

BASE PROSPECTUS DATED 21 November 2007

PORTLAND CAPITAL LIMITED

(Incorporated with limited liability in Jersey)

SHANNON CAPITAL PLC

(Incorporated with limited liability in Ireland)

€5,000,000,000

Secured Medium Term Note Programme

Under the Secured Medium Term Note Programme described in this Base Prospectus (the “**Programme**”), Portland Capital Limited and Shannon Capital plc (each a “**First Issuer**” and together the “**First Issuers**”) and certain other companies (each, including the First Issuers, a “**Specified Company**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue secured notes (the “**Notes**”) and in conjunction therewith, may from time to time buy, sell or enter into options (“**Options**”), loans (“**Loans**”), schuldscheine (“**Schuldscheine**”) or swap transactions on the terms set out in the relevant Specified Company Base Prospectus (as defined below), and (in the case of the Notes) final terms (the “**Final Terms**”). In the case of any Specified Company other than a First Issuer, details of such Specified Company will be set out in a base prospectus relating to that Specified Company (this Base Prospectus and any other such base prospectus being a “**Specified Company Base Prospectus**”). Notes may also be issued under the Programme on terms set out in a prospectus relating to the Notes which incorporates by reference the whole or any part of the Specified Company Base Prospectus. The aggregate nominal amount of Notes issued by a single Issuer and outstanding will not at any time exceed €5,000,000,000 (or the equivalent in other currencies).

In connection with the proposed issuance of Notes by a Specified Company (other than either First Issuer), such Specified Company will have executed a deed (a “**Deed of Accession**”) agreeing to be bound by all the terms of the principal trust deed dated 26 March 2001, as supplemented on 16 July 2002, and as amended and restated on 4 October 2005, as amended and supplemented from time to time (the “**Trust Deed**”) entered into by the First Issuers with, *inter alia*, J.P. Morgan Trustee and Depository Company Limited as trustee (the “**Trustee**”) which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) and certain other Master Documents (as defined in the relevant Deed of Accession) and the other documents executed pursuant to or in connection with the creation of Notes. From and after execution and delivery of a Deed of Accession, such Specified Company shall become and be treated as an “**Issuer**” for the purposes of the Master Documents and the relevant Specified Company Base Prospectus. References herein to “**Issuer**” are references to the relevant Specified Company in respect of (and only to the extent of) the Notes created by it and in respect of the Master Documents only to the extent that it is bound by them and such references specifically exclude any other Specified Company. Each Specified Company shall be bound by the Master Documents only in respect of any Series of Notes created by it and matters relating thereto. The liability of the Specified Companies under the Notes and each of the Master Documents is several and is separate in respect of each Series of Notes. No Specified Company shall be responsible for the Notes of any other Specified Company under any Notes created by such Specified Company or any of the Master Documents.

Notes will be issued in Series (as defined in “**Overview of the Programme**”) comprising Notes which rank *pari passu* with each other. Notes of a particular Series (the “**Junior Notes**”) may be expressed to be subordinated to, and in accordance with the terms and conditions of Notes of, any other particular Series (the “**Senior Notes**”). Each Series will be secured by a charge on and/or assignment of and/or other security interest over or in respect of certain transferable securities (“**Securities**”) and/or may be secured by an assignment of the Issuer’s rights under one or more swap transactions (including any applicable guarantee, each a “**Swap**”), one or more contracts under which the Issuer may agree to buy or sell securities or enter into other contractual relations (each a “**Securities Agreement**”) and one or more credit support documents (each a “**Credit Support Document**”), together with such additional security or such other security, if any, as may be described in the relevant Final Terms. The Issuer’s rights, title and interest in and under any Securities, each Swap, each Securities Agreement and each Credit Support Document are referred to in this Base Prospectus as “**Collateral**”. The Notes will also be secured by a charge over all sums held from time to time by the Issuing and Paying Agent and/or the Custodian (each as defined herein) to meet payments due in respect of the Notes and by an assignment of each Issuer’s rights under the Agency Agreement (as defined herein). All the Issuer’s assets subject to the security constituted by each Supplemental Trust Deed (as defined herein) are referred to in this Base Prospectus as “**Mortgaged Property**”. The obligations of each Issuer under a Swap, a Securities Agreement and/or any other agreement under which each Issuer may incur indebtedness, grant Options or incur other obligations (a “**Contract**”), as the case may be, together with claims (if any) by the Custodian and/or the Issuing and Paying Agent in respect of payments made on behalf of the Issuer, will also be secured by certain assets comprised in the Mortgaged Property. Claims against the Issuer by holders of the Notes of a particular Series and, if applicable, the counterparty to the relevant Swap, Securities Agreement or Contract, the Custodian and the Issuing and Paying Agent, will be limited to the Mortgaged Property applicable to that Series. Each Series of Senior Notes and the related Series of Junior Notes will be secured on the same Mortgaged Property. On a realisation of the Mortgaged Property in relation to any Series of Senior Notes and the related Series of Junior Notes, the net proceeds of such realisation shall be applied in accordance with the terms and conditions of the Notes (the “**Conditions**”) (see “**Terms and Conditions of the Notes - Security**”).

If the net proceeds of the enforcement of the Mortgaged Property for a Series are not sufficient to make all payments then due in respect of the Notes and Coupons of that Series and, if applicable, the claims of any Other Creditors (as defined herein), the Custodian and the Issuing and Paying Agent, the obligations of the Issuer will be limited to such net proceeds and the other assets of the Issuer will not be available to meet any shortfall. The Issuer will not be obliged to make any further payment in excess of such net proceeds and no debt shall be owed by the Issuer in respect of such shortfall. None of the Trustee, any Noteholder, any Creditor, the Issuing and Paying Agent and the Custodian may take any further action to recover any such shortfall. In particular, no such person shall be entitled to institute, or join with any person in bringing, instituting or joining insolvency proceedings in relation to the Issuer.

The failure of a Specified Company to perform its obligations under any Notes or under the Master Documents shall not release any other Specified Company from its obligations under any Note or any of the Master Documents. No security created by a Specified Company shall benefit investors in the Notes issued by (or any other creditors of) any other Specified Company or the investors in any other Notes created by such Specified Company. No payments owed by or to a Specified Company may be netted against payments owed by or to any other Specified Company. The rights of each Specified Company under each of the Master Documents are also several.

Each Issuer may from time to time issue further Notes on the same terms as existing Notes and such further Notes shall be consolidated and form a single Series with such existing Notes, provided that unless otherwise approved by an Extraordinary Resolution of Noteholders (as defined in the Conditions), the relevant Issuer provides additional assets as security for such further Notes in accordance with Condition 14. Notes may be credit enhanced by a guarantee, insurance or other support agreement.

This Base Prospectus has been filed with and approved by the Irish Financial Services Regulatory Authority (“**IFSR**”) in its capacity as competent authority in Ireland (the “**Competent Authority**”) in relation to prospectuses for securities for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”). Such approval relates only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. This Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Directive.

Application has been made to the IFSRA, as competent authority under the Prospectus Directive, for this Base Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be issued under the Programme within 12 months of the date of this Base Prospectus to be admitted to the official list and trading on its regulated market. The Irish Stock Exchange’s regulated market (the “**Market**”) is a regulated market for the purposes of Directive 2004/39/EC. Such application relates only to securities which are to be admitted to trading on the Market or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. However, unlisted Notes may be issued pursuant to the Programme and the Programme provides that Notes may be listed on such other stock exchange(s) or markets as may be specified in the relevant Final Terms. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Irish Stock Exchange (or any other stock exchange).

In respect of those Specified Companies incorporated in Ireland, a copy of the relevant Specified Company Base Prospectus will be filed with the Irish Companies Registration Office within 14 days of approval as required by Section 38 of S.I. No. 324 Prospectus (Directive 2003/71/EC) Regulations 2005 (the “**Irish Prospectus Regulations**”). Each Series of Notes in bearer form will initially be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) or such other clearing system approved by the Trustee. The provisions governing the exchange of interests in Global Notes for interests in other Global Notes and Definitive Notes are described in “**Summary of Provisions Relating to the Notes while in Global Form**”.

The issue price and the amount of the relevant Notes to be issued will be determined at the time of the issue based on then prevailing market conditions.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Prospective investors should have regard to the factors described under the section headed “**Risk Factors**” in this Base Prospectus. The Base Prospectus does not describe all of the risks of an investment in the Notes.

THE NOTES WILL BE OBLIGATIONS SOLELY OF THE ISSUER AND WILL NOT BE GUARANTEED BY, OR BE THE RESPONSIBILITY OF, ANY OTHER ENTITY.

Arranger and Dealer

COMMERZBANK CORPORATES & MARKETS

This Base Prospectus is issued in relation to the issuance of Notes by Specified Companies. Information relating to each Specified Company which has executed a Deed of Accession and/or any other relevant party will be contained in a Specified Company Base Prospectus. The specific terms of each Series of Notes will be set forth in the Final Terms. Notes may also be issued under the Programme on terms set out in a prospectus relating to the Notes (a “**Series Prospectus**”) which incorporated by reference the whole or any part of the relevant Specified Company Base Prospectus, and reference in this Base Prospectus to the Final Terms shall, where the context permits, include any such Series Prospectus. Each Specified Company Base Prospectus should be read and construed in conjunction with the relevant Final Terms and all other documents which are deemed to be incorporated by reference in the relevant Specified Company Base Prospectus and in the relevant Final Terms. The relevant Specified Company Base Prospectus and the relevant Final Terms shall, save as specified herein and therein, be read and construed on the basis that such documents are so incorporated by reference and form part of the relevant Specified Company Base Prospectus and the relevant Final Terms.

Save for statements to the contrary, each Specified Company accepts responsibility for the information contained in the Specified Company Base Prospectus. To the best of the knowledge and belief of the Specified Company, having taken all reasonable care to ensure that such is the case, the information in the Specified Company Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus, each other Specified Company Base Prospectus and each set of Final Terms or documents incorporated by reference therein in connection with the issue or sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any Issuer or any of the Dealers or the Arranger (as defined in “Overview of the Programme”). Neither the delivery of this Base Prospectus nor any other Specified Company Base Prospectus or Final Terms 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 Issuers since the date hereof or the date upon which this Base Prospectus or relevant other Specified Company Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the relevant Issuer since the date hereof or the date upon which this Base Prospectus or relevant other Specified Company Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus or any other Specified Company Base Prospectus or Final Terms and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any other Specified Company Base Prospectus or Final Terms comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.

Neither this Base Prospectus nor any other Specified Company Base Prospectus or Final Terms constitutes an offer of, or an invitation by or on behalf of the Issuers or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus or any other Specified Company Base Prospectus.

Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the security arrangements and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Purchasers of Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Base Prospectus, any other relevant Specified Company Base Prospectus and the relevant Final Terms (if any) and the merits and risks of investing in the Notes in the context of their financial position and circumstances. The risk factors identified in this Base Prospectus are provided as general information only and the Dealers and the Arranger disclaim any responsibility to advise purchasers of Notes of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may from time to time alter.

In connection with the issue of any Tranche (as defined in “Overview of the Programme”), the Dealer (if any) disclosed as a stabilising manager (the “**Stabilising Manager**”) in the relevant Final Terms or any person acting for him may over-allot Notes (provided that, in the case of any Tranche to be admitted to trading on the regulated market of the Irish Stock Exchange, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Manager or any agent of his to do this. Such stabilising action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if commenced, may be discontinued at any time, and must be brought to an end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche and will be carried out by the Stabilising Manager in accordance with all applicable laws and regulations.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “£” are to pound sterling and references to “€” and “euro” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

A copy of this document has been delivered to the registrar of companies of Jersey (the “**Registrar**”) in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation.

The Jersey Financial Services Commission (the “**Commission**”) has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order, 1958 (as amended) to the issue of the Notes by Portland Capital Limited.

The Commission has given and has not withdrawn its consent under Article 8 of the Control of Borrowing (Jersey) Order 1958 (as amended) to the circulation of this document in respect of the issue of Notes by Shannon Capital plc.

It must be distinctly understood that, in giving these consents, neither the Registrar nor the Commission takes any responsibility for the financial soundness of Portland Capital Limited or Shannon Capital plc or for the correctness of any statements made, or opinions expressed, with regard to it.

The Commission is protected by the Borrowing (Control) (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

If you are in doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

Investors should note that the value of the Notes can fluctuate.

The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law, 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience of investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Jersey Financial Services Commission as suitable investments for any other type of investor.

Any investment in short term notes i.e. with a maturity of less than one year, issued by Shannon Capital plc does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank and Financial Services Regulatory Authority of Ireland. Shannon Capital plc is not and will not be regulated by the Central Bank and Financial Services Regulatory Authority of Ireland as a result of issuing short term notes. Where Shannon Capital plc wishes to issue Notes with a maturity of less than one year, it shall ensure that it is in full compliance with the notice BSD C 01/02 of 12 November 2002 by the Central Bank and Financial Services Regulatory Authority of Ireland of exemptions granted under section 8(2) of the Central Bank Act, 1971, as it may be amended or replaced from time to time.

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

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DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited consolidated annual financial statements of the Issuers for the financial years ended 2005 and 2006 together in each case with the audit reports thereon, which have been previously published or are published simultaneously with this Base Prospectus and which have been approved by the IFSRA or filed with the Irish Stock Exchange. Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus may be obtained without charge from the registered offices of the Issuers.

SUPPLEMENTS TO THE PROSPECTUS

With respect to any Notes listed on the Official List and admitted to trading on the Market, the Issuer has agreed to comply with any undertakings given by it from time to time to the Irish Stock Exchange in connection with such Notes of any Series and, without prejudice to the generality of the foregoing, shall furnish to the Irish Stock Exchange, all such information as the rules of the Irish Stock Exchange may require in connection with the listing on the Official List and admission to trading on the Market of such Notes. The Issuer shall, with respect to any Notes listed on the Official List and admitted to trading on the Market, prepare a supplement (each a “**Supplement**”) to the relevant Specified Company Base Prospectus or publish a new base prospectus whenever required by the rules of the Irish Stock Exchange, or, pursuant to Regulation 51 of the Irish Prospectus Regulations and/or Article 16 of the Prospectus Directive, if there is a significant change affecting any matter contained in the relevant Specified Company Base Prospectus or a significant new matter arises, the inclusion of information in respect of which would have been so required if it had arisen when the relevant Specified Company Base Prospectus was prepared.

OVERVIEW OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Base Prospectus, and the Final Terms relating to the Series of which such Notes are a part.

Issuer:	The Specified Company that is stipulated in the Final Terms and (save for the First Issuers) which has executed a Deed of Accession. References herein to the “ Issuer ” are references to the relevant Specified Company in respect of (and only to the extent of) the Notes issued by it and in respect of the Master Documents to the extent that it is bound by them and such references specifically exclude any other Specified Company. Information relating to each Specified Company (save for the First Issuers, described herein) will be contained in a Specified Company Base Prospectus relating to such Specified Company. In the case of any Specified Company, the relevant Specified Company Base Prospectus and Final Terms should be read and construed together.
Description:	Secured Medium Term Note Programme pursuant to which the Issuer may issue Notes
Size:	Up to €5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time may be issued.
Arranger:	Commerzbank Aktiengesellschaft
Mortgaged Property:	<p>The Notes of each Series will be secured in the manner set out in Condition 4, including a charge on and/or assignment of and/or other security interest over or in respect of the Collateral and the Agency Agreement (as defined in the Conditions) and all sums held from time to time by the Custodian and/or the Issuing and Paying Agent insofar as such sums relate to that Series. Each Series may also be secured on such other security as may be described in the relevant Final Terms. References in this Base Prospectus to “Security” are to the security constituted by the relevant Supplemental Trust Deed.</p> <p>The Senior Notes and the related Junior Notes of a Series shall be secured on the same Mortgaged Property and the net proceeds of any realisation of the Mortgaged Property shall be applied in accordance with Condition 4.</p> <p>In the case of any Series of Notes listed on the Official List, any equity securities backing such Series must (i) be listed on a stock exchange or traded on another regulated and regularly operating open market or be independently valued by a person approved for such purpose by the Irish Stock Exchange as at the date of issue of such Series and (ii) represent minority interests and not confer legal or management control of the</p>

companies issuing such equity securities. Where warrants, Options or other rights relating to equity securities are used to back any Series of Notes listed on the Official List, such requirements shall apply to the equity securities to which such warrants, Options or other rights relate.

Dealer:

Commerzbank Aktiengesellschaft

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “**Permanent Dealers**” is to the person listed above as Dealer and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “**Dealers**” are to all Permanent Dealers and all persons appointed as dealers in respect of one or more Tranches.

Trustee:

J.P. Morgan Trustee and Depositary Company Limited

Registrar:

JPMorgan Chase Bank New York

**Issuing and Paying Agent and
Custodian:**

JPMorgan Chase Bank, London Office

Paying Agent and Transfer Agent:

BNY Financial Services plc

Method of Issue of Notes:

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.

Issue Price of Notes:

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes:

The Notes may be issued in bearer form only (“**Bearer Notes**”), in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) or in registered form only (“**Registered Notes**”). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made

available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Overview of the Programme - Selling Restrictions”), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”.

Swaps and Options:

Any Option bought or sold and any Swaps entered into in connection with Notes of any Series by the Issuer will be on the terms set out in the relevant Specified Company Base Prospectus and in the relevant Final Terms.

Credit Support:

Notes may be issued with the benefit of monoline guarantees or other forms of credit enhancement as specified in the relevant Specified Company Base Prospectus and in the relevant Final Terms or Supplemental Trust Deed.

Clearing Systems:

Clearstream, Luxembourg and Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

Initial Delivery of Notes:

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency as agreed between the Issuer and the relevant Dealers.

Maturities:

Subject to compliance with all relevant laws, regulations and directives, Notes may have any maturity.

Save that where Shannon Capital plc (or any other Irish incorporated Issuer) wishes to issue Notes with maturity of less than one year, it shall ensure that it is in full compliance with the notice by the Central Bank and Financial Services

Regulatory Authority of Ireland of exemptions granted under Section 8(2) of the Central Bank Act, 1971, as amended, including that the Notes comply with, *inter alia*, the following criteria:

- (i) at the time of issue, the Notes must be backed by assets to at least 100 per cent. of the value of the Notes issued;
- (ii) at the time of issue, the Notes must be rated to at least investment grade by one or more recognised rating agencies; and
- (iii) the Notes must be issued and transferable in minimum denominations of €300,000 or the foreign currency equivalent.

Specified Denominations:

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, save that, in the case of any Notes which are to be admitted to trading on the Market or on another regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the Notes). Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which must be redeemed before the first anniversary of their date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Fixed Rate Notes:

Interest on Fixed Rate Notes will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Interest Periods will be specified in the relevant Final Terms.

Interest on the Junior Notes may be deferred where the Issuer has or may have insufficient funds to meet payments of interest due on the related Senior Notes.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.

Index Linked Notes:

Payments of principal or of interest in respect of Index Linked Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.

Interest Periods and Rates of Interest:

The length of the interest periods for the Notes and the applicable rate of interest or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum rate of interest, a minimum rate of interest, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Redemption:

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which must be redeemed before the first anniversary of their date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Redemption by Instalments:

The relevant Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Other Notes:

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes, credit linked Notes and any other type of Note that the Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.

Optional Redemption:

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

Mandatory Redemption:

If all or some of the Securities relating to a Series become repayable prior to their stated maturity or there is a payment default in respect of any such Securities, the Notes of that Series shall become repayable in whole or in part. See “Terms and Conditions of the Notes - Redemption, Purchase and Options”.

Status of Notes:

Senior Notes and the Coupons appertaining thereto (the “**Senior Coupons**”) will be direct, limited recourse and secured obligations of the Issuer ranking *pari passu* and without any preference or priority among themselves and secured in a manner as described in the Conditions. Recourse in respect of any Series of Senior Notes will be limited to the Mortgaged Property.

The Junior Notes and the Coupons appertaining thereto (the “**Junior Coupons**”) will be direct, limited recourse and secured obligations of the Issuer, subordinated to the related Senior Notes and Senior Coupons in accordance with the Conditions and ranking *pari passu* and without any preference or priority among themselves and secured in a manner as described in the Conditions. Recourse in respect of any Series of Junior Notes will be limited to the Mortgaged Property.

The Final Terms in respect of Notes will state whether the Series comprises Senior Notes and/or Junior Notes. The Final Terms in respect of Senior Notes will identify the Series of Junior Notes which share(s) the same Mortgaged Property as such Senior Notes. The Final Terms in respect of Junior Notes will identify the Series of related Senior Notes to which such Junior Notes are subordinated and with which such Junior Notes share the same Mortgaged Property.

Claims of Noteholders and, if applicable, any counterparty to a Swap, Securities Agreement and/or Contract (together “**Other Creditors**”), the Custodian and the Issuing and Paying Agent shall rank in accordance with the priorities specified in the relevant Supplemental Trust Deed and in the relevant Final Terms.

Restrictions:

So long as any of the Notes of a relevant Issuer remain outstanding, such Issuer will not, without the consent of the Trustee and any swap counterparty (the “**Swap Counterparty**”) and/or option counterparty (the “**Option Counterparty**”) incur any other indebtedness for borrowed moneys or engage in any business (other than Transactions

contemplated by this Base Prospectus), declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entity to any person (other than as contemplated by the Conditions) or issue any shares.

Cross Default:

None.

Withholding Tax:

All payments of principal and interest by the Issuer in respect of the Notes and Coupons will be made subject to any withholding or deduction for, or on account of, any taxation levied in the relevant Issuer's place of incorporation. The Issuer will have no obligation to pay any additional amounts on the Notes if any such withholding or deduction is imposed on the Notes.

In the event of the imposition of any such taxes resulting in it being unable to make payment of the full amount due in respect of the Notes, the Issuer will, subject to the agreement of the Trustee, use its best endeavours to procure the substitution as principal debtor under the Trust Deed and the Notes of another company incorporated in another jurisdiction, failing which it shall redeem the Notes, subject to certain exceptions.

Further Issues:

The Issuer may from time to time issue further Notes of any Series on the same terms as existing Notes and such further Notes shall be consolidated and form a single Series with such existing Notes of the same Series; provided that, unless otherwise approved by an Extraordinary Resolution of Noteholders, the Issuer provides additional assets as security for such further Notes in accordance with Condition 5.

Governing Law:

English.

Listing and Admission to Trading:

Application has been made for certain Notes issued within 12 months of the date of this Base Prospectus to be listed on the Official List and admitted to trading on the Market. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Selling Restrictions:

United States, EEA, United Kingdom, Ireland, Jersey, Japan and any other jurisdiction relevant to any Series. See "Subscription and Sale".

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "C Rules") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") or (ii) the Notes are issued other than in

compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

RISKS FACTORS

This Base Prospectus does not describe all of the risks of an investment in the Notes. The Issuer and the Dealers disclaim any responsibility to advise prospective investors of such risks as they exist at the date of this Base Prospectus or as they change from time to time. Prospective investors should consult their own financial and legal advisers as to the risks entailed by an investment in any Notes and the suitability of investing in such Notes in the light of their particular circumstances. Prospective investors should carefully consider, among other factors, all the information set forth in this Base Prospectus and in particular, the matters described below and in the applicable Final Terms.

Risks related to the Issuer

The Issuer is a special purpose vehicle

The Issuer's sole business is the raising of money by issuing notes and entering into other Transactions for the purposes of purchasing assets and entering into related derivatives and other contracts. The Issuer has covenanted not, as long as any of the Transactions remain outstanding, without the consent of the Trustee and any Swap Counterparty to incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Mortgaged Property, issuing further Series of Notes and entering into related agreements and transactions as provided for in Condition 5) or, *inter alia*, declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), or consolidate or merge with any other person or convey or transfer its property or assets substantially as an entity to any person (otherwise than as contemplated in the Conditions and the Trust Deed) or issue any shares (other than such shares as were in issue on 26 March 2001). As such, the Issuer has, and will have, no assets other than its issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of Notes and any Mortgaged Property and any other assets on which Notes are secured. There is no day to day management of the business of the Issuer.

Risks related to the Irish Issuer

Preferred Creditors

Under Irish law, the claims of a limited category of preferential creditors will take priority over the claims of unsecured creditors and holders of floating security in the event of the appointment of a liquidator or a receiver to an Irish company such as the Issuer. These preferred claims include taxes, such as income tax and corporation tax payable before the date of appointment of the liquidator or receiver and arrear of value added tax, together with accrued interest thereon and claims of employees.

It is of the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer, any charge constituted by the Agent may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the charger to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the charger from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Floating charges have certain weaknesses, including the following;

- (a) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;
- (b) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (c) they rank after certain insolvency remuneration expenses and liabilities;
- (d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (e) they rank after fixed charges.

In addition, there is a further limited category of super preferential creditors which take priority, not only over unsecured creditors and holders of floating security, but also over holders of fixed security. These super preferential claims include the remuneration, costs and expenses properly incurred by an examiner appointed to a company which claims have been approved by the Irish courts and any capital gain tax payable on the disposition of an asset of the company by a liquidator, receiver or mortgagee in possession.

Examination

Examination is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended (the "1990 Act") to facilitate the survival of Irish companies in financial difficulties.

The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets which are the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the High Court when at least one class of creditors has voted in favour of the proposals and the High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Agent represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Transaction Documents), the Agent would be in a position to vote against any proposal not in favour of the Noteholders. The Agent would also be entitled to argue at the High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders.

The primary risks to the Noteholders if any examiner were to be appointed with respect to the Issuer are as follows:

- 1 the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders;

- 2 the potential for the examiner to seek to set aside any negative pledge in the Notes or the Transaction Documents prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- 3 in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the amounts secured or unsecured owing to the Noteholders

Risks related to the Notes

Limited recourse obligations

The Notes are direct, secured, limited recourse obligations of the Issuer payable solely out of the assets charged by the Issuer in favour of the Trustee on behalf of the Noteholders and other secured parties. The Issuer will have no other assets or sources of revenue available for payment of any of its obligations under the Notes. The Noteholders will have no right to proceed directly against the Swap Counterparty in respect of the Swap (if any) or take title to, or possession of, the charged assets unless the Trustee, having become bound to do so, fails to take action against the Issuer within a reasonable time. No assurance can be made that the proceeds available for and allocated to the repayment of the Notes at any particular time will be sufficient to cover all amounts that would otherwise be due and payable in respect of the Notes. If the proceeds of the realisation of the Charged Property received by the Trustee for the benefit of the Noteholders prove insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency, and, following distribution of the proceeds of such realisation, the Issuer will have no further obligation to pay any amounts in respect of such deficiency.

Further, the Trustee and the Noteholders will not be entitled at any time to petition or take any other step for the winding-up of or the appointment of an examiner to, the Issuer provided that the Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another party and provided further that the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer. No person other than the Issuer will be obliged to make payments on the Notes.

Priority of Claims

During the term of the transaction and on an enforcement of the security granted by the Issuer in favour of the Trustee, the rights of the Noteholders to be paid amounts due under the Notes will be subordinated to (i) the operating expenses due and payable to the Trustee including expenses incurred in the enforcement of the security, (ii) the operating expenses due and payable to the Agents and (iii) the other claims as specified in the Supplemental Trust Deed that rank in priority to the Notes.

No gross-up

In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Notes, the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no Event of Default shall occur as a result of any such withholding or deduction.

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, any of the provisions of Notes that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or (ii) the substitution of another company as principal debtor under any Notes in place of the Issuer.

Notes may be subject to optional redemption by the Issuer

The Notes may be redeemable at the option of the Issuer if so specified in the Final Terms. This feature is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the commencement of any redemption period. An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Early redemption for tax or legal reasons

The Issuer may for specified tax or legal reasons, as detailed in Condition 7(d) upon giving notice to Noteholders, redeem all Notes earlier than the Maturity Date. If the Issuer redeems Notes early, the Issuer will, if and to the extent permitted by applicable law, pay each Noteholder the Early Redemption Amount on the date specified in the Conditions. Such Early Redemption Amount is not principally protected and will be calculated in accordance with the Conditions.

Notes may be redeemable at Noteholders' election

If the Notes are redeemable at the option of the Noteholders and if a Noteholder gives notice to redeem Notes early, there will be a timelag between that notice and the time at which the applicable Optional Redemption Amount is determined in that period. There could be substantial movements in the value of the Securities and therefore in the Optional Redemption Amount, but the redemption notice once given may not be withdrawn.

Index-Linked Notes

If the Notes are index-linked, principal or interest on the Notes is determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). Prospective investors should be aware that as a result:

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Dual Currency Notes

If the Notes are dual currency Notes, principal or interest on the Notes is payable in one or more currencies which is different from the currency in which the Notes are denominated. Prospective investors should be aware that as a result:

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal.

Partly-paid Notes

If the Notes are partly paid, the issue price for the Notes is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

If the Notes have a variable interest rate their market value may be volatile. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Credit Linked Notes

The Notes may be credit-linked securities linked to the performance of one or more third parties (each a “**Reference Entity**”) and certain obligations of such Reference Entities (the “**Reference Obligations**”). Investors should note that such Notes differ from ordinary debt securities issued by the Issuer in that the amount of principal and interest payable by the Issuer is dependent on whether certain events (a “**Credit Event**”) in respect of the Reference Entities has occurred. In certain circumstances the Notes will cease to bear interest and the value paid to Noteholders on redemption may be less than their original investment and may in certain circumstances be zero. The likelihood of a Credit Event occurring in respect of a Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of the Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in such Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation.

None of the Issuer, the Trustee and the Noteholders will have any right, except as specifically required under the terms of any Swap and the Notes, to receive any information regarding any Reference Entity or any Reference Obligation. The Dealer may have acquired, or during the term of the Notes may acquire, confidential information with respect to any Reference Entity or Reference Obligation and it shall not be under any duty to disclose such confidential information to any Noteholder.

Under any Swap, the Issuer may hedge its obligations under the Notes, but the Issuer will have a contractual relationship only with the Swap Counterparty and not with any obligor in respect of any Reference Obligation

or any Reference Entity. Consequently, the Swap will not constitute a purchase or other acquisition or assignment of any interest in any Reference Obligation or any Reference Entity. The Issuer and the Trustee will have rights solely against the Swap Counterparty and will have no recourse against the obligor in respect of any Reference Obligation or any Reference Entity. None of the Issuer, the Trustee, the Noteholders or any other entity will have any rights to acquire from the Swap Counterparty (or to require the Swap Counterparty to transfer, assign or otherwise dispose of) any interest in any Reference Obligation or any Reference Entity. Moreover, the Swap Counterparty will not grant the Issuer or the Trustee any security interest in any such Reference Obligation or any Reference Entity.

If the Notes are redeemable by cash payment following the occurrence of a Credit Event, any quotations used in the calculation of the cash settlement amount may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and from date to date. The obligations selected, even absent a Credit Event, may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will impact on the amount payable on redemption of the Notes. The Calculation Agent is entitled to select the obligation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation - for the purposes of calculating the amount payable on redemption of the Notes.

Some of the Reference Obligations may have no, or only a limited, trading market. The liquidity of Reference Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Reference Entities. The financial markets have experienced periods of volatility and reduced liquidity which may reoccur and reduce the market value of the Reference Obligations.

Some or all of the Reference Obligations may also be subject to restrictions on transfer and may be considered illiquid. If a Credit Event occurs in respect of a Reference Entity, any resulting diminution in market value of the related Reference Obligation could be further magnified by reason of such limited liquidity for Reference Obligations generally or that Reference Obligation in particular.

Risks related to the assets

No investigations

No investigations, searches or other enquiries have been made by or on behalf of the Issuer or the Trustee in respect of the Securities. No representations or warranties, express or implied, have been given by the Issuer, the Dealer, the Trustee or any other person on their behalf in respect of the Securities.

Securities

Noteholders may be exposed to the market price of the Securities. The Issuer may have to fund its payments by the sale of Securities at a market value and the nominal amount of the Securities will be reduced by the principal amount of the Securities sold. The market price of the Securities will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the issuer of the Securities. The Dealer may have required or during the terms of the Notes may acquire, confidential information with respect to any Securities and it shall not be under any duty to disclose such confidential information to any Noteholder.

Risks related to the counterparties

Reliance on creditworthiness of other parties

The ability of the Issuer to meet its obligations under the Notes may depend on the receipt by it of payments under a Swap. Consequently, the Issuer is exposed not only to the occurrence of an event of default in relation to the Securities and the volatility in the market value of the Securities, Credit Events in relation to the Reference Obligations (if any), but may also be exposed to the ability of the Swap Counterparty to perform its obligations under a Swap.

The receipt by the Issuer of payments under a Swap may also be dependent on the timely payment by the Issuer of its obligations under a Swap. The ability of the Issuer to make timely payment of its obligations under a Swap may depend on receipt by it of the scheduled payments under the Securities. Consequently, the Issuer may also be exposed to the ability of the issuer of the Securities to perform its payment obligations.

The Securities will be held in an account of, and in the name of, the Custodian. Where the Collateral consists of assets other than Securities, it may be held in the name of or under the control of the Custodian or in such other manner as is approved by the Trustee. The Custodian may be responsible under the Agency Agreement for receiving payments on the Securities and remitting them to the relevant Other Creditors or the Issuing and Paying Agent, as the case may be.

Risks related to the market

Limited liquidity of the Notes

Although application may be made to list the Notes and admit them to trading on the regulated market of the Irish Stock Exchange, there is currently no market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity or that it will continue for the life of the Notes. Consequently, any investor of the Notes must be prepared to hold such Notes for an indefinite period of time or until redemption of the Notes. If The Royal Bank of Scotland plc begins making a market for the Notes, it is under no obligation to continue to do so and may stop making a market at any time.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and together with the Final Terms as supplemented or varied in accordance with the provisions of the relevant supplemental base prospectus, shall be applicable to the Notes in definitive form (if any). Either (i) the full text of these Conditions together with the relevant provisions of the applicable Final Terms or (ii) these Conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Principal Trust Deed and/or the relevant Supplemental Trust Deed. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series of a relevant Issuer only, not to all Notes that may be issued under the Programme and include references to the Senior Notes and the Junior Notes. References to the “Issuer” are to the Specified Company that is stipulated as such in the relevant Final Terms.

The Notes are constituted and secured by a supplemental trust deed dated the Issue Date (the “**Supplemental Trust Deed**”) and made between the Issuer, the Trustee and, if applicable, the other persons specified therein, supplemental to a trust deed (as amended or supplemented as at the Issue Date, the “**Principal Trust Deed**”) dated 26 March 2001, as supplemented on 16 July 2002, and as amended and restated on 4 October 2005 and made between Portland Capital Limited and Shannon Capital plc (the “**First Issuers**”) and J.P. Morgan Trustee and Depository Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed (as defined below)), as trustee for the holders of the Notes. The Principal Trust Deed and the Supplemental Trust Deed are referred to together as the “**Trust Deed**”. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement dated 26 March 2001, as supplemented on 16 July 2002, and as amended and restated on 4 October 2005 (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) has been entered into in relation to the Notes between the First Issuers, the Trustee, JPMorgan Chase Bank, London Office as initial issuing and paying agent and custodian and the other agents named in it. The issuing and paying agent, the custodian, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Custodian**”, the “**Paying Agents**”, the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**” and collectively as the “**Agents**”. The Issuer (save for either First Issuer) has acceded to the Trust Deed and the Agency Agreement pursuant to a **Deed of Accession** dated on or before the Issue Date. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the specified office of the Trustee (presently at Trinity Tower, 9 Thomas More Street, London E1W 1YT) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Principal Trust Deed and/or the relevant Supplemental Trust Deed, the absence of any such meaning indicating that such term is not applicable to the Notes. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final

Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it and (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 or any amendment or supplement to it. Conditions expressed to be applicable to Senior Notes shall be applicable to all Notes other than Notes stated to be Junior Notes in these conditions and the relevant Final Terms.

1 Form, Specified Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) shown hereon provided that, in the case of any Notes which are to be admitted to trading on a regulated market of the Irish Stock Exchange or on another regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of those Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

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

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to default interest), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a

Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unexpired Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 8(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes. Where an Exchangeable Bearer Note is surrendered for exchange by a person who is already a holder of Registered Notes, a new certificate representing the exchanged holding shall only be issued against surrender of the Certificate representing the existing holding.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or other forms of transfer in substantially the same form and containing the same representations and certificates (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence which the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor provided that in the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

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

(d) Delivery of New Certificates

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

(e) Exchange Free of Charge

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

(f) Closed Periods

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

3 Status, Collateral, Obligations and Non-applicability

(a) Status of Senior Notes

The Senior Notes are direct, limited recourse and secured obligations of the Issuer and rank *pari passu* without any preference or priority among themselves, in the manner described in Condition 4 and recourse in respect of which is limited in the manner described in Condition 4(e) and Condition 11.

(b) Status of the Junior Notes

The Junior Notes are direct, limited recourse and secured obligations of the Issuer and rank *pari passu* without any preference or priority among themselves. Claims of the holders of Junior Notes are subordinated to those of the holders of related Senior Notes and the Junior Notes may only be issued

where there are related Senior Notes specified in the relevant Supplemental Trust Deed, or Final Terms relating to such Junior Notes and Senior Notes.

Junior Notes are secured in the manner described in Condition 4 below and recourse in respect of Junior Notes is limited in the manner described in Condition 4(e) and Condition 11.

(c) Securities and other transactions

In connection with the issue of the Notes the Issuer may acquire, or may acquire interests in, one or more transferable securities (the “**Securities**”) issued by or representing obligations of one or more persons and/or there may be executed:

- (i) one or more letters of credit, guarantees, loan agreements or schuldscheine evidencing loans advanced by the Issuer, options in favour of the Issuer or other credit support documents (each a “**Credit Support Document**”) made by a credit support provider (each a “**Credit Support Provider**”) in favour of the Issuer
- (ii) one or more swap transactions (including any applicable guarantee, each a “**Swap**”) with one or more swap counterparties (each a “**Swap Counterparty**”) guaranteed, if applicable, by one or more swap guarantors (each a “**Swap Guarantor**”) with an effective date as of the Issue Date or as otherwise specified
- (iii) one or more agreements (each a “**Contract**”) between the Issuer and one or more persons (each a “**Beneficiary**”) under which the Issuer may incur indebtedness, grant Options or incur other obligations, in each case, on a secured basis and/or
- (iv) one or more agreements (each a “**Securities Agreement**”) between the Issuer and one or more persons (each a “**Counterparty**”) under which the Issuer may agree to buy or sell securities or enter into other contractual relations

each as further described in the relevant Supplemental Trust Deed.

A summary of the terms of each Credit Support Document, Swap, Contract and Securities Agreement will be set out in the Final Terms.

(d) Collateral and Obligations

In these Conditions:

- (i) “**Collateral**” means the rights, title and interest (if any) of the Issuer in and under the Securities, each Credit Support Document, each Swap and each Securities Agreement;
- (ii) “**Creditor**” means each person that is entitled to the benefit of Obligations and “**Other Creditor**” means each person that is entitled to the benefit of Other Obligations;
- (iii) “**Obligations**” means the obligations and duties of the Issuer under the Trust Deed and each Note, Swap, Contract and Securities Agreement and “**Other Obligations**” means the obligations and duties of the Issuer under each Swap, Contract and Securities Agreement;
- (iv) “**Obligor**” means each person that has an obligation to the Issuer pursuant to the Collateral.

(e) Non-applicability

Where no reference is made in the relevant Supplemental Trust Deed to any Collateral or Obligation, references in these Conditions to any such Collateral or Obligation and to any related Obligor or Creditor, as the case may be, shall not be applicable.

4 Security

(a) Security

Unless otherwise specified in the relevant Supplemental Trust Deed, the Obligations together with claims (if any) of the Custodian (for reimbursement in respect of payments properly made to any person of sums receivable in respect of the Collateral in discharge of an Obligation) and the Issuing and Paying Agent (for reimbursement in respect of payments properly made to any person in discharge of an Obligation) are secured in favour of the Trustee, pursuant to the Trust Deed, by:

- (i) an assignment by way of security of all the Issuer's rights attaching to or relating to the Securities and all sums or assets derived therefrom including without limitation any right to delivery thereof or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearing system or through a financial intermediary;
- (ii) an assignment by way of security of the Issuer's rights, title and interest against the Custodian, to the extent that they relate to the Securities;
- (iii) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement, to the extent that they relate to the Notes;
- (iv) an assignment by way of security of the Issuer's rights, title and interest under each relevant Credit Support Document, Swap and/or Securities Agreement; and
- (v) a first fixed charge over (a) all sums held by the Issuing and Paying Agent and/or the Custodian to meet payments due in respect of any Obligation and (b) any sums received by the Issuing and Paying Agent under any Credit Support Document, Swap and/or Securities Agreement,

save that no Obligor under any Swap or any Securities Agreement nor the Issuing and Paying Agent or the Custodian shall benefit from the Security in respect of which it is itself an obligor.

Additionally, the Obligations of the Issuer may be secured pursuant to a security document other than the Trust Deed as specified in the relevant Supplemental Trust Deed.

References in these Conditions to "**Security**" are to the security constituted by the Supplemental Trust Deed.

Full details of the relevant Collateral and Mortgaged Property will be set out in the relevant Supplemental Trust Deed and the relevant Final Terms for the relevant Series. Each Series of Senior Notes and any related Series of Junior Notes will be secured by the same Mortgaged Property as set out in the relevant Final Terms relating to such Senior Notes and Junior Notes.

(b) Application of Security

The Trustee shall (subject to the provisions of the Supplemental Trust Deed and to Clause 6.4 of the Principal Trust Deed) apply all moneys received by it under the provisions of the Trust Deed in connection with the realisation or enforcement of the Security as follows:

- (i) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in preparing and executing the trusts under the Trust Deed (including any taxes required to be paid, the costs of realising any security and the Trustee's remuneration) and

(ii) next, in meeting the claims in the order set out in the Supplemental Trust Deed.

Any Creditor that has a claim in respect of more than one Obligation may rank differently in respect of each Obligation.

If the moneys received by the Trustee are not enough to pay in full all amounts to persons whose claims are *pari passu* ranking, the Trustee shall apply the moneys *pro rata* on the basis of the amount due to each party entitled to such payment.

For these purposes and unless otherwise provided, references in the relevant Supplemental Trust Deed to:

- (i) “**Beneficiary Claim**” means the claims of each Beneficiary under the relevant Contract;
- (ii) “**Counterparty Claim**” means the claims of each Counterparty under the relevant Securities Agreement;
- (iii) “**Custodian Claim**” means the claims of the Custodian for reimbursement of payments properly made by it to any person of sums receivable in respect of the Collateral;
- (iv) “**Issuing and Paying Agent Claim**” means the claims of the Issuing and Paying Agent for reimbursement of payments properly made by it to any person in discharge of an Obligation;
- (v) “**Noteholder Claim**” means the claims of the Noteholders and Couponholders rateably in respect of the Notes, Coupons and Receipts; provided that claims in respect of amounts representing interest shall rank ahead of claims in respect of amounts representing principal;
- (vi) “**Swap Counterparty Claim**” means the claims of each Swap Counterparty under the relevant Swap; and
- (vii) any person by name are to the claims of that person as a Creditor in the capacity or capacities identified in the Supplemental Trust Deed.

If “**Pari Passu Ranking**” is stated in the relevant Supplemental Trust Deed in respect of any claims referred to in (i) to (vii) above, such claims shall rank rateably *inter se*.

(c) Enforcement of Security

The Security over the Mortgaged Property shall become enforceable (i) if payment in respect of the Notes is not made when due and payable or (ii) if there are Other Obligations, on termination thereof with sums due to the Other Creditors.

(d) Realisation of Security

If any Security becomes enforceable, the Trustee may at its discretion and shall, on receipt of whichever of a Holder Request, Extraordinary Resolution Direction, Creditor A Direction or Creditor B Direction as shall be specified in the Supplemental Trust Deed, enforce the Security constituted by the Trust Deed.

To do this it may at its discretion take possession of and/or realise the Securities (provided that if some only of the Notes have become repayable then the Trustee shall take possession of or realise only that proportion of the Securities equal to the proportion of the nominal amount of the Notes that are subject to acceleration) and/or take action against any person liable in respect of any Repayable Assets as defined in Condition 7(c) to enforce repayment of such Repayable Assets, enforce, terminate and/or realise any Credit Support Document, Swap and/or Securities Agreement in accordance with its or their terms, and/or take action against any Obligor but without any liability as to the consequence of

such action and without having regard to the effect of such action on individual Noteholders or Couponholders and provided that the Trustee shall not be required to take any action that would involve any personal liability or expense without first being indemnified to its satisfaction.

In this Condition 4(d):

“Holder Request” shall mean a request in writing by the holders of at least one-fifth in aggregate nominal amount of the Senior Notes then outstanding (as defined in the Trust Deed), provided that, if there are no Senior Notes outstanding **“Holder Request”** shall mean a request in writing by the holders of at least one-fifth in aggregate nominal amount of the Junior Notes outstanding (as defined in the Trust Deed)

“Extraordinary Resolution Direction” shall mean a direction by Extraordinary Resolution (as defined in the Trust Deed) of the holders of Senior Notes, provided that if there are no Senior Notes outstanding **“Extraordinary Resolution Direction”** shall mean a direction by Extraordinary Resolution of the holders of Junior Notes

“Creditor A Direction” shall mean where sums are due to the Beneficiary and/or the Counterparty and/or the Swap Counterparty and/or the Custodian and/or the Issuing and Paying Agent (the claims in respect of which are secured) the first direction in writing received by the Trustee from any such party (unless this would in the Trustee’s opinion be contrary to the interests of the holders of Notes, Coupons or Receipts)

and

“Creditor B Direction” shall mean where sums are due to the Beneficiary and/or the Counterparty and/or the Swap Counterparty and/or the Custodian and/or the Issuing and Paying Agent (the claims in respect of which are secured) the first direction in writing received by the Trustee from any such party.

(e) Shortfall after application of proceeds

If the net proceeds of the realisation of the Security under paragraph (d) above (the **“Net Proceeds”**) are not sufficient to make all payments which but for the effect of this provision would then be due in respect of the Obligations or claims of the Custodian and/or the Issuing and Paying Agent (if any), then the obligations of the Issuer in respect of them will be limited to such Net Proceeds and the other assets of the Issuer (including, in the case of a mandatory partial redemption, the Collateral other than the Repayable Assets, which will remain available to those Creditors whose Obligations have not become payable or repayable), will not be available for payment of any Shortfall arising therefrom. Any such Shortfall shall be borne by the Creditors, the Custodian and the Issuing and Paying Agent according to the priorities specified in the Supplemental Trust Deed.

The Issuer will not be obliged to make any further payment in excess of the Net Proceeds and accordingly no debt shall be owed by the Issuer in respect of any Shortfall remaining after realisation of the Security under Condition 4(d) and application of the proceeds in accordance with the Trust Deed. None of the Trustee, any Noteholder, any Creditor, the Custodian and the Issuing and Paying Agent (nor any person acting on behalf of any of them) may take any further action to recover such Shortfall. Failure to make any payment in respect of any Shortfall shall in no circumstances constitute an Event of Default under Condition 10.

In this Condition **“Shortfall”** means the difference between the amount of the Net Proceeds and the amount which would but for this Condition 4(e) have been due under the Obligations or in respect of claims of the Custodian and/or the Issuing and Paying Agent.

(f) Substitution of Mortgaged Property

The Issuer may from time to time upon agreement with all the Noteholders or if so directed by an Extraordinary Resolution of the holders of the Senior Notes or, if there are no Senior Notes outstanding, an Extraordinary Resolution of holders of Junior Notes or, where the Trustee is satisfied that such substitution is not materially prejudicial to the interests of the Noteholders, upon agreement with the Trustee, and, in either case, with the prior written consent of each Other Creditor, substitute alternative Security for such of the Mortgaged Property as it may deem appropriate. Any such alternative Mortgaged Property shall be held subject to such Security in favour of the Trustee and the Issuer shall execute such further documentation as the Trustee may require in order to constitute such Security as a condition to such substitution. If the Noteholders or the Trustee (where satisfied as stated above) and each Other Creditor agree to the substitution, the Issuer shall notify the Noteholders thereof in accordance with Condition 15 and, if the Notes are listed on any stock exchange, the Issuer shall also notify such stock exchange of such substitution.

(g) Issuer's rights as beneficial owner of Collateral

The Issuer may exercise any rights in its capacity as beneficial owner of the Collateral only with the consent of the Trustee or as directed by an Extraordinary Resolution of the holders of the Senior Notes or, if there are no Senior Notes outstanding, an Extraordinary Resolution of holders of Junior Notes and, if such direction is given, the Issuer will act only in accordance with such direction. In particular, the Issuer will not attend or vote at any meeting of holders of the Securities, or give any consent or notification or make any declaration in relation to the Collateral, unless the Trustee shall so direct or by direction of any Extraordinary Resolution of the holders of the Senior Notes or, if there are no Senior Notes outstanding, an Extraordinary Resolution of holders of Junior Notes.

5 Restrictions

So long as any of the Notes (as defined in the Trust Deed) remain outstanding, the Issuer shall not, without the consent of the Trustee and any Other Creditors (such consent not to be unreasonably withheld), incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring, managing and holding the Mortgaged Property, entering into transactions including the issue of notes (as provided below), entering into any Credit Support Document and/or Other Obligations and entering into related agreements and transactions (as described below)), declare any dividends, have any subsidiaries (although it may establish branches in jurisdictions other than its jurisdiction of incorporation) or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (otherwise than as contemplated in these Conditions and the Trust Deed) or issue any shares (other than such shares as were in issue on 26 March 2001 (or, if later, on the date of the relevant Deed of Accession, if any)).

The Issuer may from time to time (without the consent of the Noteholders or any Other Creditor but provided that the Trustee is satisfied that the restrictions of this Condition will be complied with) issue further notes (which may form a single series with the Notes) and create or incur further obligations relating to such notes, provided that such further notes and obligations:

- (a) are secured (save in the case of such further notes forming a single series with the Notes) on assets of the Issuer other than (i) the Mortgaged Property, (ii) the assets on which any other obligations of the Issuer are secured and (iii) the Issuer's share capital;
- (b) are issued or created on terms substantially in the form contained in Conditions 4(e) and 11; and

- (c) are, in the case of such further notes forming a single series with the Notes, secured *pari passu* upon the Mortgaged Property and such further assets of the Issuer upon which such further notes are secured, all in accordance with Condition 14.

6 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.
- (A) ISDA Determination for Floating Rate Notes:

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (iii), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified hereon;
- (b) the Designated Maturity is a period specified hereon; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (a) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
 - (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,in each case appearing on such Page at the Relevant Time on the Interest Determination Date
- (b) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (a)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(II) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and
- (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the

Specified Currency is euro in those member states that are participating in European Economic and Monetary Union (the “Euro-zone”) as selected by the Calculation Agent (the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(b)(i)).

(d) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 6(k)).

(g) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest,

in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 6(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(h) Calculations

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

(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

As soon as practicable after the relevant time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate such rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such

determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(k) Deferred Interest

If the relevant Final Terms so provide and on any Interest Payment Date in respect of Junior Notes (a “**Junior Interest Date**”), the Issuer has insufficient funds to make the payment of interest then due, or if as a result of the Issuer making such payment of interest, the Issuer would have insufficient funds to meet any payment of interest due on the related Senior Notes in respect of an Interest Payment Date, falling on the same date as the relevant Junior Interest Date, then the Issuer may elect, on giving not less than 14 days’ notice (or such other notice period as indicated in the relevant Final Terms) to the holders of the Junior Notes and the related Senior Notes in accordance with Condition 15, not to pay such amount of interest which would otherwise be due in respect of the Junior Notes and failure to make such payment shall not constitute a default by the Issuer for any purpose. Any interest not paid on a Junior Interest Date shall, so long as the same remains unpaid, constitute “**Deferred Interest**”. No interest shall be due to holders of Junior Notes on Deferred Interest. Deferred Interest may, at the option of the Issuer, be paid in whole or in part on any Junior Interest Date or, if not a Junior Interest Date, on the Maturity Date of the Junior Notes and the related Senior Notes in accordance with Condition 15, provided that no such payment of Deferred Interest may be made if to do so would mean that the Issuer had insufficient funds to meet payments of interest due on the related Senior Notes on the Interest Payment Date in respect of such Senior Notes which falls on the same date as the relevant Junior Interest Date. Claims in respect of any Deferred Interest which is not paid on the Maturity Date of the Junior Notes shall be extinguished and neither the Trustee nor any Noteholder or Couponholder may take any action to recover any amount of Deferred Interest.

(l) Definitions

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

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “**TARGET Business Day**”) and/or
- (iii) in the case of a currency and/or one or more jurisdictions as shall be specified as “**Additional Business Centres**” hereon, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) (or which, in the case where the Additional Business Centre specified is “**TARGET**”, a TARGET Business Day) or, if no currency is indicated, generally in each of the Additional Business Centres (or which, in the case where the Additional Business Centre specified is “**TARGET**”, a TARGET Business Day).

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/365**” or “**Actual/Actual-ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)) and
- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month) and
- (vi) If “**Actual/Actual-ICMA**” is specified hereon,
 - (a) If the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number Determination Periods normally ending in any year; and

- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (a) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods in any year; and
 - (b) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year.

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date

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

“Euro-zone” means the region comprised of member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

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

“Interest Amount” means the amount of interest payable, in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be, and in the case of Index Linked Interest Notes, includes the Coupon.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Markets 3000 (**“Reuters”**) and the Telerate (**“Telerate”**)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service,

in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“**Reference Banks**” means the institutions specified as such hereon or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone).

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

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR shall be the Eurozone) or, if none is so connected, London.

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

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose “**local time**” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 hours Brussels time.

“**Representative Amount**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

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

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(m) Calculation Agent and Reference Banks

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

7 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 7 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 7(e) or 7(f), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 7(e) or 7(f), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount which (A) in the case of a Note falling within paragraph (i) above, is its final Instalment Amount, (B) if "**Cash Settlement**" is specified hereon as the Final Redemption Amount, is an amount equal to the Sale Proceeds (as defined below), (C) if "**Physical Settlement**" is specified hereon as the Final Redemption Amount, shall be satisfied by delivery of the Deliverable Amount (as defined below) determined on the basis that the Termination Costs (as defined below) are zero, or (D) if not otherwise specified hereon, shall be its nominal amount.

(b) Early Redemption

The Early Redemption Amount payable in respect of any Notes shall be determined as specified hereon unless:

- (i) “**Cash Settlement**” is specified hereon as the Early Redemption Amount, in which case:
 - (A) if the Interest Basis is specified to be Zero Coupon, then the Early Redemption Amount payable in respect of each Note shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon; or
 - (B) if the Interest Basis is not specified to be Zero Coupon, then the Early Redemption Amount payable in respect of each Note shall be the Early Cash Redemption Amount of such Note unless otherwise specified hereon; or
- (ii) “**Physical Settlement**” is specified hereon as the Early Redemption Amount, in which case the Early Redemption Amount in respect of each Note shall be satisfied by delivery to each Noteholder, in respect of his holding of Notes, of the Deliverable Amount.

For the purposes of these Conditions:

the “**Amortised Face Amount**” of any Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually, provided that, if the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(c) or 7(d) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as so defined, except that such definition shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 6(c). Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

“**Clearance System**” means each of Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V. as operator of the Euroclear System, or such other clearance system specified as the Clearance System for delivery of Securities in the Supplemental Trust Deed;

“**delivery**” means the satisfaction of any obligation of the Issuer to complete all matters necessary to transfer the relevant Securities to the Noteholder (or the first-named of joint holders) and in accordance with all applicable laws. Accordingly, and for the avoidance of doubt, there shall be no obligation on the Issuer to concern itself with any formalities or requirements that shall be placed on the Noteholder (or the first-named of joint holders) as the transferee of the relevant Securities in connection with the acquisition by the Noteholder of the relevant Securities.

“**Deliverable Amount**” means:

- (i) where the Termination Costs are a negative amount, an amount in cash equal to a *pro rata* share of the absolute value of the Termination Costs together with delivery to each Noteholder on the due date for redemption of (1) a *pro rata* share of the Securities rounded

down to the nearest whole number of Securities and (2) a *pro rata* share of the cash proceeds of the sale of any Securities remaining after the rounding down in (1), and

- (ii) where the Termination Costs are a positive amount, delivery to each Noteholder of (1) a *pro rata* share of the Securities remaining after the Issuer has sold (or procured the sale of) such number of the Securities as is necessary to first pay in full any Termination Costs owed to the Swap Counterparty, rounded down to the nearest whole number of Securities and (2) a *pro rata* share of any cash proceeds of the sale of any Securities remaining after the rounding down in (1) together with a *pro rata* share of any cash outstanding after payment of the amount owed to the Swap Counterparty:

“**Early Cash Redemption Amount**” means (i) where the Termination Costs are a negative amount, the Sale Proceeds plus the absolute value of the Termination Costs, divided by the number of Notes outstanding, and (ii) where the Termination Costs are a positive amount, the Sale Proceeds less the Termination Costs, divided by the number of Notes outstanding.

“**Sale Proceeds**” means the cash proceeds from the sale of the Securities by or on behalf of the Issuer, less any taxes, costs, losses and expenses incurred due to such sale.

“**Settlement Disruption Event**” means an event beyond the control of the Issuer and the relevant Noteholder as a result of which the Clearance System cannot clear transfers of the Securities comprising the Deliverable Amount or Securities Entitlement, as the case may be, of such Noteholder.

“**Termination Costs**” means the net amount payable upon termination (in whole or in part) of the Swap (which shall be expressed as a positive amount if payable by the Issuer or a negative amount if payable by the Swap Counterparty).

References herein to a *pro rata* share of the Securities or a *pro rata* share of any cash amount shall in respect of any Noteholder be construed as references to that proportion of Securities or the relevant cash amount equal to the proportion of the outstanding Notes which are held by such Noteholder.

Delivery of any Securities to which a Noteholder is entitled shall be made in accordance with the instructions of the relevant Noteholder set out in a delivery notice (a “**Delivery Notice**”) specifying an account in the Clearance System for delivery of Securities (in or substantially in the form set out in the Agency Agreement, copies of which are available at the specified office of each of the Paying Agents). The Issuer shall procure that upon presentation and surrender of a Note pursuant to this paragraph the Paying Agent shall issue to the holder thereof a receipt in respect of such Note. The Notes shall cease to be outstanding on the first day on or after the Settlement Date upon which the Issuer makes the relevant Securities available for delivery in accordance with these Conditions. If there is a Settlement Disruption Event (as defined above) that prevents settlement on the Settlement Date (as defined below), then settlement shall be on the first succeeding day on which settlement can take place through the Clearance System unless a Settlement Disruption Event prevents settlement on each day that the Clearance System is (or, but for the Settlement Disruption Event, would have been) open for business during the period ending 30 calendar days after the original date on which, but for the Settlement Disruption Event, settlement would have occurred. If settlement does not occur during such 30 calendar day period, the Issuer shall use all reasonable efforts to deliver the Securities comprising the aggregate Securities Entitlement promptly thereafter to a nominee selected by the Trustee.

(c) Mandatory Redemption

If any of the Securities becomes payable or repayable or becomes capable of being declared due and payable or repayable prior to its stated date of maturity for whatever reason or (unless the Trustee otherwise agrees) there is a payment default in respect of any of the Securities, all such Securities

which have become so payable or repayable or in respect of which there has been a payment default together with any or all remaining Securities, as specified in the relevant Supplemental Trust Deed (which may or may not form obligations of the same person as those which have become repayable or in respect of which there has been such a payment default), shall be deemed to have become immediately repayable (the “**Repayable Assets**”). The Issuer shall then forthwith give notice as soon as reasonably practicable (unless otherwise specified in the relevant Supplemental Trust Deed) to the Trustee and the Noteholders and upon the giving of such notice shall redeem each Note at its Early Redemption Amount either in whole or, as the case may be, in part. If there is redemption in part, each Senior Note shall be redeemed on a *pro rata* basis in a proportion of its Final Redemption Amount equal to the proportion that the nominal amount of the Repayable Assets bears to the nominal amount of all the Securities (including the Repayable Assets). No payments shall be made in respect of any Junior Notes in respect of a redemption in part unless and until the Senior Notes have been redeemed in whole. Interest shall continue to accrue on the part of the nominal amount of Notes becoming due for redemption until payment thereof has been made to the Trustee and notice is given in accordance with Condition 15 that such amount is available for payment. Failure to make any payment due in respect of a mandatory redemption under this Condition 7(c) of part of the nominal amount of the Notes or interest thereon shall not constitute an Event of Default under Condition 10.

In the event of Notes becoming mandatorily due for redemption and the Security becoming enforceable, (i) the Trustee may take such action as is provided in Condition 4(d) and (ii) the Early Redemption Amount may be less than the principal amount of the Notes being redeemed.

(d) Redemption for Taxation and other Reasons

- (i) If the Issuer either (A) on the occasion of the next payment due in respect of the Notes, would be required by the law of its jurisdiction of incorporation to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, and/or (B) (in the case of Shannon Capital plc or any other Issuer that is incorporated in the Republic of Ireland) satisfies the Trustee that, as a result of any change in, or proposed change in, or amendment to or proposed amendment to, the accounting standards, practices or guidelines applicable in the Republic of Ireland (“**Applicable Accounting Standards**”) or applicable tax law, practices or guidelines applicable in the Republic of Ireland (“**Applicable Tax Laws**”) or any change in, or proposed change in the application of, the official or generally published interpretation of the Applicable Accounting Standards or Applicable Tax Laws, which change or amendment would become effective on or after the date of issue of the Notes, the Issuer may have a liability to account for tax or may suffer tax, then the Issuer shall so inform the Trustee, and shall use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved beforehand in writing by the Trustee as the principal obligor or to change (to the satisfaction of the Trustee) its residence for taxation purposes to another jurisdiction approved beforehand in writing by the Trustee and if it is unable to arrange such substitution before the next payment is due in respect of the Notes and/or
- (ii) If a Credit Support Document, a Swap or a Securities Agreement is terminated in whole for any reason,

then the Issuer shall forthwith give notice as soon as is reasonably practicable (unless otherwise specified in the relevant Final Terms) to the Trustee, the Noteholders, the Swap Counterparty, the Counterparty and the Beneficiary and upon the giving of such notice all but not some of the Notes shall become due for redemption on the date specified in such notice at their outstanding Early

Redemption Amount (as described in 7(b) above) (together with any interest accrued to the date fixed for redemption).

Notwithstanding the foregoing, if any of the taxes referred to in paragraph (d)(i) above arises by reason of (i) any Noteholder's connection with its jurisdiction of incorporation otherwise than by reason only of the holding of any Note or receiving or being entitled to any Redemption Amount or interest in respect thereof, (ii) a payment being made to an individual pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or (iii) presentation of a Note (or the Certificate representing it) for payment by or on behalf of a Noteholder who would have been able to avoid the taxes referred to in paragraph (d)(i) by presenting the relevant Note (or the Certificate representing it) Receipt or Coupon to another Paying Agent in a member state of the European Union, then Condition 7(d)(i) shall not apply. The Issuer shall deduct such taxes from the amounts payable to such Noteholder, all other Noteholders shall receive the due amounts payable to them and the Notes shall not be redeemed as provided in the previous provisions. Any such deduction shall not constitute an Event of Default under Condition 10.

In the event of the Notes becoming due for redemption and the Security becoming enforceable, (i) the Trustee may take such action as is provided in Condition 4(d) and (ii) the Early Redemption Amount may be less than the principal amount of the Notes being redeemed.

(e) Redemption at the Option of the Issuer and Exercise of Issuer's Options

If Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified), redeem, or exercise any Issuer's option (as may be described hereon) in relation to, all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed specified hereon.

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

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements. So long as the Notes are listed on any stock exchange and the rules of the relevant stock exchange or other relevant authority so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation as specified by such stock exchange or other relevant authority, a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

In the event of an early redemption of Notes pursuant to this Condition 7(e), the Optional Redemption Amount may be less than the principal amount of the Notes being redeemed.

(f) Redemption at the Option of Noteholders and Exercise of Noteholders' Options

If Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the holder of any Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out in the relevant Final Terms (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with any Transfer Agent at its specified office, together with a duly completed option exercise notice (the "**Exercise Notice**") in or substantially in the form set out in the Agency Agreement, copies of which are obtainable from any Paying Agent or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

In the event of an early redemption of Notes pursuant to this Condition 7(e), the Optional Redemption Amount may be less than the principal amount of the Notes being redeemed.

Notwithstanding the foregoing provisions of this Condition 7(f) and subject to the terms of the applicable Final Terms, no holder of a Junior Note may serve notice requiring the Issuer to redeem his Note unless at the time when such notice is served there are no Senior Notes outstanding. The Issuer will give notice to the Trustee and the Junior Noteholders promptly on redemption of all Senior Notes.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.

(h) Exchange of Notes

- (i) If the relevant Supplemental Trust Deed specifies that the Notes are Exchangeable Notes, upon the occurrence of an event (the "**Exchange Event**"), as specified in the Supplemental Trust Deed, the Issuer shall deliver, or cause to be delivered, to the Clearance System (as defined above) for credit to the respective accounts of entitled Noteholders on the Settlement Date (as defined below) the Securities Entitlement (as defined below) relating to the Notes presented and surrendered in accordance with this Condition in lieu of redeeming the Notes. Notes presented and surrendered by a Noteholder shall be aggregated for the purpose of determining the aggregate Securities Entitlement of that Noteholder. If the aggregate Securities Entitlement of a Noteholder does not comprise a nominal amount of Securities equal to an integral multiple of the minimum denomination of the Securities, the Issuer shall not deliver Securities in a nominal amount equal to a fraction of the minimum denomination of the Securities but shall account to each affected Noteholder for the net cash value (if any) of any such fraction, as determined by the Calculation Agent.
- (ii) The Issuer shall not deliver, or cause to be delivered, the Securities Entitlement in respect of any Exchangeable Notes unless such Note has been presented and surrendered together with a notification in writing (a "**Delivery Notice**") specifying an account in the Clearance System for delivery of Securities (in or substantially in the form set out in the Agency Agreement, copies of which are available at the specified office of each of the Paying

Agents) to the Issuing and Paying Agent on any business day in London and Dublin during the period (the “**Notice Delivery Period**”) specified in the relevant Supplemental Trust Deed. The Issuer shall procure that upon presentation and surrender of a Note pursuant to this paragraph the Paying Agent shall issue to the holder thereof a receipt in respect of such Note. The Notes shall cease to be outstanding on the first day on or after the Settlement Date upon which the Issuer makes the aggregate Securities Entitlement available for delivery in accordance with these Conditions.

- (iii) If there is a Settlement Disruption Event (as defined below) that prevents settlement on the Settlement Date (as defined below), then settlement shall be on the first succeeding day on which settlement can take place through the Clearance System unless a Settlement Disruption Event prevents settlement on each day that the Clearance System is (or, but for the Settlement Disruption Event, would have been) open for business during the period ending 30 calendar days after the original date on which, but for the Settlement Disruption Event, settlement would have occurred. If settlement does not occur during such 30 calendar day period, the Issuer shall use all reasonable efforts to deliver the Securities comprising the aggregate Securities Entitlement promptly thereafter to a nominee selected by the Trustee.

Notwithstanding the foregoing provisions of this Condition 7(h) and subject to the terms of the applicable Final Terms, no holder of a Junior Note may serve notice requiring the Issuer to exchange his Note for Collateral unless at the time when such notice is served there are no Senior Notes outstanding. The Issuer will give notice to the Trustee and the Junior Noteholders promptly on redemption of all Senior Notes.

(i) Purchases

If the Issuer has satisfied the Trustee that it has made arrangements for the realisation of no more than the equivalent proportion of the Securities, for the reduction in the notional amount of any Other Obligation and for the purchase of the Notes, which transactions will leave the Issuer with no assets or net liabilities in respect thereof, it may, subject to prior approval by the Trustee purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer shall be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to or to the order of the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(k) Definitions

As used in these Conditions:

“**Securities Entitlement**” means, in respect of each Exchangeable Note, the nominal amount of Securities specified in the relevant Supplemental Trust Deed to which a holder of such Note may be entitled upon the occurrence of an Exchange Event; and

“**Settlement Date**” means the date specified in, or determined in accordance with the provisions of, the relevant Supplemental Trust Deed or, if such date is not a day on which the Clearance System is open for business, the next following day that is.

8 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 8(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or in the case of euro in a city in which banks have access to the TARGET System.

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 8(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 8(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency drawn on a bank in the principal financial centre of the country of such currency concerned, subject as provided in paragraph (a) above, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and, subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of such currency.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

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

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, the Custodian and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent, the Custodian or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents or Custodians or Calculation Agent(s), provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Custodian, (vi) a Paying Agent having its specified office in a major European city, which shall be Dublin so long as the Notes are listed on the Irish Stock Exchange and (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

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

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) Unmatured Coupons and Receipts and unexchanged Talons:

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Additional Financial Centres**” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
- (ii) (in the case of a payment in euro or where the Additional Financial Centre specified is “**TARGET**”) which is a TARGET Business Day.

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

(a) Events of default in relation to Senior Notes

If any of the following events (“**Events of Default**”) occurs the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution of holders of Senior Notes shall (provided that the Trustee shall have been indemnified to its satisfaction), give notice to the Issuer that the Senior Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest:

- (i) default is made for more than 14 days in the payment of any sum due in respect of the Senior Notes or any of them or
- (ii) the Issuer does not perform or comply with any one or more of its other obligations under the Senior Notes, the related Junior Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee or
- (iii) any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer or the appointment of an examiner, liquidator or similar official in relation to the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of holders of Senior Notes.

(b) Events of Default in relation to Junior Notes

If any of the following events (“**Events of Default**”) occurs the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Junior Notes then outstanding or if so directed by an Extraordinary Resolution of holders of Junior Notes shall (provided that the Trustee shall have been indemnified to its satisfaction), give notice to the Issuer that the Junior Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest:

- (i) default is made for more than 14 days in the payment of any sum due in respect of the Junior Notes or any of them or the related Senior Notes or any of them or
- (ii) the Issuer does not perform or comply with any one or more of its other obligations under the Junior Notes, the related Senior Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee or
- (iii) any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer or the appointment of an examiner, liquidator or similar official in relation to the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of holders of Junior Notes

provided that Junior Notes shall not become due and repayable under this Condition 10(b) unless and until all claims in respect of the related Senior Notes have been repaid in full.

The Issuer has undertaken in the Principal Trust Deed that on each anniversary of the establishment of the Programme and also within 14 days after any request by the Trustee, it will send to the Trustee a certificate signed by a Director to the effect that as at a date not more than five days prior to the date of the certificate no Event of Default or event or circumstance that could with the giving of notice, lapse of time and/or issue of a certificate become an Event of Default has occurred.

11 Enforcement

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders, Couponholders, the Custodian, the Issuing and Paying Agent and the Other Creditors and none of the Noteholders, Couponholders, the Custodian, the Issuing and Paying Agent or the Other Creditors is entitled to proceed against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so.

The Trustee, the Noteholders, the Couponholders, the Custodian, the Issuing and Paying Agent and, the Other Creditors shall have recourse only to the Mortgaged Property in respect of the Notes and the Trustee having realised the same or, in the case of a partial redemption pursuant to Condition 7(c), the Repayable Assets together with a corresponding part of the Security, and distributed the Net Proceeds in accordance with Condition 4, none of the Trustee, the Noteholders, the Couponholders, the Custodian, the Issuing and Paying Agent or the Other Creditors or anyone acting on behalf of any of them shall be entitled to take any further steps against the Issuer to recover any further sum and no debt shall be owed by the Issuer in respect of such sum. In particular, none of the Trustee, any Noteholder or Couponholder, the Custodian, the Issuing and Paying Agent or the Other Creditors, nor any other party to the Supplemental Trust Deed shall be entitled to institute, or join with any other person in bringing, instituting or joining, insolvency proceedings (whether court based or otherwise) or for the appointment of an examiner or analogous person in relation to the Issuer and none of them shall have any claim in respect of any sum arising in respect of any assets secured for the benefit of any other obligations of the Issuer.

Where, in the opinion of the Trustee, there is a conflict between the interests of the holders of the Senior Notes and those of the related Junior Notes and/or its duties as Trustee for the holders of the Senior Notes and for the holders of the Junior Notes, the Trustee shall act solely on behalf of the holders of the Senior Notes and shall have regard to their interests alone and shall not be responsible to the holders of the Junior Notes for so doing.

12 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Senior Noteholders

The Trust Deed contains provisions for convening meetings of Senior Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Senior Noteholders holding not less than 10 per cent in nominal amount of the Senior Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Senior Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Senior Noteholders whatever the nominal amount of the Senior Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Senior Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Senior Notes, (ii) to reduce or cancel the

nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Senior Notes, (iii) to reduce the rate or rates of interest in respect of the Senior Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Senior Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Senior Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Senior Noteholders or the majority required to pass the Extraordinary Resolution, (ix) to modify the provisions of the Trust Deed concerning this exception or (x) to modify certain provisions of Condition 4, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Senior Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Senior Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. No Extraordinary Resolution to modify the terms of the Mortgaged Property or affecting certain terms concerning the amount and currency and the due dates of payment of the Senior Notes and the Receipts and Coupons relating thereto, which would in the opinion of the Trustee affect the corresponding terms of the Junior Notes shall take effect, unless it has been sanctioned by an Extraordinary Resolution of the Junior Noteholders.

(b) Meetings of Junior Noteholders

An Extraordinary Resolution passed at any meeting of Senior Noteholders shall be binding on all Junior Noteholders, irrespective of its effect upon them, except an Extraordinary Resolution to modify the terms of the Mortgaged Property and/or affecting certain terms concerning the amount and currency and the due dates of payment of the Junior Notes and the Receipts and Coupons relating thereto all as set out below. The Trust Deed contains provisions for convening meetings of Junior Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Junior Noteholders holding not less than 10 per cent. in nominal amount of the Junior Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Junior Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Junior Noteholders whatever the nominal amount of the Junior Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Junior Notes, any Instalment Date or any date for payment of interest or interest Amounts on the Junior Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Junior Notes, (iii) to reduce the rate or rates of interest in respect of the Junior Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a maximum Rate of Interest, Instalment Amount or redemption Amount is shown hereon to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Junior Notes, (vii) to take any steps that as specified hereon may only be taken following approval by

an Extraordinary Resolution to which the special quorum required at any meeting of Junior Noteholders or the majority required to pass the Extraordinary Resolution, (ix) to modify the provisions of the Trust Deed concerning this exception or (x) to modify certain provisions of Condition 4, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Junior Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Junior Noteholders shall not be effective for any purpose unless either (i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Senior Noteholders or (ii) it is sanctioned by an Extraordinary Resolution of the Senior Noteholders, but subject thereto, such resolutions will be binding on all holders of Junior Notes, whether or not they were present at such meeting and on holders of Receipts, Coupons and Talons relating to such Junior Notes.

The Conditions may be amended, modified or varied in relation to the Junior Notes by the terms of the relevant Supplemental Trust Deed in relation to such Notes.

(c) Single Meetings of all Noteholders

The Trustee may convene a single meeting of the holders of Senior Notes and the holders of related Junior Notes if to do so would not, in the opinion of the Trustee, be materially prejudicial to the holders of the Senior Notes and/or the Junior Notes.

(d) Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed, Credit Support Document, Swap, Contract or Securities Agreement that is of a formal, minor or technical nature or is made to correct a manifest error (for which purpose regard may be had, without limitation, to any document entered into, or prepared in connection with, the Notes), and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, Credit Support Document, Swap, Contract or Securities Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(e) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, without the consent of the Noteholders or the Couponholders but subject to the consent of other Creditors, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and all of the Notes then outstanding. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Under the Trust Deed, the Trustee may agree or require the Issuer to use all reasonable endeavours to procure the substitution as principal debtor under the Trust Deed and all of the Notes then outstanding of a company incorporated in some other jurisdiction in the event of the Issuer becoming subject to any form of tax on its income or payments in respect of the Notes.

(f) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Senior Noteholders as a class and of the Junior Noteholders as a class subject to Condition 11 and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(g) Appointment, Retirement and Removal of the Trustee

The Trust Deed contains detailed provisions for the appointment, retirement and removal of the Trustee. The Issuer has the power of appointing new trustees with the approval of the Noteholders. Any trustee may retire by giving notice to the Issuer and any trustee may be removed by resolution of the Noteholders. No sole trustee may be removed prior to the appointment of a suitable successor trustee.

13 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in Ireland (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders but subject to Condition 5 create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Notes or upon such terms as the Issuer may determine at the time of their issue. Any such further notes shall only form a single issue with the Notes (unless otherwise approved by an Extraordinary Resolution) if the Issuer provides additional assets as security for such further notes which are fungible with, and have the same proportionate composition as, those forming part of the Mortgaged Property for the Notes and in the same proportion that the nominal amount of such new notes bears to the Notes and the Issuer enters into, or has the benefit of, additional or supplemental Credit Support Documents, Swaps and Securities Agreements extending the terms of any existing Credit Support Documents, Swaps and Securities Agreements to the new notes on terms no less favourable than such existing documents and agreements. Any new notes forming a single series with the Notes shall be constituted and secured by a deed supplemental to the Trust Deed, such further security shall be added to the Mortgaged Property so that the new notes and the existing Notes shall be secured by the same Mortgaged Property and references in these

Conditions to “Notes”, “Collateral”, “Mortgaged Property”, “Credit Support Documents”, “Swaps”, “Contracts”, “Securities Agreements”, “Obligations”, “Other Obligations”, “Creditors” and “Other Creditors” shall be construed accordingly. The Trust Deed contains provisions for convening a single meeting of the holders of the Notes and the holders of notes of other specified series in certain circumstances where the Trustee so decides.

15 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and so long as the Notes are listed on the Irish Stock Exchange and the rules of that Exchange so require, in a daily newspaper with general circulation in Ireland (which is expected to be the *Irish Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

While the Notes are listed on the Irish Stock Exchange, copies of all notices given in accordance with this condition shall be forwarded to the Companies Announcement Office of the Irish Stock Exchange.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

16 Indemnification and Obligations of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee, for its relief from responsibility including for the exercise of any voting rights in respect of the Securities and for the validity, sufficiency and enforceability (which the Trustee has not investigated) of the Security created over the Mortgaged Property. The Trustee is not obliged or required to take any action under the Trust Deed which may involve it in incurring any personal liability or expense unless indemnified to its satisfaction. The Trustee and any affiliate are entitled to enter into business transactions with the Issuer, any Obligor, any Credit Support Provider, Beneficiary, Counterparty, Swap Counterparty or Swap Guarantor or any of their subsidiary, holding or associated companies without accounting to the Noteholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Securities, from any obligation to insure or to procure the insuring of the Securities and from any claim arising from the fact that the Securities will be held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being performed unless it shall have actual knowledge to the contrary.

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

17 Contracts (Rights of Third Parties) Act 1999:

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

The Issuer has irrevocably appointed Commerzbank Aktiengesellschaft of Commerzbank House, 23 Austin Friars, London EC2N 2NB as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

- 1 **Temporary Global Notes.** Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:
 - 1.1 if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Overview of the Programme - Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below and
 - 1.2 otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

- 2 **Permanent Global Notes.** Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “**Partial Exchange of Permanent Global Notes**”, in part for Definitive Notes or, in the case of 2.3 below, Registered Notes:
- 2.1 unless principal in respect of any Notes is not paid when due, by the relevant Issuer giving notice to the Noteholders, the Issuing and Paying Agent and the Trustee of its intention to effect such exchange
 - 2.2 if the relevant Final Terms provide that such permanent Global Note is exchangeable at the request of the holder, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange
 - 2.3 if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such permanent Global Note for Registered Notes and
 - 2.4 otherwise, if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.
- 3 **Permanent Global Certificates.** If the relevant Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system:
- 3.1 if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or
 - 3.2 with the consent of the relevant Issuer
- provided that, in the case of the first transfer of part of a holding pursuant to 3.1 above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer. Where the holding of Notes represented by a Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.
- 4 **Partial Exchange of Permanent Global Notes.** For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (as supplemented by the relevant Final Terms) relating to Partly Paid Notes.
- 5 **Delivery of Notes.** On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in

the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Base Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

- 6 **Exchange Date.** “**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Base Prospectus. The following is a summary of those provisions:

- 1 **Payments.** No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.
- 2 **Prescription.** Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the Conditions).
- 3 **Meetings.** The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered

Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

- 4 **Cancellation.** Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.
- 5 **Purchase.** Notes represented by a permanent Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.
- 6 **Issuer's Option.** Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).
- 7 **Noteholders' Options.** Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.
- 8 **Trustee's Powers.** In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.
- 9 **Notices.** So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Base Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the relevant Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the relevant Issuer to purchase the Securities comprising the Mortgaged Property in respect of the relevant Series and/or will be used to fund the relevant Swap or Contract in connection with the relevant Series.

FORM OF FINAL TERMS

Final Terms dated [●]

[Name of Issuer]

(incorporated with limited liability in [insert country of incorporation])

[Title of relevant Tranche of Notes (specifying type and nominal amount of Notes) (the “Notes”)]

issued pursuant to the

€5,000,000,000

Secured Medium Term Note Programme

arranged by

Commerzbank Corporates & Markets

PART A – CONTRACTUAL TERMS, LISTING AND RATING

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 21 November 2007 [and the Supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on [insert name of issuer] (the “**Issuer**”) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the Supplemental Prospectus] [is] [are] available for viewing at [address] and copies may be obtained from [address].]

The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [current date] [and the Supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on [insert name of issuer] (the “**Issuer**”) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the Supplemental Prospectus[es] dated [●] and [●]]. [The Base Prospectuses are available for viewing at [address] and copies may be obtained from [address].]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

The terms of the Notes and additional provisions relating to their issue are as follows:

1 **Issuer:**

[Specified Company]

2	<p>[(i)] Series Number:</p> <p>[(ii)] Tranche Number:</p> <p>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)]</p>	<p>[•]</p> <p>[•]</p>
3	Specified Currency or Currencies:	[•]
4	Aggregate Nominal Amount:	
	[(i)] Series:	[•]
	[(ii)] Tranche:	[•]
5	[(i)] Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (in the case of fungible issues only, if applicable)]
	[(ii)] Net proceeds:	[•] (Required only for listed issues)
6	Specified Denominations:	[•] ¹
	Tradeable Amount:	[•]
7	[(i)] Issue Date:	[•]
	[(ii)] [Date [Board] approval for issuance of Notes obtained:	[•]
	[(ii)] Interest Commencement Date (if different from the Issue Date):	[•]
8	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling on or nearest to specific date or in the relevant month and year]</i>
9	Interest Basis:	<p>[[•] per cent. Fixed Rate]</p> <p>[[specify reference rate] +/- [•] per cent. Floating Rate]</p> <p>[Zero Coupon]</p> <p>[Index Linked Interest]</p> <p>[Other (specify)]</p> <p>(further particulars specified below)</p>

¹ Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which must be redeemed before the first anniversary of the date of their issue must have a minimum denomination of £100,000 (or its equivalent in other currencies).

10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Credit Linked] [Dual Currency] [Partly Paid] [Instalment] [Other (<i>specify</i>)]
11	Change of Interest or Redemption/Payment Basis:	[<i>Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis</i>]
12	Put/Call Options:	[Put] [Call] [(further particulars specified below)]
13	Status of the Notes:	[Senior Notes/Junior Notes] Secured and limited recourse obligations
14	Related Senior Notes: (Junior Notes only):	[specify details]
15	Related Junior Notes (if any): (Senior Notes only):	[specify details]
16	(i) Listing: (ii) Admission to trading:	[Irish Stock Exchange/Other (<i>specify</i>)/None] [Application may been made for the Notes to be admitted to trading on the regulated marked of the Irish Stock Exchange with effect from [•]][Not applicable]
	(iii) Estimate of total expenses related to admission to trading:	[•]
17	Method of distribution:	[Syndicated/Non-syndicated]
18	Rating:	[Yes/No] [If yes specify rating and name of rating agency]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

19	Fixed Rate Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph 19)</i>
	(i) Rate(s) of Interest:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[•] in each year
	(iii) Fixed Coupon Amount [(s)]:	[•] per [•] in nominal amount

- (iv) **Broken Amount:** *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate]*
- (v) **Day Count Fraction (Condition 6(l)):** [•]
(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars, unless the client requests otherwise)
- (vi) **Determination Date(s) (Condition 6(l)):** *[Insert day(s) and month(s) on which interest is normally paid (if one, then insert such dates in the alternative in each year) - Only to be completed for an issue where Day Count Fraction is Actual/Actual - ICMA]*
- (vii) **Other terms relating to the method of calculating interest for Fixed Rate Notes:** *[Not Applicable/give details]*
- 20 Floating Rate Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph 20. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate for Notes denominated in euro)
- (i) **Specified Period(s)/Specified Interest Payment Dates:** [•]
- (ii) **Business Day Convention:** [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (iii) **Additional Business Centre(s) (Condition 6(l)):** [•]
- (iv) **Manner in which the Rate(s) of Interest is/ are to be determined:** [Screen Rate Determination/ISDA Determination/other *(give details)*]
- (v) **Interest Period Date(s):** *[Not Applicable/specify dates]*
- (vi) **Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):** [•]
- (vii) **Screen Rate Determination (Condition 6(b)(iii)(B)):**
- Relevant Time: [•]

- Interest Determination Date: *[[•] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]*
 - Primary Source for Floating Rate: *[Specify relevant screen page or “Reference Banks”]*
 - Reference Banks (if Primary Source is “Reference Banks”): *[Specify four]*
 - Relevant Financial Centre: *[The financial centre most closely connected to the Benchmark - specify if not London]*
 - Benchmark: *[LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]*
 - Representative Amount: *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]*
 - Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
 - Specified Period: *[Specify period for quotation if not duration of Interest Accrual Period]*
- (viii) ISDA Determination (Condition 6(b)(iii)(A)):
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - ISDA Definitions: (if different from those set out in the Conditions) [•]
- (ix) Margin(s): [+/-] [•] per cent. per annum
- (x) Minimum Rate of Interest: [•] per cent. per annum
- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Day Count Fraction (Condition 6(l)): [•]
- (xiii) Rate Multiplier: [•]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]
- 21 Zero Coupon Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph 21)
- (i) Amortisation Yield (Condition 7(b)): [•] per cent. per annum

	(ii) Day Count Fraction (Condition 6(l)):	[•]
	(iii) Any other formula/basis of determining amount payable:	[•]
22	Index Linked Interest Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Formula:	[Give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	[•]
	(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[•]
	(iv) Specified Period(s)/Specified Interest Payment Dates:	[•]
	(v) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/ other <i>(give details)</i>]
	(vi) Additional Financial Centre(s) (Condition 8(h)):	[•]
	(vii) Minimum Rate of Interest:	[•] per cent. per annum
	(viii) Maximum Rate of Interest:	[•] per cent. per annum
	(ix) Day Count Fraction (Condition 6(l)):	[•]
23	Dual Currency Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph 23)</i>
	(i) Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[•]
	(v) Day Count Fraction (Condition 6(l)):	[•]
	PROVISIONS RELATING TO THE SECURITY	
24	Charged Property:	<i>[Give brief description of assets being secured: (N.B. If Listed Notes and securities are also listed, state type, nominal value, legal</i>
	(i) Securities:	

are also listed, state type, pool size, legal jurisdiction, amount of Securities, method and date of origination and of acquisition by Issuer, name and address of originator, country of incorporation, nature of business, exchange on which Securities are listed, maturity, any guarantor). (N.B. If Listed Notes and Securities not listed or guaranteed by listed entity, attach full terms and conditions of Securities to Prospectus; additional information may also be required and the stock exchange should be consulted at an early stage.)]

- (ii) Security (order of priorities): *The Trustee shall apply all moneys received by it under the Trust Deed in connection with the realisation or enforcement of the Security constituted by the Trust Deed in the following order of priorities:*
[Beneficiary Claim/Counterparty Claim/Custodian Claim/Issuing and Paying Agent Claim/Noteholder Claim/Swap Counterparty Claim/Pari Passu Ranking/other]
[If Notes are listed on The Irish Stock Exchange, the priority of payments must be described in full]
- (iii) Contract (if applicable): *[Give date, termination date and nature of agreement and any other relevant details]*
Beneficiary (ies): *[Give name, address(es) and brief description of institutions]*
- (iv) Securities Agreement: *[Give date, termination date and nature of agreement and any other relevant details]*
- (v) Counterparties: *[Give name, address and brief description of institution]*
- (vi) Swap (if applicable): *[Under an ISDA Master Agreement dated [●]]*

2005 and a confirmation thereto with an effective date of the Issue Date, made between the Issuer and the Swap Counterparty, the Issuer will, *inter alia*, pay to the Swap Counterparty [[an amount equal to the net subscription moneys for the Notes payable to the Issuer] and sums equal to [interest and principal payable] in respect of the Securities and the Swap Counterparty will pay to the Issuer [an amount equal to the net sum payable by the Issuer for the purchase of the Securities and sums equal to the interest payable to the Noteholders under the Notes and the Final Redemption Amount]] [set out other/additional payment provisions]. Except as stated below, the Swap will terminate on the Maturity Date.]

[The Swap may be terminated early, (either in whole or, in certain circumstances, in part only) among other circumstances

- (i) on the due date for payment of the Notes if at any time any of the Notes becomes repayable in accordance with the Conditions prior to the Maturity Date/on the date on which a date is set for redemption of the Notes if a date is set for redemption in accordance with the Conditions prior to the Maturity Date;
- (ii) at the option of one party, if there is a failure by the other party to pay any amounts due under the Swap;
- (iii) if (subject as provided in the Swap) withholding taxes are imposed on payments made by the Issuer or the Swap Counterparty under the Swap or it becomes illegal for either party to perform its obligations under the Swap;
- (iv) upon the occurrence of certain other events with respect to either party to the Swap, including insolvency.

Upon any such early termination of the Swap, the Issuer or the Swap Counterparty may (subject as set out below and provided, in the case of certain tax events that the Issuer may first be obliged to use all reasonable endeavours to transfer its obligations) be liable

to make a termination payment to the other (regardless, if applicable, of which of such parties may have caused such termination). [In circumstances where some or all of the Notes are required by a Noteholder to be redeemed by the Issuer pursuant to Condition 7(f), no termination payment will be due by either party to the other in respect of the termination, in whole or in part, as the case may be, of the Swap.]

Such termination payment will [(other than [describe any circumstances where termination payments not calculated in accordance with ISDA or where a termination payment is not payable (eg on exercise of the put option pursuant to Condition 7(f) as to which, see wording in square brackets at end of previous paragraph))] be based on the replacement cost or gain for a swap transaction that would have the effect of preserving for the party making the determination the economic equivalent of the Swap. In all cases of early termination occurring other than by reason of a default by the Swap Counterparty (in which case the determination will be made by the Issuer) or illegality (in which case the party which is not the Affected Party (as defined in the Swap) will make the determination (or, if there are two Affected Parties, each party will make a determination which will be averaged)), the termination payment will be determined by the Swap Counterparty on the basis of quotations received from at least three market-makers (failing which, by the Swap Counterparty or the Issuer, as aforesaid, based upon loss).

Regardless of which party makes the determination of the termination payment (if any), there is no assurance that the proceeds from the sale of the Securities plus or minus, as the case may be, such termination payment will be sufficient to repay the principal amount due to be paid in respect of the Notes and any other amounts in respect thereof that are due.]

[Insert summary of further termination provisions]

Swap Counterparty(ies):	<i>[Give name(s), address(es) and brief description of institutions]</i>
Swap Guarantor (if applicable):	<i>[Give name, address and brief description of institution]</i>
(v) Details of Credit Support Document (if applicable):	<i>[Give details and/or date and nature of agreement and any other relevant items]</i>
(vi) Credit Support Provider:	<i>[Give name(s), address(es) and brief description of institutions]</i>
25 Realisation of Security:	[Holder Request/Extraordinary Resolution Direction/Creditor A Direction/Creditor B Direction]
PROVISIONS RELATING TO REDEMPTION	
26 Call Option:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph 26)</i>
(i) Optional Redemption Date(s):	[•]
(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[•]
(iii) If redeemable in part:	
(a) Minimum nominal amount to be redeemed:	[•]
(b) Maximum nominal amount to be redeemed:	[•]
(iv) Option Exercise Date(s):	[•]
(v) Description of any other Issuer's option:	[•]
(vi) Notice period (if other than as set out in the Conditions):	[•]
27 Put Option:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph 27)</i>
(i) Optional Redemption Date(s):	[•]
(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[•]
(iii) Option Exercise Date(s):	[•]
(iv) Description of any other Noteholders' option:	[•]
(v) Notice period (if other than as set out in the Conditions):	[•]
28 Exchangeable Notes:	[Yes/No] (<i>See Condition 7(h)</i>)
29 Exchange Event:	[•]

- 30 Repayable Assets:** [All Securities/Defaulting and/or repayable Securities only]
- 31 Final Redemption Amount:** [Nominal amount/Other/See Appendix]
- 32 Early Redemption Amount:**
- (i) Early Redemption Amount(s) payable on mandatory redemption pursuant to a payment or other event of default under the Securities (Condition 7(c)), redemption for taxation reasons and following Swap termination (Condition 7(d)) or an Event of Default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [Cash Settlement/Physical Settlement]
- (ii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 8(f)): [Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 33 Form of Notes:** [Bearer Notes/Exchangeable Bearer Notes/Registered Notes]
- (i) Temporary or permanent Global Note/Certificate: [permanent Global Note/ Certificate exchangeable for Definitive Notes/Certificates on [•] days' notice/at any time/ in the limited circumstances specified in the permanent Global Note/Certificate]
 [temporary Global Note/ Certificate exchangeable for a permanent Global Note/ Certificate which is exchangeable for Definitive Notes/ Certificates on [•] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
 [temporary Global Note/ Certificate exchangeable for Definitive Notes/Certificates on [•] days' notice]
- (ii) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
- 34 Additional Business Centre(s) (Condition 8(h)) or other special provisions relating to payment dates:** [Not Applicable/Give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 18(iii) relates]

- 35 **Talons for future Coupons or Receipts to be attached to Definitive Notes** (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 36 **Details relating to Partly Paid Notes:** amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
- 37 **Details relating to Instalment Notes:** [Not Applicable/*give details*]
- (i) Instalment Amount(s): [•]
- (ii) Instalment Date(s): [•]
- (iii) Minimum Instalment Amount: [•]
- (iv) Maximum Instalment Amount: [•]
- 38 **Redenomination, renominatisation and reconventioning provisions:** [Not Applicable/The provisions [in Condition [•]] [annexed to these Final Terms] apply]
- 39 **Consolidation provisions:** [Not Applicable/The provisions [in Condition [•]] [annexed to these Final Terms] apply]
- 40 **Other terms or special conditions:** [Not Applicable/*give details*]

DISTRIBUTION

- 41 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [*Not Applicable/give name*]
- (iii) Dealer's Commission: [•]
- 42 **If non-syndicated, name of Dealer:** [Not Applicable/*give name*]
- 43 **Additional selling restrictions:** [Not Applicable/*give details*]

OPERATIONAL INFORMATION

- 44 **ISIN Code:** [•]
- 45 **Common Code:** [•]
- 46 **Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):** [Not Applicable/*give name(s) and number(s)*]
- 47 **Delivery:** Delivery [against/free of] payment
- 48 **The Agents appointed in respect of the Notes are:** [•]

GENERAL

- 49 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 12(a) or 12(b): [Not Applicable/*give details*]

50 The aggregate nominal amount of Notes issued has [Not Applicable/€[•]] been translated into euro at the rate of [•], producing a sum of (for Notes not denominated in euro):

Listing and admission to trading application

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €5,000,000,000 Secured Medium Term Note Programme arranged by Commerzbank Corporates & Markets.

Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms.

Acceptance on behalf of the Issuer of the terms of the Final Terms

For and on behalf of

[Name of Issuer]]

By

PART B – OTHER INFORMATION

1 [Risk Factors]

[Include any product specific risk factors which are not covered under “Risk Factors” in the Base Prospectus.]

2 [Notification]

The [Irish Financial Services Regulatory Authority], which is the Irish competent authority for the purpose of the Prospectus Directive, [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

3 [Interests of Natural and Legal Persons Involved in the [Issue/Offer]

“Save as discussed in [“Subscription and Sale” in the Base Prospectus], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

4 [Reasons for the Offer, Estimated Net Proceeds and Total Expenses]

Reasons for the offer [•]

(See “Use of Proceeds” wording in Base Prospectus.)

Estimated net proceeds: [•]

(If proceeds are intended for more than one use will need to split

out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

Estimated total expenses: [●] *[Include breakdown of expenses]]*

5 **[Fixed Rate Notes only – Yield**

Indication of yield: [●]

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 **[Index-linked or other variable-linked Notes only – Performance of Index/Formula/Other Variable, Explanation of Effect on Value of Investment and Associated Risks and Other Information concerning the Underlying**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information

7 **[Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE**

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.

DESCRIPTION OF THE FIRST ISSUERS

Portland Capital Limited

General

Portland Capital Limited was registered and incorporated as a special purpose vehicle in Jersey, Channel Islands on 28 February 2001 under the Companies, (Jersey) Law 1991, registration number 79427. Portland Capital Limited has been incorporated for an indefinite period. The Registered Office of Portland Capital Limited is at 22 Grenville Street, St. Helier, Jersey, JE4 8PX, telephone number 01534 609000. The authorised share capital of Portland Capital Limited is £10,000 divided into 10,000 ordinary shares of £1.00 each, ten (10) of which have been issued. All of the issued shares are owned and controlled by Mourant & Co. Trustees Limited as trustee of the Portland and Shannon Trust (the “**Share Trustee**”). The Portland and Shannon Trust is a charitable trust constituted by an Instrument of Trust (the “**Instrument of Trust**”) dated 15 March 2001 under which the Share Trustee holds them on trust for charities or charitable purposes. The Share Trustee has no beneficial interest in and derives no benefit (other than its fees for acting as Share Trustee) from its holding of the shares of Portland Capital Limited.

Business

Portland Capital Limited has not engaged, since its incorporation, in any activities other than those incidental to its incorporation under the Companies (Jersey) Law 1991, the establishment of the Programme, the authorisation and issue of Notes, the matters referred to or contemplated in this Base Prospectus and the authorisation, execution, delivery and performance of the other documents to which it is or will be a party and matters which are incidental or ancillary to the foregoing. Under the Companies (Jersey) Law 1991 Portland Capital Limited has the capacity to conduct any business whatsoever, which would, for the avoidance of doubt, include the management of financial assets, the purchase or transfer of investments in and acquisition by any means of loans, bonds or other obligations, including the extension of credit and any security therefor and the raising and borrowing of money and the granting of security over its assets for such purposes.

So long as any of the Notes remain outstanding, Portland Capital Limited shall not, without the consent of the Trustee and any Swap Counterparty, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Mortgaged Property, issuing further Series of Notes and entering into related agreements and transactions as provided for in Condition 5) or, *inter alia*, declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (otherwise than as contemplated in the Conditions and the Trust Deed) or issue any shares (other than such shares as were in issue on 26 March 2001).

Portland Capital Limited has, and will have, no assets other than the sum of £10 representing the issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of Notes and any Mortgaged Property and any other assets on which Notes are secured. Portland Capital Limited has established a bank account with Royal Bank of Scotland International at Royal Bank House, 71 Bath Street, St. Helier, Jersey, Channel Islands JE4 8PJ.

The Notes are obligations of Portland Capital Limited alone and not of the Share Trustee, the Trustee, the Directors of Portland Capital Limited or the Corporate Administrator. Furthermore, they are not obligations of, or guaranteed in any way by, Commerzbank Aktiengesellschaft or any other party.

The Securities will be held in an account of, and in the name of, the Custodian. Where Collateral consists of assets other than Securities, it may be held in the name of or under the control of the Custodian or in such other manner as is approved by the Trustee. The Custodian may be responsible under the Agency Agreement and/or the Custody Agreement, as the case may be, for receiving payments on the Collateral and remitting them to the relevant Other Creditors or the Issuing and Paying Agent, as the case may be.

Save in respect of the fees generated in connection with Notes, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing Portland Capital Limited's issued and paid-up share capital, Portland Capital Limited does not expect to accumulate any surpluses. Fees payable by Portland Capital Limited to its administrator, the Trustee, the Custodian and other Agents will be paid out of the proceeds of each issue of Notes and none of the Trustee, the Paying Agents, the Custodian, the Registrar, the Transfer Agents or the Calculation Agent(s) may have recourse to assets of Portland Capital Limited which are held as security for Notes other than the Notes in respect of which the claim arises. Additionally, the Paying Agents, the Custodian, the Registrar, the Transfer Agents and the Calculation Agent(s) have agreed that the payments of outstanding fees (if any) shall be limited to amounts available, following application in accordance with the terms of the Trust Deed, to discharge such liabilities.

The Japan Branch of Portland Capital Limited

Portland Capital Limited has established a branch in Japan (the "**Portland Japan Branch**") and may in the future conduct business in Japan through a representative (the "**Portland Japan Branch Administrator**"). Portland Capital Limited has, in connection with the establishment and maintenance of the Portland Japan Branch, entered into an Administration Agreement (the "**Portland Japan Branch Administration Agreement**") with the Portland Japan Branch Administrator under which the Portland Japan Branch Administrator will provide services in relation to the preparation and maintenance of general accounting records, the provision of assistance in the preparation of tax returns, the establishment and maintenance of bank accounts and certain fees and the reimbursement of its expenses under the terms of the Portland Japan Branch Administration Agreement. Portland Capital Limited may, through its Japanese branch, sell, purchase and administer bonds, loans or other debt obligations and may do any and all things necessary for or pertaining to such sale, purchase or administration.

Directors

The Directors of Portland Capital Limited are as follows:

Name	Principal Occupation
Gareth Essex-Cater	Corporate Administration Manager
Daniel LeBlancq	Corporate Administration Manager
Julia A. Chapman	Solicitor of the Royal Court of Jersey
Dean Godwin	Corporate Administration Manager

The business address of the Directors is 22 Grenville Street, St. Helier, Jersey JE4 8PX.

Any agreements executed by any of the Directors on behalf of Portland Capital Limited in connection with the Programme will be corporate obligations of Portland Capital Limited. The Directors will not (subject to applicable law) incur any personal liability in the exercise of their functions in connection with those agreements or otherwise in connection with the Programme.

Mourant & Co. Secretaries Limited, whose address is 22 Grenville Street, St. Helier, Jersey, JE4 8PX, has been appointed as and has accepted its appointment as secretary of Portland Capital Limited. Mourant & Co. Limited whose address is 22 Grenville Street, St. Helier, Jersey, JE4 8PX, is the administrator of Portland Capital Limited. Its duties include the provision of certain management, administrative, accounting and related services. The appointment of the administrator may be terminated and the administrator may retire upon three months' notice subject to the appointment of an alternative administrator on similar terms to the existing administrator.

Julia Chapman is a partner of Mourant du Feu & Jeune, legal advisor to Portland Capital Limited as to matters of Jersey law and is a supervisory board member and a shareholder of Mourant Limited. Each of Gareth Essex-Cater, Daniel LeBlancq and Dean Godwin is an employee of a subsidiary of Mourant Limited. Mourant Limited is the ultimate owner of the Share Trustee, to which fees are payable for acting as Share Trustee, and of Mourant & Co. Limited, to which fees are payable for providing corporate administration services to Portland Capital Limited, including provision of a secretary through its subsidiary company, Mourant & Co. Secretaries Limited. Julia Chapman is also a director of the Share Trustee, Mourant & Co. Limited and Mourant & Co. Secretaries Limited.

Financial Statements

Audited financial statements of Portland Capital Limited will be published on an annual basis and will be available from the registered office of Portland Capital Limited. The auditors of Portland Capital Limited are PricewaterhouseCoopers, a firm of Chartered Accountants, of 22 Colomberie, St. Helier, Jersey, Channel Islands JE1 4XA, who are members of the Institute of Chartered Accountants in Jersey and are qualified to act as auditors in Jersey.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 December 2006.

Incorporation

The Company is incorporated in Jersey, Channel Islands.

Activities

The principal activity of the Company is the issue, from time to time, of Limited Recourse Notes in separate series under the terms of a €5,000,000,000 Secured Medium Term Note Programme arranged by Commerzbank Aktiengesellschaft, The terms and conditions of the Notes are set out in the Offering Circular, dated 26 March 2001 (last updated on the 4 October 2005). The proceeds of the Notes have been used to purchase securities and/or fund payment obligations under the swap agreements as detailed in Note 2.

As set out in the Programme Memorandum, the Notes are only intended for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Notes. The Company's Notes are listed on the Irish Stock Exchange.

Results and Dividends

The profit for the year amounted to £703. (2005: Profit of £1,236)

The Directors do not propose a dividend for the year (2005 : £Nil).

Directors

The Directors who held office during the year and subsequently were:-

J.A.J. Chapman
G.P. Essex-Cater
D.J. Le Blancq
D.M. Godwin

Independent Auditors

PricewaterhouseCoopers CI LLP have expressed their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers CI LLP will be proposed at the next Annual General Meeting.

Registered Office

22 Grenville Street, St. Helier, Jersey, Channel Islands, JE4 8PX

By Order of the Board

Authorised Signatory

Mourant & Co. Secretaries Limited

Secretary

Date: 15 October 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with Jersey law and generally accepted accounting principles.

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Company's transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

Shannon Capital Plc

General

Shannon Capital plc was registered and incorporated as a special purpose vehicle in Ireland on 13 March 2001 under the Irish Companies Acts 1963-2001 (as amended), registration number 340225. Shannon Capital plc has been incorporated for an indefinite period. The registered office of Shannon Capital plc is at AIB International Centre, IFSC, Dublin 1, telephone number +353-1-641-7411. The authorised share capital of Shannon Capital plc is €100,000 divided into 100,000 ordinary shares of €1 each, of which 40,000 shares have been issued. All of the issued shares are owned by the Share Trustee and its nominees and are held (directly or indirectly) on trust for the Portland and Shannon Trust and controlled by the Share Trustee as described under “Portland Capital Limited - General” above. The Share Trustee has no beneficial interest in and derives no benefit (other than its fees for acting as Share Trustee) from its holding of the shares of Shannon Capital plc.

Business

Shannon Capital plc has not engaged, since its incorporation, in any activities other than those incidental to its incorporation under the Irish Companies Acts 1963-2001 (as amended), the establishment of the Programme, the authorisation and issue of the Notes, the matters referred to or contemplated in this Base Prospectus and the authorisation, execution, delivery and performance of the other documents to which it is or will be a party and matters which are incidental or ancillary to the foregoing. The principal objects of Shannon Capital plc are set forth in Clause 3.1 of its Memorandum of Association and include, *inter alia*, the management of financial assets, the purchase, transfer of, investment in and acquisition of, by any means of loans, bonds or other obligations, including the extension of credit and any security therefor and the raising and borrowing of money and the granting of security over its assets for such purposes.

So long as any of the Notes remain outstanding, Shannon Capital plc shall not, without the consent of the Trustee and any Swap Counterparty, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Mortgaged Property, issuing further Series of Notes and entering into related agreements and transactions as provided for in Condition 5) or, *inter alia*, declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (otherwise than as contemplated in the Conditions and the Trust Deed) or issue any shares (other than such shares as were in issue on 26 March 2001).

Shannon Capital plc has, and will have, no assets other than the sum of €10,005 representing the issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of Notes and any Mortgaged Property and any other assets on which Notes are secured. Shannon Capital plc has established a bank account with Allied Irish Banks, plc at Ashford House, PO Box 518, Tara Street, Dublin 2.

The Notes are obligations of Shannon Capital plc alone and not of the Share Trustee or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by, Commerzbank Aktiengesellschaft or any other party.

The Securities will be held in an account of, and in the name of, the Custodian. Where Collateral consists of assets other than Securities, it may be held in the name of or under the control of the Custodian or in such other manner as is approved by the Trustee. The Custodian may be responsible under the Agency Agreement and/or the Custody Agreement, as the case may be, for receiving payments on the Collateral and remitting them to the relevant Other Creditors or the Issuing and Paying Agent, as the case may be.

Save in respect of the fees generated in connection with Notes, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing Shannon Capital plc's issued and paid-up share capital, Shannon Capital plc does not expect to accumulate any surpluses. Fees payable by Shannon Capital plc to its administrator, the Trustee, the Custodian and other Agents will be paid out of the proceeds of each issue of Notes and none of the Trustee, the Paying Agents, the Custodian, the Registrar, the Transfer Agents or the Calculation Agent(s) may have recourse to assets of Shannon Capital plc which are held as security for Notes other than the Notes in respect of which the claim arises. Additionally, the Paying Agents, the Custodian, the Registrar, the Transfer Agents and the Calculation Agent(s) have agreed that the payments of outstanding fees (if any) shall be limited to amounts available, following application in accordance with the terms of the Trust Deed, to discharge such liabilities.

Directors

The Directors of Shannon Capital plc are as follows:

Name	Principal Occupation
Adrian Masterson	Company Director
John Walley	Company Director

The business address of the Directors is the same as the registered office of Shannon Capital Plc at AIB International Centre, IFSC, Dublin.

AIB International Financial Services Limited of PO Box 2751, AIB International Centre, IFSC, Dublin 1 is the corporate administrator of Shannon Capital plc. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated and the administrator may retire upon three months' notice subject to the appointment of an alternative administrator on similar terms to the existing administrator.

Financial Statements

Audited financial statements of Shannon Capital plc will be published on an annual basis and will be available from the registered office of Shannon Capital plc. The auditors of Shannon Capital plc are PricewaterhouseCoopers, a firm of Chartered Accountants, of One Spencer Dock, North Wall Quay, Dublin 1, who are members of the Institute of Chartered Accountants in Ireland and are qualified to act as auditors in Ireland.

Directors and Other Information

Board of Directors

Solicitors

Adrian Masterson
John Walley

Secretary

AIB International Financial Services Limited
AIB International Centre
IFSC
Dublin 1

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

A&L Goodbody
25-28 North Wall Quay
IFSC
Dublin 1

Registered Office

AIB International Centre
IFSC
Dublin 1

Bankers

Allied Irish Banks, plc
AIB International Centre
IFSC
Dublin 1

REPORT OF THE DIRECTORS

The directors present herewith the audited financial statements for the year ended 31 December 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations endorsed by the European Union, with those parts of the Companies Act, 1963 to 2006 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements are prepared in accordance with IFRS and IFRIC interpretations endorsed by the European Union, and with those parts of the Companies Act, 1963 to 2006 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities, business review and future developments

The company was incorporated on 13 March 2001 as a public limited company under the Irish Companies Act 1963 to 2001. The company is engaged in the business of financing, treasury business and other related activities. The business of the company is limited to acquiring and holding certain financial assets ("Charged Assets") and issuing Securities up to a maximum aggregate nominal amount outstanding at one time of €5,000,000,000 (or its equivalent in other currencies), entering into Swap Agreements and performing its obligations and exercising its rights thereunder and entering into other related transactions.

As at 31 December 2006, the following series of Notes were in issue by Shannon Capital plc:

Series 2	Notes due 2041, Nominal Value €5,520,000
Series 3	Notes due 2041, Nominal Value €17,850,000
Series 5	Notes due 2040, Nominal Value €1,900,000

Shannon Capital plc plans to continue in financing, treasury business and other related activities in the future.

The level of business during the year and the financial position as at 31 December 2006 were satisfactory and the Directors expect that the present level of activity will be sustained for the foreseeable future.

There had been no significant events since the year end.

Results for the year and state of affairs at 31 December 2006

The profit for the year and the appropriation thereof are set out in the income statement on page 7.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2006.

Directors

The directors of the company are:

Adrian Masterson

John Walley

Transactions involving directors

There were no contracts of any significance in relation to the business of the company in which the directors had any interest, as defined in the Companies Act, 1990, at any time during the year ended 31 December 2006.

Auditors

PricewaterhouseCoopers are willing to continue as auditors in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the board

Adrian Masterson

John Walley

Date: 26 September 2007

SECURITY ARRANGEMENTS

The Security may include a fixed charge over Securities which may be held by or through the Custodian through Euroclear and/or Clearstream, Luxembourg and/or an Alternative Clearing System. The charge is intended to create a property interest in the Securities in favour of the Trustee to secure the Issuer's liabilities. However, where the Securities are held through a clearing system the interests which the Custodian holds and which are traded in the clearing system are not the physical Securities themselves but a series of contractual rights. These rights consist of (i) the relevant Issuer's rights against the Custodian, (ii) the Custodian's rights as an accountholder against the clearing system, (iii) the rights of the clearing system against the common depository and (iv) the rights of the common depository against the issuer of the Securities. **As a result, where Securities are held in a clearing system the Security will take the form of an assignment of the relevant Issuer's rights against the Custodian under the Agency Agreement or the Custody Agreement, as the case may be, rather than a charge over the Securities themselves.**

TAXATION

Jersey

Portland Capital Limited has “**exempt company**” status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ended 31 December 2007. Portland Capital Limited will be required to pay an annual exempt company charge which is currently £600 in respect of each calendar year during which it wishes to have “**exempt company**” status. The retention of “**exempt company**” status, for as long as such status is available under Jersey law, is conditional upon the exempt company charge being paid and Portland Capital Limited disclosing its beneficial ownership to the Jersey Financial Services Commission within the time limits laid down and the Comptroller of Income Tax in Jersey being satisfied that no Jersey resident has a beneficial interest in Portland Capital Limited, except as permitted by concessions granted by the Comptroller of Income Tax.

As an “**exempt company**”, Portland Capital Limited will not be liable to Jersey income tax other than on Jersey source income (except by concession bank deposit interest on Jersey bank accounts). For so long as Portland Capital Limited is an “**exempt company**”, payments in respect of the Notes will not be subject to any taxation in Jersey (unless the Noteholder is resident in Jersey) and no withholding in respect of Jersey taxation will be required on such payments to any holders of the Notes.

Legislation has been adopted by the States of Jersey which, on and from 1 January 2009, introduces a standard rate of corporate tax of 0% applicable to all companies (other than any “financial services company” (as defined therein) and certain specified Jersey utility companies). As at the date hereof, Portland Capital Limited is neither a “financial services company” nor such a specified utility company.

As part of an agreement reached in connection with the European Union directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, Portland Capital Limited would not be obliged to levy retention tax in Jersey under these provisions in respect of interest payments made by it to a paying agent established outside Jersey.

Under current Jersey law, there are no death or estate duties, capital gains, gifts, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue or transfer of Notes. In the event of the death of an individual sole Noteholder, duty at rates of up to 0.75 per cent. of the value of the Notes may be charged on the registration of Jersey probate or letters of administration on the estate of a deceased sole Noteholder.

Ireland

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the “**1997 Act**”) for certain interest bearing securities (“**quoted Eurobonds**”) issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- 1 the person by or through whom the payment is made is not in Ireland; or
- 2 the payment is made by or through a person in Ireland, and either:
 - 2.1 the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are so recognised), or
 - 2.2 the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a “qualifying company” (within the meaning of Section 110 of the 1997 Act) and provided the interest is paid to a person resident in a “relevant territory” (i.e. a member state of the European Union (other than Ireland) or a country with which Ireland has a double taxation agreement). For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder who is Irish resident.

Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax and levies. Ireland operates a self assessment system in respect of

income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a relevant territory provided either (i) the Notes are quoted Eurobonds (ii) in the event of the Notes ceasing to be quoted Eurobonds, if the Issuer is a qualifying company within the meaning of Section 110 of the 1997 Act, or (iii) if the Issuer has ceased to be a qualifying company, the recipient of the interest is a company.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Noteholders receiving interest on the Notes which does not fall within the above exemptions may be liable to Irish income tax.

Capital Gains Tax

A holder of Notes will be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the donor or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the donor is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Bearer notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of noteholders is maintained or is regarded to be maintained but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the donor or the donee/successor.

Stamp Duty

Provided the Issuer remains a qualifying company no stamp duty or similar tax is imposed in Ireland on the issue transfer or redemption of the Notes whether they are represented by Global Notes or Definitive Notes (on the basis of an exemption provided for in Section 85(2)(c) to the Stamp Duties Consolidation Act, 1999 provided the proceeds of the Notes are used in the course of the Issuer's business).

EU Savings Directive

On 3 June 2003 the Council of the European Union (ECOFIN) adopted a directive regarding the taxation of interest income. Each EU Member State must implement the directive by enacting legislation that requires paying agents (within the meaning of the directive) established within its territory to provide to the relevant competent authority details of interest payments made to any individual and certain intermediate entities resident in another EU Member State or a territory being a dependent or associated territory of an EU Member State (a "Reportable Territory"). The competent authority of the EU Member State of the paying agent (within the meaning of the directive) is then required to communicate this information to the competent authority of the Reportable Territory of which the beneficial owner of the interest is a resident.

Austria, Belgium and Luxembourg have opted instead to withhold tax from interest payments within the meaning of the directive.

Ireland has implemented the directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities defined in the 1997 Act, resident in another Reportable Territory will have to provide details of payments to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the Reportable Territory of residence of the individual or residual entity concerned.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and conditions contained in a dealer agreement dated 26 March 2001, as supplemented on 16 July 2002, and as amended and restated on 4 October 2005 (the “**Dealer Agreement**”) between the First Issuers, the Permanent Dealer and the Arranger, to which the Issuer (save for either First Issuer) has acceded pursuant to a Deed of Accession, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealer or such other Dealers as may be appointed from time to time in respect of any Series pursuant to the Dealer Agreement. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Relevant Dealer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

Each Issuer has agreed to pay the commissions as agreed between them and the relevant Dealer in respect of each issue of Notes on a syndicated basis or otherwise. Such commissions (if any) will be stated in the relevant Final Terms.

The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- 1 in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer
- 2 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and
- 3 it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Jersey

Each Dealer has represented and agreed that the Notes may not be offered to, sold to or purchased or held by or for the account of persons resident for income tax purposes in Jersey other than Financial Institutions in the ordinary course of business.

“**Financial Institutions**” for these purposes includes, without limitation, a bank, finance house, insurance company, investment trust or fund, mutual fund or society, pension fund and other institutions of a like nature.

Ireland

Selling Restrictions

Each of the Dealers has represented, warranted and agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity than with the provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (**MiFID Regulations**), including, without limitation, Parts 6, 7, and 12 thereof and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2004 (as amended) and any codes of conduct rules made under Section 117(1) thereof;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued pursuant to Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by IFSRA); and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by IFSRA.

(e) it will not underwrite the issue of, or place, any Notes with a legal maturity of less than one year unless such Notes have been issued in accordance with the provisions of the Irish Central Bank Notice BSD C 01/02 issued on 12 November 2002 as may be amended or replaced.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Accordingly, each of the Dealers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, “**resident of Japan**” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

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 admitted to trading on the regulated market of the Irish Stock Exchange or on another regulated market within the European Economic Area and have denominations of less than €50,000 and in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer 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:

- 1 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;
- 2 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;
- 3 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
- 4 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.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers. Any such modification will be set out in the relevant Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been 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 other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and the Issuer nor any other Dealer shall have responsibility therefor.

GENERAL INFORMATION

- 1 The First Issuers have obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme and with the issue and performance of the Notes issued by either of them. The establishment and subsequent updates of the Programme was authorised in the case of Portland Capital Limited by resolutions of the Board of Directors passed on 26 March 2001, 16 July 2002, 29 August 2003, 9 September 2004, 4 October 2005 and 20 November 2007 and in the case of Shannon Capital plc by resolutions of the Board of Directors passed on 16 and 23 March 2001, 25 March 2002, 26 August 2003, 26 August 2004, 4 October 2005 and 20 November 2007.
- 2 Save as disclosed in this Base Prospectus or the relevant Final Terms there has been no significant change in the financial or trading position of the relevant First Issuer and no material adverse change in the financial position or prospects of the relevant First Issuer, since the date of its most recently published financial statements, or if no such statements have been published, its date of incorporation.
- 3 The relevant First Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the relevant First Issuer is aware) during the 12 months preceding the date of this Base Prospectus that may have, or have had in the recent past, a significant effect on its financial position or profitability.
- 4 Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- 5 The annual financial statements of Portland Capital Limited have been audited by PricewaterhouseCoopers, 22 Colomberie, St. Helier, Jersey for its financial year ending 31 December 2006. PricewaterhouseCoopers are chartered accountants qualified to practice in Jersey .
- 6 The annual financial statements of Shannon Capital Plc have been audited by PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1 for its financial year ending 31 December 2006. PricewaterhouseCoopers are chartered accountants qualified to practice in Ireland.
- 7 Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.
- 8 It is expected that each Tranche of Notes which is to be listed and admitted to the Official List will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or about 21 November 2007.
- 9 The EU Transparency Obligations Directive is currently being finalised and will be implemented in Ireland. The Issuer will be required to prepare its financial statements in accordance with, or reconciled to, International Financial Reporting Standards for accounting periods beginning on or after 1 January 2005, unless Irish GAAP are deemed equivalent standards for the purposes of such Directive. If Irish GAAP are not deemed equivalent standards, the obligation to prepare financial statements in accordance with, or reconciled to, International Financial Reporting Standards in the circumstances described above may be unduly burdensome for the Issuer. Consequently, the Issuer may decide, pursuant to the provisions of the Trust Deed and the Dealer Agreement, to delist the Notes from the Irish Stock Exchange and seek an alternative listing for the Notes on another stock exchange.

- 10 Pursuant to an order of the High Court dated 3 April 2007, with effect from 19 May 2007, (the “Court Order”), all rights and obligations of JPMorgan Chase Bank, N.A. in any capacity in relation to all documents entered into in connection with the Programme (including all then existing Series of Notes) were transferred to The Bank of New York in the manner and to the extent provided for in the Court Order
- 11 For so long as Notes may be issued pursuant to this Base Prospectus (in respect of 7.1 to 7.6) and for so long as any listed Notes remain outstanding, from the date of the relevant document (in respect of 7.7), the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection in electronic form at the registered office of each Issuer and at the specified offices of JPMorgan Chase Bank in London and BNY Financial Services Plc in Dublin:
 - 11.1 the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - 11.2 the Dealer Agreement;
 - 11.3 the Agency Agreement;
 - 11.4 the Memorandum and Articles of Association of each Issuer;
 - 11.5 the Instrument of Trust;
 - 11.6 a copy of this Base Prospectus together with any document incorporated by reference in this Base Prospectus, supplemental base prospectus or any other document required or permitted to be published by the listing rules of the Irish Stock Exchange
 - 11.7 a copy of the accounts of each First Issuer; and
 - 11.8 the Final Terms and each Subscription Agreement (if any) and the related Supplemental Trust Deed, Swap, Securities Agreement, Contract and/or Credit Support Document for Notes which are listed and admitted to trading on the Official List.

**REGISTERED OFFICE OF PORTLAND CAPITAL
LIMITED**

22 Grenville Street
St Helier
Jersey JE4 8PX

TRUSTEE

J.P. Morgan Trustee and Depositary Company Limited
Trinity Tower
9 Thomas More Street
London E1W 1YT

REGISTERED OFFICE OF SHANNON CAPITAL PLC

AIB International Financial Services Limited
AIB International Centre
IFSC
Dublin 1

REGISTRAR

JPMorgan Chase Bank
4 New York Plaza
Floor 15
New York
New York 10004

ISSUING AND PAYING AGENT AND CUSTODIAN

JPMorgan Chase Bank
Trinity Tower
9 Thomas More Street
London E1W 1YT

PAYING AGENT AND TRANSFER AGENT

BNY Financial Services plc
70 Sir John Rogerson's Quay
Dublin 2
Ireland

ARRANGER AND DEALER

Commerzbank Aktiengesellschaft
Kaiserplatz 60621 Frankfurt am Main

LEGAL ADVISERS

as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ

as to Jersey law

Mourant du Feu & Jeune
22 Grenville Street
St. Helier
Jersey SE4 8PX

as to Irish law

A&L Goodbody Solicitors
IFSC
North Wall Quay
Dublin 1

AUDITORS TO PORTLAND CAPITAL LIMITED

PricewaterhouseCoopers
22 Colomberie
St. Helier
Jersey
Channel Islands JE1 4XA

AUDITORS TO SHANNON CAPITAL PLC

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1

LISTING AGENT

for Notes listed on the Irish Stock Exchange

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

Linklaters Business Services
One Silk Street
London EC2Y 8HQ
A06809171