laws around the world;

- contractual obligations may either not be enforceable as intended or may be enforced in an adverse way;

- intellectual property (such as trade names of the Group) may not be adequately protected; and

- liability for damages may be incurred to third parties harmed by the conduct of the Group's business.

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

Regulatory risk

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

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

Banking Act 2009

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

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

Financial Services Compensation Scheme

Banks, insurance companies and other financial institutions in the UK are subject to the Financial Services Compensation Scheme (the "**FSCS**") where an authorised firm is unable or is likely to be unable to meet claims made against it because of its financial circumstances. Most deposits made with branches of the Bank within the European Economic Area (the "**EEA**") which are denominated in Sterling or other EEA currencies (including the Euro) are covered by the FSCS. Most claims made in respect of investment business will also be protected claims if the business was carried on from the UK or from a branch of the bank or investment firm in another EEA member state. The FSCS is funded by levies on authorised UK firms such as the Bank. As at 31

December 2010, the Group had accrued £63 million (2009: £108 million) for its share of the levies. The provision is based on estimates of the Group's market participation in the relevant charging periods and the interest the FSCS will pay on the facilities provided by HM Treasury in support of its obligations to depositors of banks declared in default (such facilities were, as at 31 December 2010, estimated by the Group to amount to £20 billion). While it is anticipated that the substantial majority of these facilities will be repaid wholly from recoveries from the institutions concerned, there is the risk of a shortfall, such that the FSCS may place additional levies on FSCS participants. As at the date of this Prospectus, it was not possible to estimate the amount of any potential additional levies or the Group's share. Consequently, in the event that the FSCS raises funds, raises those funds more frequently or significantly increases the levies to be paid by firms, the associated costs to the Group may have a material impact on the Group's results and financial condition.

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

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

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

Operations risk

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

Fraud risk

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

Technology risk

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

Financial reporting risk

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

The International Accounting Standards Board is undertaking a significant programme of revision to IFRS which it aims to complete by 30 June 2011. The final form of IFRS requirements, the time period over which new requirements will need to be applied and the impact on the results and financial position is not yet known.

Following the financial crisis, the financial reporting of banks has been subject to greater scrutiny. This has included consideration of accounting policies, accounting for particular transactions and financial statement disclosures. For the Bank this includes reviewing the decision not to consolidate Protium.

Taxation risk

The Group is subject to the tax laws in all countries in which it operates, including tax laws adopted at an EU level. A number of double taxation agreements entered between two countries also impact on the taxation of the Group. Tax risk is the risk that the Group suffers losses associated with changes in tax law or in the interpretation of tax law. It also includes the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead reputational damage or a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions.

INFORMATION CONCERNING THE BANK OF NEW YORK MELLON

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

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

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

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

INFORMATION CONCERNING THE BANK OF NEW YORK MELLON CORPORATE TRUSTEE SERVICES LIMITED

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

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

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

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

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

GENERAL INFORMATION

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

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

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

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

Estimated Total Expenses: USD 10,000.00.

3. **Yield**

Details of the interest payable under the Notes are set out in Paragraph 13 of "Conditions of the Notes" above.

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

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 28 October 2005.

5. Payments received by the Issuer pursuant to the Charged Agreement are applied as follows:

(A) the Buyer Initial Payment (as defined in the Charged Agreement) has been credited to the Issuer General Expense Accounts of the Issuer held with The Bank of New York Mellon (previously, JPMorgan Chase Bank, N.A., London Branch) denominated in USD and euro, respectively. Funds credited to the Issuer General Expense Accounts of the Issuer may be transferred to the Issuer Series Expense Accounts of the Issuer (if any);

(B) each Buyer Additional Payment Amount (as defined in the Charged Agreement) has been credited to the Issuer Series Expense Accounts of the Issuer held with The Bank of New York Mellon (previously, JPMorgan Chase Bank, N.A., London Branch) denominated in USD and euro, respectively; and

(C) each Buyer Payment Amount and the Buyer's Final Payment (if any) (each as defined in the Charged Agreement) will be paid to the Issuer for payment to the Noteholders by the Principal Paying Agent in respect of amounts due in respect of the Notes.

6. **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the twelve months prior to the date hereof a significant effect on the Issuer's financial position or profitability.

7. Post-Issuance Reporting

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

8. Documents on Display

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

DESCRIPTION OF THE CHARGED ASSETS

The following information and any other information contained in this Prospectus relating to the Charged Assets is a summary only of certain terms and conditions of such Charged Assets, and has been reproduced from the Prospectus Supplement dated 27 October 2005 (to a Prospectus dated 20 October 2005) in respect of the Bond. None of the Issuer, the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties has verified, or accepts any liability whatsoever for the accuracy of, such information and prospective investors in the Notes should make their own independent investigations and enquiries into the Charged Assets and the issuer thereof.

The Bond

Issuer:	Citibank Credit Card Insurance Trust
Registered Address:	c/o Citibank (South Dakota), National Association as managing beneficiary, 701 East 60th Street, North, Mail Code 1251, Sioux Falls, South Dakota 57117
Country of Incorporation:	Delaware, United States of America
Description:	USD 875,000,000 Floating Rate Class 2005-A8 Notes of October 2012
Offering Document:	Prospectus Supplement dated 27 October 2005 to a Prospectus dated 20 October 2005
Issue Size:	USD 875,000,000
Specified Currency or Currencies:	USD
Aggregate Nominal Amount:	USD 50,000,000
Interest:	1 month LIBOR plus 0.07% per annum
Interest Basis:	Floating
Legal Maturity Date:	20 October 2014
ISIN:	US17305ECV56
CUSIP:	17305ECV5
Name of Exchange on which Securities are to be Listed:	Luxembourg Stock Exchange
Governing law:	The laws of the State of New York

DESCRIPTION OF THE REFERENCE ENTITY

The following information and any other information contained in this Prospectus relating to the Reference Entity has been reproduced from public sources. None of the Issuer, the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties has verified, or accepts any liability whatsoever for the accuracy of, such information and prospective investors in the Notes should make their own independent investigations and enquiries into the Reference Entity.

Republic of Korea

Name:	Republic of Korea.
Description:	The Republic of Korea is located south of the 38th parallel on the Korean peninsula. The Republic has a population of approximately 48 million people. The country's largest city and capital is Seoul.
Name of Exchange on which Securities are Listed:	The Republic of Korea has its debt securities listed on the Luxembourg Stock Exchange.

ANNEX 1: FORM OF CHARGED AGREEMENT

CONFIRMATION OF CREDIT SWAP TRANSACTION

Date: 17 November 2005 (as amended and restated on 24 June 2011)

To: ARLO II Limited

From: Barclays Bank PLC

Re: **Credit Swap Transaction**

***** THIS CONFIRMATION REPLACES AND SUPERSEDES ALL PREVIOUS CONFIRMATIONS IN RESPECT OF THIS TRANSACTION *****

The purpose of this communication, including the Exhibits hereto (this "**Confirmation**"), is to confirm the terms and conditions of the Credit Derivative Transaction entered into between us on 17 November 2005, as amended and restated on 24 June 2011 (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

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 as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") (collectively the "**Credit Derivatives Definitions**") are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated as of 17 November 2005, as amended and supplemented from time to time (the "**Agreement**"), entered into by you and us by our execution of the Constituting Instrument dated 17 November 2005, as amended and restated from time to time (the "**Constituting Instrument**"), by and among the parties thereto for purposes of constituting the Series 2005 (RoK-CCCIT-2) USD 50,000,000 Secured Limited Recourse Credit Linked Notes due 22 October 2014 (the "**Notes**") of the Issuer under its USD 5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the "**Programme**"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below. All terms defined in the Agreement and not otherwise defined herein shall have the meanings assigned in the Agreement. References to "**Notes**", a "**Condition**" in respect of the Notes and any other capitalised term that is used but not defined herein, the Agreement or the Credit Derivatives Definitions shall have their respective meanings as defined in the Constituting Instrument.

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

1. **General Terms:**

Trade Date:	2 November 2005
Effective Date:	17 November 2005, provided that for the purposes of Section 3.3 (*Credit Event Notice*) the Effective Date shall be 4 November 2005.
Amendment Effective Date:	24 June 2011

Scheduled Termination Date:	The earlier of (i) the Specified Date, or if later, the Extension Date and (ii) the Early Termination Date (as defined herein).
Specified Date:	22 October 2014
Extension Date:	A date specified by Buyer in an Extension Notice (as defined in Paragraph 5(D) below) that is not later than 14 calendar days after the Specified Date *provided* that if the Extension Notice relates to a Potential Repudiation/Moratorium or Potential Failure to Pay in respect of the Reference Entity, the Extension Date shall be the last day of the Notice Delivery Period in respect of the Reference Entity.
Floating Rate Payer:	ARLO II Limited ("**Seller**").
Fixed Rate Payer:	Barclays Bank PLC ("**Buyer**").
Calculation Agent:	Barclays Bank PLC.
Calculation Agent City:	London.
Business Days:	New York and London.
Reference Entity:	Republic of Korea.
Reference Obligation:	The Specified Reference Obligation and one or more obligations of the Reference Entity which would constitute a Deliverable Obligation.
Specified Reference Obligation:	The obligation identified as follows:

Primary Obligor:	Republic of Korea
Guarantor:	N/A
Maturity:	22 September 2014
Coupon:	4.875 per cent.
ISIN:	US50064FAD69.

All Guarantees:	Applicable.
Reference Price:	100 per cent.

2. **Initial Exchange:**

On 17 November 2005, Seller shall pay to Buyer USD 49,812,500 (the "**Initial Exchange Amount**") and Buyer shall deliver to or to the order of Seller the Charged Assets (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery). It is a condition precedent to Buyer's obligation to deliver the Charged Assets and to pay any Buyer Payments that Seller has paid the Initial Exchange Amount on 17 November 2005.

3. **Buyer Payments:**

A. Buyer Payment Amount A, Fixed Amount and Buyer Additional Payment Amount

(i) With respect to each Buyer Calculation Period under this Paragraph 3A, Buyer will pay on the Buyer Payment Date that falls on the last Business Day of such Buyer Calculation Period the Buyer Payment Amount for such Buyer Calculation Period.

(ii) On 22 October in each year, from (and including) 22 October 2006 to (and including) 22 October 2013, Buyer shall pay to Seller the Buyer Additional Payment Amount for credit to the relevant Issuer Series Expense Account(s).

. Buyer Payment Amount: The sum of (a) the Buyer Payment Amount A and (b) the Fixed Amount.

Buyer Period End Dates: The 22nd day of each January, April, July and October, beginning on 22 January 2006, to and including the Scheduled Termination Date.

Buyer Payment Dates: One Business Day prior to each Buyer Period End Date.

Buyer Calculation Period: Each period from (and including) a Buyer Period End Date (or the Effective Date) to (but excluding) the next (or first) Buyer Period End Date.

Buyer Payment Amount A:

Buyer Calculation Amount A: USD 50,000,000.

Buyer Payment Amount A: With respect to each Buyer Calculation Period, an amount determined by the Calculation Agent equal to:

(1) the Buyer Calculation Amount A; multiplied by

(2) the Floating Rate for such Buyer Calculation Period determined by the Calculation Agent pursuant to the 2000 ISDA Definitions (the "**2000 Definitions**") and based on the Floating Rate Option and Designated Maturity specified below; multiplied by

(3) a fraction, the numerator of which equals the actual number of days in such Buyer Calculation Period and the denominator of which is 360,

provided that upon the occurrence of an Event Determination Date or a Bond Event Notice Delivery Date, the Buyer Payment Amount A shall cease to accrue or be payable from the Buyer Payment Date immediately preceding such Event Determination Date or Bond Event Notice Delivery Date (or, if there is no preceding Buyer Payment Date, the Effective Date).

Floating Rate Option: USD-LIBOR-BBA.

Designated Maturity: Three months provided that the Designated Maturity in respect of the Buyer Calculation Period commencing on and including the Effective Date (to but excluding the first Buyer Payment Date) shall be the Linear Interpolation (as defined in the 2000 Definitions) of two months and three months.

Fixed Amount:

Fixed Rate Calculation Amount: USD 50,000,000

Fixed Rate: 0.33 per cent per annum

Fixed Amount: With respect to each Buyer Calculation Period, an amount determined by the Calculation Agent equal to:

(1) the Fixed Rate Calculation Amount; multiplied by

(2) the Fixed Rate; multiplied by

(3) a fraction, the numerator of which equals the actual number of days in such Buyer Calculation Period and the denominator of which is 360,

provided that :

(a) the final Buyer Period End Date in respect of any Fixed Amount payable shall fall no later than the Specified Date; and

(b) upon the occurrence of an Event Determination Date or a Bond Event Notice Delivery Date, the Fixed Amount shall cease to accrue or be payable from the Buyer Payment Date immediately preceding such Event Determination Date or Bond Event Notice Delivery Date (or, if there is no preceding Buyer Payment Date, the Effective Date).

Buyer Additional Payment Amount: USD 5,750.

B. Initial Payment: On the Effective Date, Buyer will pay to Seller, USD 10,500 and GBP 2,500 (collectively, the "**Buyer Initial Payment**") to be credited to the relevant Issuer General Expense Accounts.

C. Final Payments: On the Scheduled Termination Date, Buyer will pay to Seller an amount equal to:

(i) the Reserve Account Ledger Balance; plus

(ii) USD50,062,500.

4. **Seller Payments**

A.	Periodic Payments:	On each Variable Amount Payment Date, from and including the Effective Date to but excluding the Amendment Effective Date, Seller shall pay Buyer the Variable Amount in respect of such Variable Amount Payment Date.
	Variable Amount Payment Dates:	The Business Day immediately following the Charged Assets Payment Date.
	Charged Assets Payment Date:	From and including the Effective Date, each date (without regard to any grace period or the satisfaction of any conditions precedent to the commencement of such grace period) upon which a payment of interest is stated to be due under any Charged Assets in accordance with the terms and conditions of such Charged Assets in effect as at the Trade Date.
	Variable Amounts:	In respect of each Variable Amount Payment Date, an amount equal to each payment of interest stated to be due on the immediately preceding Charged Assets Payment Date in respect of the relevant Charged Assets in accordance with the terms and conditions of such Charged Assets in effect as at the Trade Date.
B.	Seller Interim Payment A:	On the Seller Interim Amount A Payment Date the Seller shall pay to the Buyer an amount equal to the Seller Interim Amount A.
	Seller Interim Amount A Payment Date:	The Business Day immediately following the Amendment Effective Date.
	Seller Interim Amount A:	An amount equal to the Custody Cash Account Balance as of the Seller Interim Amount A Payment Date.
C.	Final Payments:	Seller's obligation to pay the Physical Settlement Amount to Buyer shall be satisfied in the manner specified in Paragraph 5B below.
	Conditions to Settlement:	Credit Event Notice Notifying Party: Buyer Notice of Publicly Available Information: Applicable Public Sources: As specified in Section 3.7. Specified Number: Two Notice of Physical Settlement
	Credit Events:	Failure to Pay Grace Period Extension: Applicable Grace Period: 14 Business Days Repudiation/Moratorium Restructuring

Obligations:	The Specified Reference Obligation and any other obligation of the Reference Entity (whether as principal, surety or otherwise) as described in accordance with the Obligation Category and Obligation Characteristics set out below.
Obligation Category:	Bond or Loan
Obligation Characteristics:	Not Subordinated Not Sovereign Lender Not Domestic Currency Not Domestic Law Not Domestic Issuance
Excluded Obligations:	None

D. Clean-Up Payment:

On the Effective Date, an amount equal to the Buyer Initial Payment will become due from Seller to Buyer. On 22 October in each year, from (and including) 22 October 2006 to (and including) 22 October 2013, an amount equal to the Buyer Additional Payment Amount in respect of such date (if any) will become due from Seller to Buyer. On each day, an amount equal to the interest, if any, in respect of such day accrued in the Issuer Series Expense Account(s) in respect of the Notes will become due from Seller to Buyer. Unless otherwise directed by Buyer to pay a lesser amount, Seller shall pay the aggregate of such amounts together with all other amounts, if any, standing to the credit of the Issuer Series Expense Account(s) in respect of the Notes, to the extent of funds available in such account(s) to pay such amounts (the "**Clean-Up Payment**") on the Scheduled Termination Date or, if earlier, on the day on which the Notes are redeemed. In the event that an Early Termination Date is designated or deemed to occur, for purposes of determining the Settlement Amount or Unpaid Amounts in respect of the Transaction evidenced by this Confirmation, the amount payable by Seller under this paragraph and any Buyer Additional Payment Amounts shall be deemed to be zero, but for purposes of Section 6 of the Agreement, Seller shall be separately obligated to pay to Buyer the Clean-Up Payment on the earliest date that the other payments are due under Section 6 of the Agreement.

5. **Settlement Terms:**

Settlement Method:	For purposes of the Credit Derivatives Definitions, Physical Settlement shall apply.
Terms Relating to Physical Settlement:	

A. Bond Settlement

If a Bond Redemption Event occurs, Buyer shall have the right to deliver a Bond Event Notice to Seller and the following provisions shall apply. Any failure or delay by Buyer to deliver a Bond Event Notice shall not constitute a waiver of Buyer's right to deliver such a notice in respect of the relevant Bond Redemption Event or in respect of any other Bond Redemption Event.

(i) Following the date upon which the Bond Event Notice is delivered (the "**Bond Event Notice Delivery Date**"), Buyer shall promptly deliver a notice to Seller designating the Early Termination Date (an "**Early Termination Notice**").

(ii) On the Early Termination Date, and provided that each Noteholder has complied with Paragraph 25(A)(iv) of the Conditions of the Notes, Buyer shall pay to or to the order of Seller the sum of (i) the Attributable Charged Assets (if any), (ii) the Seller Early Redemption Payment Amount minus (iii) any Unwind Costs payable by Seller to Buyer (the "**Early Termination Amount**") and the parties agree (and Seller hereby directs) that such obligation shall be discharged if Buyer pays or causes to be paid to each Noteholder on the Early Termination Date, the Relevant Portion of the Early Termination Amount. If the entirety of the Early Termination Amount is so paid on the Early Termination Date, the Early Termination Date shall be the Termination Date.

B. Credit Settlement:

If the Conditions to Settlement (other than the delivery of a Notice of Physical Settlement) are satisfied on or prior to the Scheduled Termination Date with respect to any Reference Entity, the following provisions shall apply:

(i) On or prior to the Physical Settlement Valuation Date, or as soon as practicable thereafter, Buyer shall in its absolute discretion select the Portfolio and shall promptly deliver a Notice of Physical Settlement to Seller setting out its choice and designating the Physical Settlement Date. Buyer has no obligation to give any consideration as to whether some or all of the Portfolio consists of Undeliverable Obligations and shall have no liability to Seller or to any other person in respect thereof.

(ii) On the Physical Settlement Date, and provided that each Noteholder has complied with Paragraph 25(B)(iv) of the Conditions of the Notes, Buyer shall take reasonable efforts to deliver to or to the order of Seller the Attributable Portfolio and the parties agree (and Seller hereby directs) that such obligation shall be discharged if Buyer takes reasonable efforts to deliver or cause to be delivered to each Noteholder on the Physical Settlement Date, the Relevant Portion of the Attributable Portfolio. If the entirety of the Attributable Portfolio is so delivered and/or paid on the Physical Settlement Date, the Physical Settlement Date shall be the Termination Date. If, despite the reasonable efforts of Buyer to deliver or cause to be delivered, the Relevant Portion of the Attributable Portfolio to any Noteholder, any part of the Portfolio comprising the Relevant Portion of the Attributable Portfolio has not been delivered to such Noteholder by the Latest Permissible Physical Settlement Date or the Notes Determination Agent determines in its sole discretion that it is not practicable to deliver all or part of the Portfolio comprising the Relevant Portion of the Attributable Portfolio to a Noteholder, whether by reason of any transfer restriction on the securities in question or the nature or status of the relevant Noteholder or for any other reason, including (without limitation) any illiquidity in respect of all or any part of the Attributable Portfolio, as determined by the Notes Determination Agent (such undelivered part of the Attributable Portfolio, the "**Undeliverable Obligations**", and each such Noteholder, an "**Affected Noteholder**"), then Buyer shall no longer be obliged to deliver any part of such Relevant Portion of the Attributable Portfolio to the Affected Noteholder and Buyer shall instead pay to or to the order of Seller an amount equal to the aggregate of each Affected Noteholder's Relevant Portion of the Cash Settlement Amount on the Cash Settlement Date.

In addition, Buyer shall pay to or to the order of Seller on the Physical Settlement Date the Reserve Account Ledger Balance.

C. Reserve Account Ledger

(i) (a) On each Variable Amount Payment Date, from and including the Effective Date to but excluding the Amendment Effective Date, the Buyer shall procure that an amount equal to the Spread Amount is credited to the Reserve Account Ledger for value the immediately preceding Charged Assets Payment Date, provided that the Buyer has received from the Seller the Variable Amount payable on the relevant Variable Amount Payment Date. For the avoidance of doubt, the Spread Amount shall cease to accrue or be payable from the Amendment Effective Date; and

(b) in respect of each Buyer Calculation Period, on the relevant Buyer Period End Date, the Buyer shall procure that an amount equal to the Spread Amount A (if greater than zero) is credited to the Reserve Account Ledger.

(ii) Interest on amounts standing to the credit of the Reserve Account Ledger shall accrue during each Reserve Account Interest Period on a daily basis at the relevant LIBOR Ledger Rate in an amount equal to the sum of the product of the following:

(a) the daily Reserve Account Ledger Balance;

(b) the relevant LIBOR Ledger Rate; and

(c) 1/360.

"**Ledger Interest Period Date**" means the 22nd day of each month in each year from and including 22 November 2005 to and including 22 October 2014;

"**LIBOR Ledger Rate**" means the rate determined in accordance with the following:

(A) on the relevant Reserve Account Determination Date in respect of each Reserve Account Interest Period, the Calculation Agent will determine the rate for such Reserve Account Interest Period which shall, subject as provided below, be the rate for deposits in U.S. Dollars for a period of one month (or such other period representative of the relevant Reserve Account Interest Period) which appears on the Telerate Page 3750 as of 11 a.m., London time, on the Reserve Account Determination Date, or

(B) if the Calculation Agent determines that it is not possible to determine the LIBOR Ledger Rate in accordance with (a) above, the rate shall be the arithmetic mean (rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, 0.000005 being rounded upwards) of the rates at which deposits in U.S. Dollars are offered by four or more Account Reference Banks (as defined in the Supplement) at approximately 11.00 a.m., London time, on the Reserve Account Determination Date to prime banks in the London interbank market for a period of one month (or such other period representative of the relevant Reserve Account Interest Period) commencing on the relevant Ledger Interest Period Date in an amount equal to the Reserve Account Ledger Balance; or

(C) if the Calculation Agent determines that it is not possible to determine the LIBOR Ledger Rate in accordance with (b) above and at least two quotations are provided, the rate for the relevant Reserve Account Interest Period shall be the arithmetic mean (rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; or

(D) if the Calculation Agent determines that it is not possible to determine the LIBOR Ledger Rate in accordance with (c) above, the rate shall be the rate as determined by the Calculation Agent in its sole and absolute discretion.

"**Reserve Account Determination Date**" means, in respect of any Reserve Account Interest Period, the day falling two Business Days prior to the commencement thereof.

"**Reserve Account Interest Period**" means the period beginning on (and including) one Ledger Interest Period Date to but excluding the next following Ledger Interest Period Date except that the first Ledger Interest Period Date will commence on and include the Effective Date and the final Ledger Interest Period Date shall end on (and exclude) the Scheduled Termination Date.

D. Definitions:

For the purposes hereof:

"**Adjustment Amount**" means a cash amount in USD equal to the Unwind Costs.

"**Attributable Charged Assets**" means the Charged Assets Portfolio and either:

(a) less the Adjustment Amount, if the Unwind Costs are deemed payable to Buyer; and

(b) plus the Adjustment Amount, if the Unwind Costs are deemed payable by Buyer; and

(c) plus a cash amount in USD equal to 62,500.

and provided that, if the Charged Assets Portfolio less the Adjustment Amount is an amount less than zero, the Attributable Charged Assets shall be deemed to be zero and no Attributable Charged Assets shall be deliverable.

"**Attributable Portfolio**" means the Portfolio less the Charged Assets Depreciation, and either:

(a) less an amount of Deliverable Obligations equal to the Unwind Costs, if the Unwind Costs are deemed payable to Buyer; or

(b) plus a cash amount in USD equal to the Unwind Costs, if the Unwind Costs are deemed payable by Buyer.

and provided that, if the Portfolio less the Charged Assets Depreciation and less the amount calculated under (a) above is an amount less than zero, the Attributable Portfolio shall be deemed to be zero and no Attributable Portfolio shall be deliverable.

"**Bond Event Notice**" means a notice delivered by Buyer to Seller, on or prior to the Scheduled Termination Date, specifying the occurrence of a Bond Redemption Event.

"**Bond Redemption Event**" means the occurrence of any of the following at any time from and including 4 November 2005 and on or prior to the Specified Date:

(i) the Issuer satisfies the Trustee that the performance of its obligations under the Notes or ancillary thereto has or will become unenforceable, illegal or otherwise prohibited in whole or in part as a result of the Issuer's compliance with any applicable present or prospective law, rule, regulation, judgment, order or directive

of or in any jurisdiction or any governmental administrative, legislative or judicial power or the interpretation thereof; or

(ii) if the Charged Agreement is terminated (in whole but not in part and other than in consequence of Condition 7(g) or Condition 7(h) or in connection with a redemption of the Notes pursuant to paragraph 25 or Condition 9).

"**Cash Settlement Amount**" means the "Cash Settlement Amount" as determined by the Calculation Agent in accordance with the provisions of Section 9.8 of the Credit Derivatives Definitions.

"**Cash Settlement Date**" has the meaning ascribed to it in Section 9.8 of the Credit Derivatives Definitions.

"**Charged Assets**" has the meaning ascribed thereto in the Conditions of the Notes.

"**Charged Assets Depreciation**" means an amount, calculated by the Calculation Agent, equal to the amount (if any) in USD by which the market value of the Charged Assets has decreased from their par value during the period from 4 November 2005 to the Physical Settlement Date (or, if earlier, the date upon which the Charged Assets are sold or redeemed).

"**Charged Assets Portfolio**" means the Charged Assets (if any) (and an amount equal to the Custody Cash Account Balance (if any) (the "**Proceeds**")) and the Reserve Account Ledger Balance.

"**Custody Cash Account Balance**" means the amount (if any) standing to the credit of the Custody Cash Account or Sub-Cash Account, as the case may be, from time to time including any interest (if any) thereon.

"**Deliverable Obligations**" means the Specified Reference Obligation and any other obligation of the Reference Entity (either directly or as provider of any Qualifying Guarantee) described by the Deliverable Obligation Category of Bond or Loan and with the Deliverable Obligation Characteristics.

"**Deliverable Obligation Characteristics**" means Not Subordinated, Specified Currency: Standard Specified Currencies, Not Sovereign Lender, Not Domestic Law, Not Domestic Issuance, Not Contingent, Assignable Loan, Transferable, Not Bearer, Maximum Maturity – 20 years.

"**Early Termination Date**" means the date that is specified as such by Buyer in its Early Termination Notice, and where it is specified following a Bond Event Notice Delivery Date, such date shall be at least five Business Days after the corresponding Bond Event Notice Delivery Date.

"**Extension Notice**" means an irrevocable notice (which may be oral including by telephone) from Buyer to Seller and the Calculation Agent that is effective on or before the Specified Date and that specifies that Buyer has determined in its sole discretion acting reasonably that a Credit Event, Potential Failure to Pay or Potential Repudiation/Moratorium has or may have occurred. An Extension Notice is effective when given and if given after 4.00 p.m. London time on a Business Day will be deemed given on the next Business Day.

"**Latest Permissible Early Termination Date**" means the date falling 10 Business Days after the Early Termination Date.

"**Latest Permissible Physical Settlement Date**" means the date falling 10 Business Days after the Physical Settlement Date.

"**Notes Determination Agent**" means the determination agent appointed under the Conditions of the Notes.

"**Physical Delivery Confirmation Notice**" means an irrevocable notice delivered to the Notes Determination Agent at least five Business Days prior to the Physical Settlement Date on behalf of the Issuer from a Noteholder setting out the identity and contact details of the relevant Noteholder and sufficiently detailed settlement instructions concerning the delivery to it or its nominee of the Relevant Portion of the Attributable Portfolio, such notice being in the form set out in Annex 3 to the Supplement in respect of the Notes.

"**Physical Settlement Date**" means the date that is falling no later than 30 Business Days after the Notice of Physical Settlement and specified as such by Buyer in such Notice of Physical Settlement.

"**Physical Settlement Valuation Date**" means the date following the Event Determination Date specified by Buyer.

"**Portfolio**" means, in respect of the Reference Entity, such Deliverable Obligations, selected by Buyer in its absolute discretion pursuant to paragraph 5B(i) in an aggregate principal amount (excluding or including accrued interest in each case as determined by the Calculation Agent and converted, if necessary from the relevant currency by the Calculation Agent) equal to USD 50,000,000.

"**Relevant Portion**" means a proportion equal to the proportion (rounded down to the nearest whole number) which a Noteholder's holding of Notes bears to the total principal amount outstanding of the Notes, as calculated by the Notes Determination Agent on the date falling three Business Days after the date on which the relevant Physical Delivery Confirmation Notice (as defined in the Conditions of the Notes) or Early Termination Notice, as applicable, is given.

"**Reserve Account Ledger**" means a ledger operated by the Swap Counterparty in accordance with the provisions of this Confirmation and the Terms and Conditions of the Notes.

"**Reserve Account Ledger Balance**" means, in respect of any day, the amount standing to the credit of the Reserve Account Ledger on such day, including any interest thereon.

"**Seller Early Redemption Payment Amount**" means USD50,062,500.

"**Spread Amount**" means the amount of interest that would have been payable under the terms of the relevant Charged Assets in accordance with the terms and conditions of such Charged Assets in effect as at the Trade Date as if the amount of interest payable in respect of such Charged Assets had been calculated solely on the basis of the "Spread" (as defined in the terms and conditions of the Charged Assets in effect as at the Trade Date) (without the addition of any amount in respect of LIBOR), provided that the first Spread Amount in respect of the Bond to be credited to the Reserve Account Ledger shall accrue from (and including) the Effective Date.

"**Spread Amount A**" means, in respect of each Buyer Calculation Period, an amount determined by the Calculation Agent equal to the sum of the product of the following for each day in such Buyer Calculation Period:

(1) the Buyer Calculation Amount A; multiplied by

(2) 0.39%; multiplied by

(3) 1/360,

provided that (i) Spread Amount A shall only accrue from and including the Amendment Effective Date; and (ii) upon the occurrence of an Event Determination Date or a Bond Event Notice Delivery Date, Spread Amount A shall cease to accrue or be payable from the Buyer Payment Date immediately preceding such Event Determination Date or Bond Event Notice Delivery Date (or, if there is no preceding Buyer Payment Date, the Effective Date).

"**Unwind Costs**" means an amount, determined by the Calculation Agent, in accordance with the following provisions. The Calculation Agent shall calculate the loss, cost and expense (including loss of bargain) as a result of the early termination of the Charged Agreement, plus any costs, fees and expenses incurred in connection with the delivery of the Attributable Charged Assets or the Attributable Portfolio (as the case may be) including, without limitation any brokers' commissions, fees and expenses, any taxes and stamp duties, any funding costs and any legal or other ancillary costs incurred by Buyer or Seller as a consequence of such early termination.

6. **Additional Provisions**

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

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

C. With respect to any notice delivered to it by Buyer, Seller shall deliver or arrange for the delivery of a copy thereof to any holder of the Notes, provided the delivery of or failure to deliver such copies to any such holder by or on behalf of Seller will not affect the effectiveness of such notices delivered by Buyer to Seller.

D. The Calculation Agent shall notify Seller in writing, as soon as reasonably practicable, of any calculations and/or determinations made pursuant to this Confirmation, provided the delivery of or failure to deliver such notices will not affect the effectiveness of any calculations or determinations made pursuant to this Confirmation. Calculations or determinations required to be made by the Calculation Agent, in lieu of the pre-penultimate sentence of Section 1.14 of the Credit Derivatives Definitions, shall be calculated or determined by the Calculation Agent in good faith in its sole and absolute discretion, effective as of such determination, and shall be conclusive absent manifest error.

E. Bond Event Notices, Credit Event Notices, Notices of Publicly Available Information and Extension Notices are subject to the requirements regarding notices set forth in Section 1.10 unless otherwise specifically provided herein and shall, in each case, be copied by Buyer to the Principal Paying Agent and the Trustee, provided that the delivery of or failure to deliver any such copy to the Principal Paying Agent or the Trustee will not affect the effectiveness of such notice.

7. **Specific Amendments to Credit Derivatives Definitions**:

A. The Credit Derivatives Definitions are amended as follows:

(a) The phrases "in consultation with the parties" and "after consultation with the parties" shall be deleted in wherever they appear in the Credit Derivatives Definitions.

(b) Any reference to "Reference Obligation" or "Reference Obligations" in each of Sections 1.14, 2.2, 2.14, 2.15, 2.19(a)(iii), 2.19(b)(i)(A), 2.30 and 9.1 shall be deemed to be a reference to "Specified Reference Obligation" or "Specified Reference Obligations", as the case may be.

(c) Section 2.15 is amended:

(i) by deleting the words "determined pursuant to the method described in Section 2.20" in the third and fourth lines of Section 2.15(a) and replacing them with the words "determined pursuant to the method described in this Confirmation" and by deleting the words "being Delivered" in the eleventh line thereof; and

(ii) by deleting Section 2.15(b) in its entirety.

(d) The definition of Standard Specified Currencies in Section 2.19(b)(ii) is amended to include, in addition to those currencies identified in such Section as the Standard Specified Currencies, the lawful currency of Australia and any successor to such currency

(e) The following new paragraph shall be inserted after the last paragraph of Section 2.20(b):

"If an obligation would have been capable of being specified as a Deliverable Obligation immediately prior to a Credit Event, such obligation (as in effect after such Credit Event) shall continue to be able to constitute a Deliverable Obligation after the occurrence of such Credit Event. If it is not possible or reasonably practicable to specify any Obligation as a Deliverable Obligation of the Reference Entity because there is or will be no Deliverable Obligation in existence at any time, the Buyer may designate by notice (which may be by telephone) to the Principal Paying Agent (copied to the Issuer and the Trustee) one or more bonds, loans, instruments, certificates or obligations (an "**Exchanged Obligation**") which have been or will be issued in exchange, whether pursuant to a mandatory or voluntary exchange (an "**Obligation Exchange**"), for one or more bonds, loans, instruments, certificates or obligations of the Reference Entity that would have been capable of being specified as a Deliverable Obligation immediately prior to the occurrence of the Credit Event, provided, that failure of the Principal Paying

Agent to deliver such notice to the Noteholders shall not affect the effectiveness of such designation."

(f) Section 2.31 is deleted

(g) The references to the "Effective Date" in Section 3.3 shall mean the Trade Date, unless otherwise specified herein.

(h) Section 3.7 is amended by inserting at the end thereof the following:

"and such other published or electronically displayed news or information sources as are referred in any Notice of Publicly Available Information".

(i) Sections 8.1 and 8.3 to 8.11 are deleted.

(j) Sections 9.2(c)(ii) to (iv) are deleted.

(k) Section 9.2(c)(v) is amended by the substitution for the words "Buyer and Seller equally" in the second last line thereof with the words "the relevant transferee"

(l) Section 9.2(c)(vi) is deleted. If any Stamp Tax is payable in connection with the Delivery of a Specified Reference Obligation or any other Deliverable Obligations, payment of such Stamp Tax shall be made by the relevant transferee.

(m) Section 9.3 is deleted.

(n) Article X is deleted.

8. **Notice and Account Details:** See Notice and Account Details in Exhibit I.

9. **Value of Early Termination:** If an Early Termination Date is designated or deemed to occur as a result of an Event of Default in relation to Buyer as the Defaulting Party, Buyer and Seller agree that for purposes of Section 6 of the Agreement the Market Quotation (as defined in the Agreement) of the Transaction represented by this Confirmation shall not be determined under Section 6 of the Agreement but rather shall be deemed to be equal to the amounts that would have been payable by Buyer to Seller under this Confirmation on the Scheduled Termination Date had the Scheduled Termination Date been the Early Termination Date and such an Early Termination Date had not been designated or deemed to occur.

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

Yours sincerely,

BARCLAYS BANK PLC

By: ……
Name:
Title:

Confirmed on the date
first above written:

ARLO II LIMITED

By: ……

EXHIBIT I
Notice and Account Details

Notices to Buyer:

Barclays Bank PLC
41/F Citibank Tower
3 Garden Road
Central
Hong Kong
Tel: +852 2903 3200
Fax: +852 2903 4920
Attention: Head of Asia Pacific Credit Derivatives

With a copy to:

Barclays Capital
200 Park Avenue
New York, NY 10166
Attention: Head of Structured Credit Transaction Management
Facsimile No: 212 412 1732
Telephone No: 212 412 5700

Barclays Bank PLC
41/F Citibank Tower
3 Garden Road
Central
Hong Kong
Tel: +852 2903 2268
Fax: +852 2903 4957
Attention: Head of Legal, Asia Pacific

Account Details of Buyer:

EUR
Bank: Barclays Bk Plc, London
Swift: BARCGB22
A/C: Barclays Head Office Swaps
A/C No: 78659111

GBP
Bank: Barclays Bk Plc, 54 Lombard Street, London
S/C: 20-00-00
Swift: BARCGB22
A/C: Barclays Swaps
A/C No: 00152021

USD
Bank: Federal Reserve Bank of New York, New York
ABA No: 026-0025-74
A/C: Barclays Bank Plc, New York
Favour: Barclays Swaps & Options Group, New York
A/C No: 050-01922-8

Notices to Seller:

ARLO II Limited
P.O. Box 1093, Boundary Hall

Cricket Square
Grand Cayman
KY1-1102
Cayman Islands
Tel: (345) 945 7099
Fax: (345) 945 7100

Account Details of Seller ***To be advised*****.**

ANNEX 2: FORM OF MASTER CHARGED AGREEMENT TERMS

Structured Investment Terms
Master Charged Agreement Terms

March 2004 Edition

FORM OF CHARGED AGREEMENT

1. **Background**

1.1 These Master Charged Agreement Terms (March 2004 Edition) contain provisions which may be used with respect to any Notes issued by the Issuer, the issue of which is arranged by Barclays Bank PLC or any of its subsidiaries or associated companies.

1.2 Notes may be constituted and/or secured by entry into by the Trustee, the Issuer, the Swap Counterparty and any others that may be parties thereto of a Constituting Instrument, each such Constituting Instrument comprising a separate instrument which may incorporate by reference, as amended and/or supplemented as provided therein, the provisions of these Master Charged Agreement Terms (March 2004 Edition).

1.3 These Master Charged Agreement Terms (March 2004 Edition) set out the terms and conditions pursuant to which the Swap Counterparty may, at its discretion, enter into a Charged Agreement with the Issuer of a Series of Notes issued by the Issuer under the Programme and comprise a Schedule (the "Schedule") to the International Swaps and Derivatives Association Inc. 1992 Form of Master Agreement (Multicurrency –Cross Border).

1.4 Upon the execution of the Constituting Instrument relating to the Notes of a particular Series by or on behalf of the persons party thereto in the capacities of Issuer and Swap Counterparty, such persons shall be deemed to have entered into an agreement in respect of the Notes constituted and/or secured by such Constituting Instrument on the terms of these Master Charged Agreement Terms (March 2004 Edition) (as the same may be modified or supplemented by the provisions of such Constituting Instrument).

2. **Definitions**

Unless otherwise defined herein or the context otherwise requires, the Master Definitions as specified in and amended by the Constituting Instrument relating to the Notes of the relevant Series shall apply to these Master Charged Agreement Terms (March 2004 Edition) and any deed or document incorporating them.

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

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

between

the Swap Counterparty	and	the Issuer
("**Party A**")		("**Party B**")

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

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

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

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

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

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

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

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

1. **Termination Provisions**

In this Agreement:

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

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

in relation to Party B for the purpose of:

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

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

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

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

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

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

(1) Market Quotation will apply; and

(2) The Second Method will apply.

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

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

1.9 "Additional Termination Event" will apply as follows:

(1) If at any time the Notes become repayable in full prior to the maturity date thereof in accordance with the Conditions thereof an Additional Termination Event will be deemed to have occurred; or

(2) If at any time the Transaction is required to be terminated in part pursuant to any of Paragraphs 1.10 or 1.11 below, an Additional Termination Event will be deemed to have occurred, but only with respect to that part of the Transaction which terminates pursuant to such paragraph; or

(3) If the event specified in Paragraph 1.12 occurs in relation to the Notes an Additional Termination Event will be deemed to have occurred.

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

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

(A) the obligations of Party B to make payment or delivery to Party A in respect of each Transaction outstanding under the Agreement after the date of such redemption shall be terminated:

(1) in the event that there are Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been received by Party B on the Charged Assets to be released from the security granted in favour of the Trustee by or pursuant to the Constituting Instrument and, if applicable, any Additional Charging Instrument consequent upon such redemption; or

(2) in the event that there are no Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so redeemed; and

(B) Party A's obligations to make payment or delivery to Party B in respect of each Transaction outstanding under the Agreement after such date shall be terminated to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so redeemed.

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

1.11 If Party A receives a notice that some or all of the Notes are to be purchased by Party B pursuant to Condition 7(g) (*Purchase*) of the Notes having given its consent to such purchase in accordance with such Condition (and subject, where applicable, to the prior payment in respect of and/or delivery of such relevant proportion of the Charged Assets to the Swap Counterparty as is required to fund the relevant early Redemption Amount or Issuer Optional Redemption Amount, as the case may be) then:

(A) the obligations of Party B to make payment or delivery to Party A in respect of each Transaction outstanding under the Agreement after the date of such purchase shall be terminated:

(1) in the event that there are Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been received by Party B on the Charged Assets to be released from the security granted in favour of the Trustee by or pursuant to the Constituting Instrument and, if applicable, any Additional Charging Instrument consequent upon such purchase; or

(2) in the event that there are no Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so purchased; and

(B) Party A's obligations to make payment or delivery to Party B in respect of each Transaction outstanding under the Agreement after such date shall be terminated to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so purchased.

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

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

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

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

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

2. **Tax Representations**

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

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

2.2 Payee Representations: None.

3. **Agreement to Deliver Documents**

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

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

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

(B) Other documents to be delivered are:

Party Required to deliver document	**Form/Document/ Certificate**	**Date by which to be delivered**	**Covered by Section 3(d) Representation**
Party B	Legal opinion of counsel in the jurisdiction of incorporation of Party B	At signing of the Constituting Instrument relating to the Notes	No
	Letter from agent for service of process confirming acceptance of appointment	At signing of the Constituting Instrument relating to the Notes	No
	Copy of resolution of board of directors authorising execution of the Charged Agreement constituted by the Constituting Instrument relating to the Notes of the relevant Series and the Confirmation thereunder	At signing of the Constituting Instrument relating to the Notes	Yes
	A duly authorised and executed Power of Attorney appointing persons to execute, *inter alia*, the Charged Agreement constituted by the Constituting Instrument relating to the Notes of the relevant Series and the Confirmation thereunder, or other evidence of due authorisation of a signatory hereto	At signing of the Constituting Instrument relating to the Notes	Yes

4. **Miscellaneous**

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

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

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

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

Party A appoints as its Process Agent: Not applicable.

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

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

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

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

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

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

Party A: None, unless in respect of a Series of Notes, the Constituting Instrument therefor specifies that Party A is required to deliver a Credit Support Annex in which event such Credit Support Annex shall constitute a Credit Support Document in respect of Party A and such Series of Notes.

Party B: The Trust Deed constituted by the Constituting Instrument relating to the Notes of the relevant Series among, *inter alios*, Party B, the Trustee and Party A and any Additional Charging Instrument referred to in such Constituting Instrument and, if the Confirmation in respect of a Transaction so specifies, the obligation of Party B specified therein as a Credit Support Document in respect of Party B and such Series of Notes.

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

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

4.8 Governing Law: This Agreement will be governed by and construed in accordance with English law.

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

5. **Other Provisions**

5.1 No Set-off

(A) All payments under this Agreement shall be made without set-off or counterclaim except as expressly provided for in Section 6.

(B) Section 6(e) shall be amended by the deletion of the following sentence "The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.".

5.2 Security interest and transfer

(A) Section 7 shall be replaced by the following:

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

(B) subject to the consent of the Trustee, a party may make such a transfer of all or part of its interest in any amount payable to it from a Defaulting Party under Section 6(e);

(C) subject to the consent of the Trustee and provided that, if such transfer is proposed by Party A and the Notes are then rated at the request of the Issuer by a Rating Agency, such Rating Agency is notified of such substitution and confirms to the Trustee that its then current rating of such Notes by it will not be withdrawn or adversely affected by such transfer, a party may make such transfer of this Agreement to another entity as it shall deem appropriate, whether or not such transfer is pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all of its assets to, such other entity (but without prejudice to any other right or remedy under this Agreement); and

(D) the Issuer may charge, assign or otherwise create security over its rights under this Agreement in favour of the Trustee pursuant to the Constituting Instrument or any Additional Charging Instrument.

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

5.3 Disapplication of certain Events of Default

Sections 5(a)(ii), 5(a)(iv), 5(a)(v), 5(a)(vi), 5(a)(vii)(9) and 5(a)(viii) will not apply in respect of Party A or Party B.

5.4 Disapplication of certain Termination Events

Sections 5(b)(ii), 5(b)(iii) and 5(b)(iv) shall not apply to either party.

5.5 Transfer to avoid Termination Event

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

5.6 Amendments

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

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

5.7 Additional representation

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

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

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

5.8 Recording of conversations

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

5.9 Relationship between the parties

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

"15. **Relationship between the parties**

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

(a) **Non Reliance**

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

(b) **Assessment and Understanding**

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

(c) **Status of Parties**

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

(d) **Transactions in the Collateral**

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

5.10 Tax

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

5.11 Non-petition/limited recourse

Notwithstanding any other provision hereof, of any Charged Agreement or of the Confirmation relating thereto or otherwise, Party A hereby acknowledges that it shall have recourse in respect of any claim under the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or under the Confirmation relating thereto and forming part thereof against Party B (whether arising under such Charged Agreement, such Confirmation, the general law, or otherwise) only to the Collateral (or part thereof if so provided in the Constituting Instrument relating to the Notes) relating to the Notes of the relevant Series and that, the security constituted in its favour by or pursuant to the Constituting Instrument relating to the Notes of the relevant Series and/or, if applicable, any Additional Charging Instrument having been enforced, any claim under the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof which it has against Party B and which is not met out of the proceeds of enforcement of such security (as applied in accordance with the provisions of the relevant Constituting Instrument) shall be extinguished and (save for lodging a claim in the liquidation of Party B initiated by another person or taking proceedings to obtain a declaration or judgment as to the obligations of Party B) Party A will not take any further action against Party B in respect thereof and will not have any claim in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof against the Collateral or Charged Assets relating to any other Discrete Series or Alternative Investments issued by Party B or against any other assets of Party B. It is a fundamental term of any debt comprising amounts owing to Party A by Party B under the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof that Party A shall not be entitled to exercise any right of set-off, lien, consolidation of accounts or other similar right arising by operation of law or otherwise against Party B other than in its capacity as Party A, and then solely in respect of rights arising, under the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating

thereto and forming part thereof and not in respect of any other agreement and shall not petition or take any other step for the winding-up of Party B in relation to such debt (save as aforesaid). This provision shall survive termination for any reason whatsoever of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto.

5.12 Payments

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

"(f) ***Same day payments.*** If on any date (a "**Relevant Date**") amounts are payable in respect of the same Transaction, by each party to the other, then the amount payable by Party A (the "**Party A Payment**") shall not be so payable until the amount payable by Party B (the "**Party B Payment**") shall have been duly paid and received in full in accordance with the provisions of this Agreement. If on a Relevant Date, Party A shall not have received evidence satisfactory to it of the payment and receipt of the Party B Payment ("**Party B Payment Evidence**"), it shall be entitled but not obliged to pay the Party A Payment to an interest bearing escrow account in its name with the Principal Paying Agent on terms that the Party A Payment shall be paid to Party B in accordance with this Agreement if Party A shall have notified the Principal Paying Agent that it has received the Party B Payment Evidence but otherwise the Party A Payment shall be immediately repaid in full together with any accrued interest by the Principal Paying Agent to Party A for Party A's sole use and benefit:

(i) if Party A shall notify the Principal Paying Agent that there has occurred an Event of Default with respect to Party B or a Termination Event; or

(ii) in any event (if the Party A Payment shall not at such time have been paid to Party B in accordance with this Section 2(f)), immediately before close of business on the third Local Business Day after the Relevant Date.

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

5.12 Section 5(a)(vii)

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

(i) Section 5(a)(vii)(2) shall not apply.

(ii) Section 5(a)(vii)(3) shall take effect with the words "the Noteholders" substituted for "its creditors".

(iii) Section 5(a)(vii)(4) is hereby amended by the insertion of the words "or for the appointment of an examiner to it" after the first occurrence of the word "liquidation" and by the insertion of the words "or the appointment of an examiner to it" after the second occurrence of the word "liquidation".

(iv) Section 5(a)(vii)(5) is hereby amended by the insertion of the following words after the occurrence of the word "liquidation":

"or sends a notice convening a meeting to propose a voluntary arrangement of the Noteholders".

(v) Sections 5(a)(vii)(6) and (7) shall take effect with the words "assets comprised in the Collateral (as defined in the Constituting Instrument)" substituted for "all or substantially all its assets".

5.13 Contracts (Rights of Third Parties) Act 1999

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

5.14 Calculation of Settlement Amount

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

5.15 Notices

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

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

ANNEX 3: FORM OF PHYSICAL DELIVERY CONFIRMATION NOTICE

To: ARLO II Limited
P.O. Box 1093, Boundary Hall
Grand Cayman
KY1-1102
Cayman Islands
Fax No: 1 345 945 7100
Attention: The Directors

Barclays Bank PLC (the Determination Agent)
41/F Citibank Tower
3 Garden Road
Central
Hong Kong
Tel: +852 2903 3200
Fax: +852 2903 4920
Attention: Head of Asia Pacific Credit Derivatives

cc: BNY Mellon Corporate Trustee Services Limited (formerly known as J.P. Morgan Corporate Trustee Services Limited) (the Trustee)
One Canada Square
London
E14 5AL

The Bank of New York Mellon (formerly JPMorgan Chase Bank, N.A.) (the Principal Paying Agent)
One Canada Square
London E14 5AL

Date: [•]

ARLO II Limited U.S.$5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments

Series 2005 (RoK-CCCIT-2) USD 50,000,000 Secured Limited Recourse Credit-Linked Notes due 22 October 2014

…….. as the holder of all the Notes hereby gives notice, further to receipt of the Credit Redemption Notice pursuant to the Conditions of the Notes, of its holding of Notes [*notice to be delivered on a date falling not less than 5 Business Days prior to the Physical Settlement Date*].**

Confirmations [*or other evidence*]** from Euroclear/Clearstream, Luxembourg* in connection with the above mentioned holding of Notes are attached to this Notice.

Set out below are the relevant contact details:

[*identity and contact details of the Noteholder*]

Set out below are the relevant settlement details for delivery of the Relevant Portion of the Attributable Portfolio.

[*settlement details of the Noteholder*]

We hereby agree to pay, and shall indemnify you against, any stamp duty or other tax, levy or duty and any other costs and expenses payable in respect of the delivery of the Relevant Portion of the Attributable Portfolio to us.

Words and expressions used in this notice and not otherwise defined herein shall have the meanings given to them in the Terms and Conditions of the above-captioned Notes.

……..

For and on behalf of
[•]

By:
Name:
Title:

*** To be deleted as appropriate**

**** To be completed**

REGISTERED OFFICE OF THE ISSUER

PO Box 1093, Queensgate House
Grand Cayman
KY1-1102
Cayman Islands

ARRANGER

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

TRUSTEE

BNY Mellon Corporate Trustee Services Limited
One Canada Square
London E14 5AL

ISSUE AGENT AND PRINCIPAL PAYING AGENT AND CUSTODIAN

The Bank of New York Mellon
One Canada Square
Canary Wharf
London E14 5AL

LEGAL ADVISERS

To the Arranger as to English and U.S. law and the Trustee as to English law

Simmons & Simmons LLP
13th Floor
One Pacific Place
88 Queensway
Hong Kong

To the Issuer as to Cayman Islands law

Maples and Calder
7 Princes Street
London EC2R 8AQ

IRISH LISTING AGENT

The Bank of New York Mellon (Ireland) Limited
Hanover Building
Windmill Lane
Dublin 2
Ireland