

BASE PROSPECTUS

BLUEBIRD SECURITIES S.A.

(a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, Val Sainte-Croix, L-1371 Luxembourg and in the process of being registered with the Luxembourg trade and companies register as at the date of this document)

Limited Recourse Securities Programme

The Issuer accepts full responsibility for the accuracy of the information contained in this Prospectus and confirms, having made reasonable enquiry, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement within this Prospectus misleading.

The Issuer is subject to the Luxembourg Act dated 22nd March, 2004 on Securitisation (the Securitisation Act 2004). Under the Securitisation Act 2004, the Issuer, as an unregulated entity within the meaning of the Securitisation Act 2004, is not entitled to issue securities or shares to the public on an ongoing basis.

This Prospectus comprises two base prospectuses (each a **Base Prospectus** for the purposes of Article 5.4 of the Directive 2003/71/EC (the **Prospectus Directive**) and article 8.4 of the Prospectus Act 2005 (as defined below)), one in respect of Relevant Securities, and one in respect of Beneficiary Shares each such term as defined below and as issued by the Issuer.

Under the Limited Recourse Securities Programme (the **Programme**) described in this Prospectus, Bluebird Securities S.A. (the **Issuer**) subject to compliance with all relevant laws, regulations and directives, may from time to time issue Bonds, Certificates and Warrants (the **Bonds, Certificates and Warrants**, respectively and, together, the **Relevant Securities**) and Beneficiary Shares (the **Beneficiary Shares**, and together with the Relevant Securities, **Securities**) and in conjunction therewith may from time to time buy, sell or enter into options, swaps or repurchase agreements, substantially on the terms set out herein, as supplemented in respect of each issue by a set of final terms supplementary hereto (each **Final Terms**).

The terms and conditions of a Series of Relevant Securities are comprised of the Terms and Conditions of the Bonds or the Terms and Conditions of the Certificates and Warrants, as applicable, in each case as set out in this Prospectus and as completed, modified and amended by the relevant Final Terms. The terms and conditions of a Series of Beneficiary Shares are comprised of the articles of association of the Issuer (the **Articles**) as amended from time to time and as completed, modified and amended by the relevant Final Terms. A summary of certain provisions of the Articles is set out on pages 130 to 139 below under the heading "Certain Provisions of the Articles of Association". Each such set of terms and conditions as so completed, modified and amended are referred to as **Conditions** in this Prospectus.

Securities will be issued in one or more separate Series (each a **Series**) each relating to a separate compartment created by the board of directors of the Issuer (each a **Compartment**). A Compartment is a separate part of the Issuer's assets and liabilities. The Series Assets (as defined below) are exclusively available to satisfy the rights of the holders of the relevant Series of Securities and the rights of the creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the Articles. Details relating to the Series Assets will be set out in the relevant Final Terms. The Series Assets in respect of a Series may include certain bonds, notes, shares, interests in partnership(s), gilts, cash deposits denominated in any currency, futures, options, swaps, commodity futures, commodity options, invoices, receivables, leases and loan and lease portfolios, bills of exchange, acceptance credits and all other documents of title relating to the movement of goods, commercial paper, promissory notes and any other negotiable or transferable instruments and any other financial obligations assigned to or acquired by the Issuer or any other agreed assets (the **Collateral**) owned or entered into by the Issuer and may also include the Issuer's rights under an option agreement (an **Option Agreement**), an interest rate and/or currency and/or other exchange agreement and/or other derivative or hedging agreement (the **Swap Agreement**), or a repurchase agreement (the **Repurchase Agreement**) and/or a credit support document (the **Credit Support Document**), together with such additional assets, if any, as may be described in the relevant Final Terms (together the **Series Assets**). If the Collateral consists of shares or interests in partnership(s), (i) the Issuer must finance the acquisition of the shares or interests in partnerships by way of an issue of Securities the yield of which must depend on the

payments received by the Issuer under the shares or interests in partnership(s), (ii) the Issuer must not actively manage the shares or interests in partnership(s) (in the sense that there must be no regular substitution of the shares or interests in partnership(s)), (iii) the investment in shares or interests in partnership(s) must remain static and the Issuer must assume a passive role in respect of the investment in the shares or interests in partnership(s) (in the sense that the instructions concerning the exercise of the rights attaching to the shares or interests in partnership(s) should come from the investors in the Securities or the Trustee (as defined below)) and (iv) the Issuer needs to comply with all other laws or regulations applying in connection with the acquisition of the shares or interests in partnership(s).

Each Series of Relevant Securities, unless otherwise stated in the Final Terms, (i) will be secured by a first fixed charge on and/or an assignment of and/or security interest in favour of the Trustee (as defined in the relevant Trust Instrument (the **Trust Instrument**)) over or in respect of the relevant Series Assets, (ii) will be secured by a first fixed charge in favour of the Trustee over the Issuer's rights to all funds held from time to time by the Agents (as defined herein) for payments due under the Relevant Securities of such Series and (iii) may be secured by an assignment in favour of the Trustee of the Issuer's rights under any Option Agreement, Swap Agreement, Repurchase Agreement, and/or Credit Support Agreement, together with such additional security if any, as may be described in the relevant Final Terms (together the **Mortgaged Property**). In certain circumstances the Issuer may also grant security interests in respect of any Series of Beneficiary Shares.

The respective rankings for priority of the interests of the holders of the Securities of a Series and of a swap counterparty to the relevant Swap Agreement (the **Swap Counterparty**) and of the option counterparty to the relevant Option Agreement (the **Option Counterparty**) and each other party entitled to the benefit of such Series Assets and, if applicable, the security interests described above (each a **Series Party**) in the proceeds of such Series Assets shall be specified in the relevant Final Terms. The obligations of the Issuer under a Swap Agreement to a Swap Counterparty, may also be secured by certain assets comprised in the Series Assets. **Claims against the Issuer by holders of the Securities of a particular Series and, if applicable, each Swap Counterparty, each Option Counterparty and each Series Party will be limited to the Series Assets applicable to that Series. If the net proceeds of the enforcement or liquidation of the Series Assets for any Series are not sufficient to make all payments due in respect of the Securities of that Series and, if applicable, due to each Swap Counterparty, each Option Counterparty and each Series Party, no other assets of the Issuer will be available to meet such shortfall and the claims of holders of the Securities and, if applicable, any such Swap Counterparty, Option Counterparty or Series Party in respect of any such shortfall shall be extinguished and no such party will be able to petition for the winding-up of the Issuer as a consequence of any such shortfall.** The Issuer may from time to time issue further Securities on the same terms as existing Securities and such further Securities shall be consolidated and form a single series with such existing Securities; provided that, unless otherwise approved by Extraordinary Resolution of Securityholders of the relevant Series, the Issuer provides additional assets for such further Securities and such existing Securities.

Securityholders, by subscribing to the Securities, expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular, the provisions on limited recourse, no petition, subordination and priority of payments.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority (the **Competent Authority**) under the Luxembourg act dated 10 July 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) (the **Prospectus Act 2005**) for the approval of this Prospectus so that Securities issued under the Programme during the period of 12 months from the date of approval of this Prospectus by the Competent Authority may be admitted to trading on the Luxembourg Stock Exchange's regulated market as contemplated by Directive 2004/39/EC and listed on the Official List of the Luxembourg Stock Exchange. Application may be made to the Luxembourg Stock Exchange for the Securities to be admitted to trading on the EuroMTF, which is the alternative market of the Luxembourg Stock Exchange (the EuroMTF is not a regulated market pursuant to the provisions of Directive 2004/38/EC but is subject to the supervision of the Luxembourg financial sector and stock exchange regulator, the CSSF), and listed on the Official List of the Luxembourg Stock Exchange. The Programme provides that Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the Arranger. Unlisted Securities may also be issued pursuant to the Programme. The relevant Final Terms in respect of a Series will specify whether or not such Securities will be listed on the Luxembourg or any other Stock Exchange. The aggregate principal amount of, interest (if any) payable in respect of, the issue price of, the issue date of and maturity date (if any) of, the Series Assets, and any other terms and conditions not contained herein or in the Articles which are applicable to each Series of Securities will be set forth in the relevant Final Terms which, with respect to Securities to be listed, will be delivered to the relevant Stock Exchange on or before the issue date of the Securities. A form of Final Terms for Relevant Securities and for Beneficiary Shares are attached as Annexes 1 and 2 to this Prospectus. Each form of Final

Terms will be adapted as necessary to include the information required for the issue of a specific Series of Securities and may be varied in order to comply with applicable laws and market practice in the jurisdiction in which the Securities are offered.

References in this Prospectus to Securities being **listed** (and all related references) shall mean that such Securities have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC. It should be noted that admission to trading on the EuroMTF market of the Luxembourg Stock Exchange is not a listing for the purposes of the EU Prospectus Directive (Directive 2003/71/EC) and the EuroMTF is not a regulated market for the purposes of the Directive (Directive 2004/39/EC).

Bonds to be issued in bearer form (**Bearer Bonds** comprising a **Bearer Series**) will initially be represented by interests in a temporary Global Bond or by a permanent Global Bond, in either case in bearer form (each a **Temporary Global Bond** and a **Permanent Global Bond**, respectively), without interest coupons, which may be deposited with a common depository 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 as may be specified in the relevant Final Terms, on the relevant issue date. The provisions governing the exchange of interests in Global Bonds for bearer bonds in definitive form (**Definitive Bonds**) are described in "Summary of Provisions Relating to Relevant Securities While in Global Form". Relevant Securities to be issued in registered form (**Registered Securities** comprising a **Registered Series**) and which are sold in an "offshore transaction" within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**), will be represented by interests in a permanent global certificate (each a **Global Certificate**), in the case of Bonds, or a permanent global security (a **Global Security**) in the case of Certificates or Warrants, in each case without interest coupons, which will be registered in the name of a nominee for, and shall be deposited on its issue date with a common depository on behalf of, Euroclear and Clearstream, Luxembourg. Beneficiary Shares may be issued in bearer or registered form, details of which will be set out in the Final Terms.

Each Series of Securities may be rated by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (**Standard & Poor's**) and/or Moody's Investors Service Limited (**Moody's**). Unrated Securities may also be issued provided that, if rated Securities have been issued pursuant to the Programme, Standard & Poor's and Moody's have reviewed the terms of such Securities and confirmed in writing that all their respective current rating(s) of Securities then in force will not be adversely affected by the issue of such unrated Securities. Any rating of any Securities issued under the Programme will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Issuer may, if specified in the Terms of the Securities of a particular Series, enter into a Repurchase Agreement subject to such terms as Standard & Poor's and/or Moody's, as the case may be, may require if such Securities either have been or will be rated by Standard & Poor's and/or Moody's, as the case may be, and such other terms and conditions as are specified herein and in the terms of such Securities.

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

ARRANGER
Deutsche Bank AG London Branch

Investing in the Securities involves a high degree of risk. The attention of potential investors is drawn to the sections headed "Investor Suitability" and "Risk Factors" on pages 8 to 12 of this Prospectus.

The date of this Prospectus is 12 January 2007.

*The Issuer (the **Responsible Person**) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that this is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The delivery of this Prospectus at any time does not imply any information contained herein is correct at any time subsequent to the date hereof.*

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus and/or in the relevant Final Terms in connection with the issue or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Arranger (as defined in "Summary of the Programme").

This Prospectus may only be used for the purposes for which it has been published.

This Prospectus is to be read in conjunction with all the documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference").

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

*The distribution of this Prospectus and the offering or sale of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Arranger to inform themselves about and to observe any such restriction. The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) and may include Securities in bearer form that are subject to U.S. tax law requirements. The Issuer has not registered and will not register under the U.S. Investment Company Act of 1940, as amended (the **Investment Company Act**). Consequently, the Securities may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the Issuer to register under the Investment Company Act. For a description of certain restrictions on offers and sales of Securities and on distribution of this Prospectus, see "Subscription and Sale and Transfer Restrictions".*

For so long as the Programme remains in effect or any Securities remain outstanding, in the event that there are (i) any changes in the Terms and Conditions of the Relevant Securities or changes in the Articles of Association of the Issuer in relation to Beneficiary Shares, (ii) a material change in the financial situation of the Issuer or (iii) the addition of a new issuer in relation to the Programme, the Issuer shall make available to the CSSF a new Prospectus or a Supplement setting out the details of such changes or additions, as the case may be.

The Issuer is a special purpose vehicle having adopted the form of a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg. The Issuer's activities are subject to the Securitisation Act 2004 though the Issuer is an unregulated entity within the meaning of the Securitisation Act 2004. Copies of the Articles as at the date of this document are in the process of being lodged with the Luxembourg trade and companies register (Registre de commerce et des sociétés, Luxembourg) and the Issuer is in the process of being registered with the Luxembourg trade and companies.

*The Articles are in the process of being published in the Mémorial, Recueil des Sociétés et Associations (the **Mémorial**) as at the date of this document.*

Under the Securitisation Act 2004, the Issuer, as an unregulated entity within the meaning of the Securitisation Act 2004, is not entitled to issue Securities or its shares to the public on an ongoing basis.

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Securities and should not be considered as a recommendation by the Issuer, the Arranger or the Trustee or any of them that any recipient of this Prospectus should subscribe for or purchase any Securities. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Neither the Arranger nor the Trustee has separately verified the information contained herein and accordingly neither the Arranger nor the Trustee makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with the Securities or their distribution and none of them accepts any responsibility or liability therefor. Neither the Arranger nor the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Securities of any information coming to the attention of either the Arranger or the Trustee.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "dollars", "U.S. dollars", "U.S.D" and "U.S.\$" are to United States dollars and references to "euro", "EUR" or "€" 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.

*In connection with any Series of Securities, the party (if any) named as the stabilising agent (the **Stabilising Agent**) in the relevant Final Terms may over-allot Securities (provided that, in the case of any Series of Securities to be admitted to trading on a regulated market in the European Economic Area, the aggregate principal amount of Securities allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Series) or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Agent will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Securities is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Securities and 60 days after the date of the allotment of the relevant Series of Securities. In any case, the Stabilising Agent will comply with the Commission Regulation 2273/2003 implementing the Directive 2003/6/EC relating to, inter alia, stabilisation.*

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INVESTOR SUITABILITY

Prospective investors should determine whether an investment in the Issuer is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in any Securities and to arrive at their own evaluation of the investment.

Prospective investors must also refer to the information in this Prospectus and the relevant Final Terms (the **Final Terms**) which set out the specific terms of the relevant Series of Securities, and any supplement to this Prospectus. The forms of Final Terms for Relevant Securities and for Beneficiary Shares are set out as Annexes 1 and 2 to this Base Prospectus and will be adapted as necessary for the issue of a specific Series of Securities.

Attention is drawn, in particular, to "Risk Factors" below.

Investment in the Securities is only suitable for investors who:

- (a) have the requisite knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Prospectus and the relevant Final Terms and the merits and risks of an investment in the Issuer in the context of such investors' financial position and circumstances;
- (b) are capable of bearing the economic risk of an investment in the Issuer for an indefinite period of time;
- (c) are acquiring the Securities for their own account for investment, not with a view to resale, distribution or other disposition of the Securities (subject to any applicable law requiring that the disposition of the investor's property be within its control);
- (d) recognise that it may not be possible to make any transfer of the Securities for a substantial period of time, if at all; and
- (e) are banks, investment banks, pension funds, insurance companies, securities firms, investment institutions, central governments, large international or supranational organisations or other entities, including *inter alia* treasuries and finance companies of large enterprises which are active on a regular and professional basis in the financial markets for their own account.

Investors attention is also drawn to the Luxembourg Taxation section of this Prospectus.

The tax consequences for each investor in the Securities can be different and therefore investors are advised to consult with their tax advisers as to their specific consequences.

BY SUBSCRIBING TO THE SECURITIES , EACH HOLDER OF SECURITIES SHALL BE DEEMED TO BE FULLY AWARE OF, ADHERE TO AND BE BOUND BY, THE FINAL TERMS AND THE CONDITIONS AND THE PROVISIONS OF THE SECURITISATION ACT 2004 AND, IN PARTICULAR, THE PROVISIONS ON LIMITED RECOURSE, NO PETITION, SUBORDINATION AND PRIORITY OF PAYMENTS.

RISK FACTORS

General

Purchasers of Securities should conduct such independent investigation and analysis regarding the Issuer, the Securities, any relevant Share Company (as specified in the Final Terms), any Shares (as specified in the Final Terms), any Collateral, any security arrangements, each party to any Swap Agreement, Option Agreement, Repurchase Agreement or other agreement entered into in respect of any Securities and all other relevant market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Securities. The Issuer, the Arranger and the Trustee disclaim any responsibility to advise purchasers of Securities of the risks and investment considerations associated with the purchase of the Securities as they may exist at the date hereof or from time to time thereafter. However, as part of such independent investigation and analysis, prospective purchasers of Securities should consider all the information set forth in this Prospectus and the relevant Final Terms, including the factors set forth below.

The Issuer believes that the following factors may be relevant to it and its industry. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Issuer to pay interest, dividends, principal or other amounts or perform any other obligation on or in connection with any Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.

1. RISK FACTORS RELATING TO THE ISSUER

1.1 Securitisation Act 2004 and Compartments

The Issuer is established as a *société de titrisation* within the meaning of the Securitisation Act 2004 of Luxembourg which provides that claims against the Issuer by the Securityholders will be limited to the net assets of the relevant Series included in the relevant compartment (as defined below). Further, under the Securitisation Act 2004, the proceeds of the Series Assets (as defined below) for each Series are available only for distribution to the specified Securityholders and other creditors relating to such Series (each such party, a **Series Party**). A creditor of the Issuer may have claims against the Issuer in respect of more than one Series, in which case the claims in respect of each individual Series will be limited to the Series Assets relating to such Series only.

The board of directors of the Issuer (the **Board**) may establish one or more compartments (together the **Compartments** and each a **Compartment**) each of which is a separate and distinct part of the Issuer's estate (*patrimoine*) and which may be distinguished by the nature of acquired risks or assets, the Terms and Conditions of the Relevant Securities or the articles of association (the **Articles**) of the Issuer in relation to Beneficiary Shares (together the **Conditions**), in each case as completed, modified and amended by the relevant Final Terms, the reference currency or other distinguishing characteristics. The Conditions of the Securities issued in respect of, and the specific objects of, each Compartment shall be determined by the Board. Each Securityholder shall be deemed to fully adhere to, and be bound by, the Conditions applicable to the relevant Securities and the Articles. Each Compartment may relate to either Relevant Securities or Beneficiary Shares but not both Relevant Securities and Beneficiary Shares.

Subject to any particular rights or limitations for the time being attached to any Securities, as may be specified in the Articles or upon which such Securities may be issued including, without limitation, the relevant Conditions and the relevant Final Terms, if the net assets of a Compartment are liquidated the proceeds thereof shall be applied in the order set out in the Conditions.

Each Compartment represents a separate and distinct part of the Issuer's estate (*patrimoine*). The rights of holders Securities issued in respect of a Compartment and the rights of creditors are limited to the assets of that Compartment, where these rights relate to that Compartment or have arisen as a result of the constitution, the operation or the liquidation of the relevant Compartment. The assets of a Compartment are exclusively available to satisfy the rights of holders of Securities issued in relation to that Compartment and the rights of creditors whose claims have arisen as a result of the constitution, the operation or the liquidation of that Compartment.

As between all the Securityholders, each Compartment is deemed to comprise assets of a separate entity.

Fees, expenses and other liabilities incurred on behalf of the Issuer but which do not relate specifically to any Compartment shall, unless otherwise determined by the Board, be general liabilities of the Issuer and shall not be payable out of the assets of any Compartment. The Board shall ensure, to the extent possible (although there is no guarantee that the Board will be able to achieve this), that creditors of such liabilities waive recourse to the assets of any Compartment.

The Board shall establish and maintain separate accounting records for each of the Compartments of the Issuer. The assets of each Compartment (the **Series Assets**) may include the proceeds of the issue of the Securities of the relevant Series, the relevant Swap Agreement, the relevant Option Agreement, any Collateral relating to such Series, any proceeds from the relevant Swap Agreement and Option Agreement and any such Collateral. The fees, costs and expenses in relation to the Securities of each Series are allocated to the Compartment relating to the relevant Series in accordance with the relevant Conditions. Securityholders of a Series will have recourse only to the Series Assets relating to the relevant Series. The rights of all holders of a Series will be restricted to the Series Assets for such Series.

1.2 Limited Recourse

The right of Securityholders of any Series issued in respect of, and allocated to, each Compartment to participate in the assets of the Issuer is limited to the Series Assets relating to such Series. If the payments received by the Issuer in respect of the Series Assets are not sufficient to make all payments due in respect of the Securities, then the obligations of the Issuer in respect of the Securities of that Series will be limited to the Series Assets of the Compartment in respect of that Series, as specified in the Conditions and the relevant Final Terms. The Issuer will not be obliged to make any further payment for any Series of Securities in excess of amounts received upon the realisation of the Series Assets in respect of that Series. Following application of the proceeds of realisation of the relevant Series Assets in accordance with the relevant Conditions, the claims of the relevant Securityholders, the relevant Swap Counterparties, the relevant Option Counterparties and any other Series Parties for any shortfall shall be extinguished and the relevant Securityholders, the relevant Swap Counterparties, the relevant Option Counterparties and the other Series Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall. In particular, no such party will be able to petition for the winding up of the Issuer. Failure to make any payment in respect of any such shortfall shall in no circumstances constitute an event of default under the relevant Conditions. Any shortfall shall be borne by the Securityholders, each Swap Counterparty, each Option Counterparty and any other Series Party of the relevant Series in respect of which the Securities have been issued according to the priorities specified in the Conditions.

To give effect to the provisions of the Securitisation Act 2004 under which the Series Assets of a Compartment are available only for the Series Parties for the relevant Series relating to that Compartment, the Issuer will seek to contract with parties on a "limited recourse" basis such that claims against the Issuer in relation to each Series would be restricted to the Series Assets of the Compartment for the relevant Series.

1.3 Consequences of Winding-up Proceedings

If the Issuer fails for any reason to meet its obligations or liabilities (that is, if the Issuer is unable to pay its debts and may obtain no further credit), a creditor may be entitled to make an application for the commencement of insolvency proceedings against the Issuer. The commencement of such proceedings may in certain conditions, entitle creditors (including the Swap Counterparties and the Option Counterparties) to terminate contracts with the Issuer (including Swap Agreements and Option Agreements) and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Issuer's assets (including the Series Assets of all the Series) being realised and applied to pay the fees and costs of the liquidator, debts preferred by law and debts payable in insolvency, before any surplus is distributed to the Securityholders. In the event of proceedings being commenced, the Issuer may not be able to pay the full redemption amount, any amount of interest, any cash settlement amount and any other or alternative amounts anticipated by the Conditions in respect of any Series of Securities. The Issuer will seek to contract only with parties who agree not to make application for the commencement of winding-up or similar proceedings against the Issuer.

2. RISK FACTORS RELATING TO THE SECURITIES

2.1 Illiquid Collateral

The Collateral may comprise or include privately placed, unlisted securities or domestic securities or other assets which are not admitted to any trading market and which are not readily realisable.

2.2 Credit Risk of Counterparties

In certain cases the security for the Securities may be limited to the claims of the Issuer against the Swap Counterparty under a Swap Agreement, the Option Counterparty under an Option Agreement, a Repurchase Counterparty under a Repurchase Agreement or against other relevant parties under any other agreements.

2.3 No Secondary Market

Although application may be made to list Securities of a Series on the Luxembourg Stock Exchange or other stock exchange(s), due to possible liquidity constraints a secondary market may not develop in respect of any Series of the Securities.

2.4 Country and Regional Risk

The price and value of any Collateral may be influenced by the political, financial and economic stability of the country and/or region in which the issuer of or obligor in respect of the Collateral is incorporated or has its principal place of business or of the country in the currency of which the Collateral is denominated. In certain cases the price and value of assets originating from countries not ordinarily considered to be emerging markets countries may behave in a manner similar to those of assets originating from emerging markets countries.

2.5 Mandatory Redemption

Investors should note that the Calculation Agent will be responsible for determining, in a commercially reasonable manner, the events that would trigger a Mandatory Redemption or Mandatory Exercise as applicable pursuant to the Conditions of any Relevant Securities and other calculations and adjustments which may be required pursuant to such Conditions.

2.6 Prepayment Considerations

Although the Securities are scheduled to be redeemed on the Scheduled Maturity Date (in the case of Bonds) or may be exercised on the Final Exercise Date or earlier, if so provided (in the case of Certificates or Warrants) or are scheduled to be redeemed on the Redemption Date (in the case of Beneficiary Shares), the Securities may be redeemed or exercised sooner pursuant to a mandatory redemption or mandatory exercise or (in the case of Relevant Securities), following an acceleration of such Relevant Securities or (in the case of Beneficiary Shares) following forfeiture of such Beneficiary Shares or otherwise be redeemed or exercised earlier than otherwise as provided in the Conditions. In the case of Relevant Securities other circumstances include any change in the accounting, tax, legal or regulatory treatment applicable to the Securities or any hedging transaction of the Issuer or the Arranger or any affiliate of the Arranger or the Regulatory Redemption/Cancellation Counterparty in respect of the Securities.

2.7 Risks relating to the Beneficiary Shares

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the relevant Compartment until claimed, and no such unclaimed dividend shall bear interest as against the relevant Compartment or the Issuer. Any dividend unclaimed after a period of ten years from the date of declaration of such dividend shall, if the Board of the Issuer so resolves, be forfeited and henceforth shall cease to be owing by the relevant Compartment or the Issuer and shall belong to the relevant Compartment or, where the relevant Compartment has been liquidated by that time, to the Issuer absolutely.

If it shall come to the notice of the Board that any Beneficiary Shares are or become owned, directly or indirectly, by a US Person or a Prohibited Person, the Board shall be entitled to give a Compulsory Transfer Notice to such person requiring him to transfer such Beneficiary Shares to a person (including, without limitation, an existing holder) who is qualified under the Articles to hold the same, at a price equal to the relevant net asset value of the relevant Beneficiary Shares (as at the relevant Valuation Date preceding the date of the relevant Compulsory Transfer Notice) or if no purchaser of the Beneficiary Shares at the relevant price is found by the Issuer at the time the Issuer requires the transfer to be made, at the highest price as any purchaser found by the Issuer is willing to pay therefor. The Issuer shall have no obligation to the relevant holder to find the best price for the relevant Beneficiary Shares.

If any such recipient of a Compulsory Transfer Notice does not within 30 days after such notice transfer such Beneficiary Shares as described in such notice, he shall forfeit or be deemed to have forfeited his Beneficiary Shares in the Issuer immediately upon the expiration of such 30-day period and the provisions of the Articles shall apply thereto.

The Board shall have power (but shall not be under any duty) to impose such other restrictions as it may think necessary for the purpose of ensuring that no Beneficiary Shares are acquired, held by or transferred to any US Person or a Prohibited Person.

Where Beneficiary Shares are issued with preferred or other special rights, such rights may be varied by the reduction of the capital paid up on such Beneficiary Shares and the creation of further Beneficiary Shares ranking in priority thereto.

2.8 Luxembourg Law

The Issuer is a public limited liability company (*société anonyme*) incorporated under Luxembourg law. The rights of Securityholders and the responsibilities of the Issuer to the Securityholders under Luxembourg law may be materially different from those with regard to equivalent instruments under the laws of the jurisdictions in which the Securities are offered.

2.9 Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

2.10 No obligation to gross up payments

All payments by the Issuer in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or an account of, any tax, duty or other charge whatsoever).

Purchasers of Securities should conduct such independent investigation and analysis regarding the tax treatment of the Securities, as they deem appropriate to evaluate the merits and risks of an investment in the Securities. Tax risks include, without limitation, a change in any applicable law, treaty, rule or regulation or the interpretation thereof by any relevant authority which may adversely affect payments in respect of the Securities.

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or filed with the CSSF (in its capacity as Competent Authority) shall be deemed to be incorporated in, and to form part of, this Prospectus:

the Articles of Association of the Issuer (for information purposes only)	all pages
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save that any statement contained herein or in a document all or the relevant portion of which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document all or the relative portion of which is or is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Copies of any or all of the documents which are incorporated herein by reference will be available free of charge during normal business hours from the specified office of the Luxembourg Listing Agent and from the specified office(s) of the Issuing and Paying Agent(s) (in respect of each Series) and will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement in accordance with article 16 of the Prospectus Directive and article 13 of the Prospectus Act 2005 or publish a new Prospectus for use in connection with any subsequent issue of Securities.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Securities denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Securities appears below. The applicable terms of any Securities will be agreed between the Issuer and the Arranger or other relevant purchaser prior to the issue of the Securities and will be set out in the Conditions of the Securities endorsed on, attached to, or incorporated by reference into, the Securities, as modified and amended by Part A of the applicable Final Terms attached to, or endorsed on, such Securities.

This Prospectus and any supplement will only be valid for listing Securities on the Luxembourg Stock Exchange during the period of 12 months from the date of this Prospectus.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Prospectus and, in relation to each Series, the Final Terms relating to such Series. Words and expressions defined or used in the Conditions or in the relevant Final Terms shall have the same meaning herein.

This summary must be read as an introduction to this Prospectus and any decision to invest in any Securities should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Person in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Part I – The Relevant Securities

Issuer:	Bluebird Securities S.A. (a public limited liability company (<i>société anonyme</i>) whose activities are subject to the Securitisation Act 2004).
Description:	Limited Recourse Securities Programme.
Relevant Securities:	Bonds, Certificates and Warrants issued by the Issuer pursuant to the "Terms and Conditions of the Bonds" or the "Terms and Conditions of the Certificates and Warrants" as set out herein, in each case as completed by the relevant Final Terms.
Arranger:	Deutsche Bank AG London Branch or as otherwise specified in the relevant Final Terms.
Compartments:	A separate compartment will be created by the board of directors of the Issuer in respect of each Series of Securities (each a Compartment). A Compartment is a separate part of the Issuer's assets and liabilities. The Series Assets are exclusively available to satisfy the rights of the holders of the relevant Series of Securities and the rights of the creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the Articles of Association of the Issuer.
Series Assets:	Details relating to the Series Assets will be set out in the relevant Final Terms. The Series Assets in respect of a Series will include any Collateral. Series Assets are referred to as Mortgaged Property.
Security:	Each Series of Relevant Securities will be secured in the manner set out in the Terms and Conditions of the Bonds or Terms and Conditions of Certificates and Warrants, as applicable, including

(unless otherwise stated in the relevant Final Terms a first fixed charge and/or assignment of and/or security interest over or in respect of certain Collateral (as specified in the relevant Final Terms) and a first fixed charge over the Issuer's interest in funds held by the Agents under the Agency Agreement (as so defined) to meet payments due in respect of the Relevant Securities of that Series. Each Series may also be secured by an assignment of the Issuer's rights under a Swap Agreement and/or Option Agreement and/or Purchase Agreement and/or Repurchase Agreement and/or Credit Support Document, together with such additional security as may be described in the relevant Final Terms.

The obligations of the Issuer in relation to the Relevant Securities of the relevant Series and of all other Series of Relevant Securities the Trustee of which is the same (together with the Relevant Securities of the relevant Series, each a **Related Trustee Series**) will be secured by a floating charge in favour of such Trustee over the whole of the Issuer's undertaking and assets to the extent that (i) such undertaking and assets are not subject to any other security created by the Issuer in relation to any Related Trustee Series or any security created by or pursuant to any other issue of securities by the Issuer, and (ii) such undertaking and assets are not allocated to a compartment (within the meaning of the Securitisation Act 2004) which has been set up by the Issuer in connection with a Series or any other issue of securities by the Issuer. The principal purpose of the aforementioned security is to ensure that the Trustee has security over substantially the whole of the assets of the Issuer, so allowing the Trustee to appoint an administrative receiver (as defined in Section 29 of the Insolvency Act 1986) relying on the capital markets exception (in section 72B of the Insolvency Act 1986) to the general prohibition on appointing administrative receivers. The Trustee is only entitled to enforce such floating security in the event of the insolvency of the Issuer and it should be noted that, even if such floating security becomes enforceable, the amount due to the Relevant Securityholders of each Series and any relevant Swap Counterparty will nevertheless be limited to the net proceeds of realisation of the Series Assets for such Series and subject to application of such net proceeds in the order of priority specified and to the limited recourse provisions of the Relevant Securities and will not, therefore, be increased as a result of such enforcement.

Assets of the Issuer in relation to Beneficiary Shares will also be covered by the floating charge. However the floating charge is taken for the reasons described above in relation to Relevant Securities and not for the benefit of Series Parties in relation to any Beneficiary Shares.

Beneficiary Shares may also be separately secured and if so details of such security will be set out in the relevant Final Terms.

Secured Parties:

Only the parties specifically identified as Secured Parties in the relevant Trust Instrument will be entitled to share in the proceeds

of the Series Assets and entitled to the benefit of any security as specified in the relevant Final Terms.

Trustee	As specified in the relevant Final Terms.
Registrar:	If applicable, as specified in the relevant Final Terms.
Transfer Agent:	If applicable, as specified in the relevant Final Terms.
Issuing and Paying Agent:	If applicable, as specified in the relevant Final Terms.
Paying and Exchange Agent:	If applicable, as specified in the relevant Final Terms.
Luxembourg Paying Agent:	If applicable, as specified in the relevant Final Terms.
Luxembourg Listing Agent:	If applicable, as specified in the relevant Final Terms.
Custodian:	If applicable, as specified in the relevant Final Terms. If specified in the relevant Final Terms, one or more sub-custodians may be appointed in relation to the Collateral for any Series. If the Issuer applies to become a regulated entity in Luxembourg at any time, it is anticipated that it will appoint a custodian in Luxembourg and the term Custodian shall include any such Luxembourg custodian as may be appointed.
Method of Issue:	The Securities will be issued on a syndicated or non-syndicated basis and will be in series (each a Series). Where further fungible issues of a Series of Securities are made, the Securities of such Series will have one or more issue dates and be on terms otherwise identical (or identical other than in respect of the first payment of any interest) and will be intended to be interchangeable with all other Securities of that Series. See also "Fungible Issues" below.
Issue Price:	Securities may be issued at their principal amount or nominal amount, if any, or at a discount or premium to their principal amount or nominal amount, if any. Partly-Paid Bonds may be issued, the issue price of which will be payable in two or more instalments.
Form of Relevant Securities:	<p>The Bonds may be issued in bearer form (Bearer Bonds) and the Bonds, Certificates or Warrants may be issued in registered form (Registered Securities).</p> <p>Each Series of Bearer Bonds will initially be represented by a Temporary Global Bond if (i) definitive Bonds are to be made available to Bondholders following the expiry of 40 days after their issue date or (ii) such Bonds have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Summary of the Programme – Selling and Transfer Restrictions") and otherwise such Series will be represented by a Permanent Global Bond. Permanent Global Bonds will be exchangeable for definitive Bearer Bonds in the limited circumstances set out therein. See "Summary of Provisions Relating to Bonds while in Global Form".</p>

Relevant Securities to be issued in registered form (Registered Securities comprising a **Registered Series**) and which are sold in an "offshore transaction" within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**), will be represented by interests in a permanent global certificate (each a **Global Certificate**) in the case of Bonds or a permanent global security (each a **Global Security**) in the case of Certificates or Warrants in each case, without interest coupons, which will be deposited on its issue date with a common depository on behalf of, Euroclear and Clearstream, Luxembourg.

In relation to Relevant Securities, references in this Prospectus to **Securityholder** mean the bearer of any Bearer Bonds and the Receipts (as defined under **Terms and Conditions of the Bonds**) relating to it or the person in whose name a Registered Security is registered (as the case may be) and to **holder** (in relation to a Bond, Receipt, Coupon or Talon) (as each term is defined under "Terms and Conditions of the Bonds") means the bearer of any Bearer Bond, Receipt, Coupon or Talon or the person in whose name a Registered Security is registered (as the case may be).

Swaps and Repurchases:

Any swap, option or repurchase entered into in connection with Securities of any Series by the Issuer will be a limited recourse obligation of the Issuer and will be on the terms set out in the relevant Final Terms.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in such currency or currencies as the Issuer and the Arranger agree.

Maturities:

In relation to Bonds, subject to compliance with all relevant laws, regulations and directives, any maturity between seven days and perpetuity.

Denomination or Nominal Amount:

Securities will be in such denominations or nominal amounts as may be specified in the relevant Final Terms.

Interest bearing Bonds:

Interest bearing Bonds will bear interest payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Interest Periods and Interest Rates:

The length of the interest periods for interest bearing Bonds and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Bonds may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Final Terms.

Exchange Right/American Style Exercise Right:

Unless otherwise specified in the relevant Final Terms, each Bondholder has the right to exchange its Bond(s) for Shares and each Certificateholder or Warrantholder has the right to exercise its Securities and receive Shares. The number of Shares to be issued on the exercise of the Exchange Right or American Style Exercise Right shall be determined by the Exchange Price. The Exchange Right or American Style Exercise Right may be subject

to modification on the occurrence of a Potential Adjustment Event, Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, as the case may be. See "Terms and Conditions of the Bonds – or Terms and Conditions of the Certificates and Warrants – Potential Adjustment Events and Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation". The payment of a Cash Settlement Amount or a Disruption Cash Settlement Amount shall take place in lieu of delivery of Shares on the occurrence of (a) a Cash Settlement Election by either the Issuer or the Securityholder (if such right is given to the Issuer or the Securityholder as specified in the Terms) or (b) a Settlement Disruption Event respectively.

Optional Redemption:

Unless otherwise specified in the relevant Final Terms:

- (i) the Issuer may redeem Relevant Securities at their outstanding principal amount or nominal amount together, in the case of Bonds, with interest accrued to the date fixed for redemption prior to their stated maturity or final exercise date if the Final Share Value of the Shares for the Relevant Period (as defined in the Final Terms) is at least equal to the Specified Percentage of the Exchange Price. For the avoidance of doubt, Relevant Securityholders may at any time prior to the Issuer's exercise of its call option (pursuant to Condition 6.7 in the case of Bonds) or its cancellation right (pursuant to Condition 6.6 in the case of Certificates or Warrants) exchange their Relevant Securities for Shares; and
- (ii) the Issuer may (on the instruction of the Arranger or any party specified in the Terms (the **Regulatory Redemption/Cancellation Counterparty**)), upon such notice as specified in the Terms, redeem or cancel all, but not some only of the Relevant Securities then outstanding at the current market value of the Relevant Securities, as determined by the Calculation Agent in its sole and absolute discretion if any change or prospective change in the accounting, tax, legal or regulatory treatment applicable to the Relevant Securities or any hedging transaction of the Issuer or the Arranger or any affiliate of the Arranger or the Regulatory Redemption/Cancellation Counterparty, in respect of the Relevant Securities has occurred or is likely to occur that would have an adverse effect on the Arranger's or the Issuer's position in respect of the Relevant Securities or the position of the Arranger, the Issuer, any affiliate of the Arranger or the Regulatory Redemption/Cancellations Counterparty or any other counterparty in respect of any such hedging transaction,

in each case as determined by the Arranger or, as the case may be, the Regulatory Redemption/Cancellation Counterparty in its sole and absolute discretion.

In addition, the Final Terms in respect of each issue of Relevant Securities will state whether such Relevant Securities may be redeemed or cancelled prior to their stated maturity or final exercise date at the option of the Issuer and/or the Relevant Securityholders (either in whole or in part) and, if so, the terms applicable to such redemption.

**Mandatory
Redemption/Cancellation:**

If, in the determination of the Calculation Agent, all or some of the Collateral relating to a Series of Relevant Securities becomes repayable or becomes capable of being declared due and repayable prior to the stated maturity date of such Collateral for whatever reason or there is a payment default in respect of any such Collateral or an event of default, howsoever described, has occurred in respect of the Collateral or the issuer (and/or, if applicable) the guarantor thereof, if any Credit Support Document relating to such Series is terminated or if there is early termination of the Swap Agreement (if any) or Repurchase Agreement (if any) relating to such Series of Relevant Securities, the Securities of that Series shall become repayable in whole and (in the case of Bonds) the Exchange Right or (in the case of Warrants or Certificates) the American Style Exercise Right shall be extinguished, and the Issuer shall pay to each Securityholder an amount as specified in the relevant Final Terms.

Status of Relevant Securities:

The Relevant Securities of each Series will be secured, limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves (unless otherwise specified in the relevant Final Terms) and secured in the manner described in "Terms and Conditions of the Bonds" or "Terms and Conditions of the Certificates and Warrants", as applicable. Recourse in respect of any Series of Relevant Securities will be limited to the Series Assets relating to that Series. Claims of Securityholders and, if applicable, any swap counterparty to a Swap Agreement in respect of any Series of Relevant Securities and any other persons entitled to the benefit of the security for such Series shall rank in accordance with the priorities specified in the relevant Trust Instrument and in the relevant Final Terms.

Securitisation Act 2004:

The Securities are issued subject to, and will be enforced in Luxembourg, if applicable, in accordance with the provisions of, the Securitisation Act 2004 (as may be amended from time to time) of Luxembourg.

Negative Pledge/Restrictions:

There is no negative pledge. However, in the case of Relevant Securities, so long as any of the Relevant Securities remains outstanding, the Issuer will not, without the prior written consent of the Trustee and Swap Counterparty (if any) incur any indebtedness for moneys borrowed or raised other than in respect of Permitted Investments or Permitted Indebtedness, engage in any activity other than certain activities related to the Relevant Securities or any Permitted Investment or Permitted Indebtedness, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property or consolidate or merge with

any other person or issue any shares.

Cross Default:

None.

Withholding Tax:

All payments by the Issuer in respect of the Relevant Securities may be made subject to any withholding or deduction for, or on account of, any applicable taxation. In the event of the imposition of any such taxes, the Issuer will use all reasonable endeavours (subject to the consent of the Trustee, and if applicable, the Option Counterparty and the Swap Counterparty) to arrange for the substitution of its obligations by a company incorporated in another jurisdiction or (subject as provided above) to change its residence for taxation purposes or, to the extent permitted by law, change its domicile to another jurisdiction, failing which, or if it is unable to do so in a tax efficient manner, it shall, on the instruction of the Swap Counterparty, redeem or cancel the Securities at their Redemption Amount or Cash Settlement Amount (as specified in the Final Terms), subject to certain exceptions but will not otherwise redeem or cancel the Securities.

Fungible Issues:

Unless otherwise provided in the relevant Final Terms the Issuer may from time to time issue further Securities of any Series on the same terms as existing Securities and on terms that such further Securities shall be consolidated and form a single series with such existing Securities of the same Series; provided that, in the case of Relevant Securities, unless otherwise approved by Extraordinary Resolution of Relevant Securityholders of the relevant Series, the Issuer shall provide additional assets as security for such further Securities and existing Relevant Securities.

Governing Law of Relevant Securities:

Unless otherwise specified in the relevant Trust Instrument, English law.

Listing:

Securities of any Series may, if so specified in the relevant Final Terms, be listed on the Luxembourg Stock Exchange or on any other Stock Exchange as specified in the relevant Final Terms within 12 months of the date of this Prospectus. Unlisted Securities may also be issued.

Selling and Transfer Restrictions:

There are restrictions on the sale of Securities and the distribution of offering materials in various jurisdictions. See "Subscription and Sale and Transfer Restrictions". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

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

Any restrictions in relation to any Series of Securities in either registered or bearer form that are not described under "Subscription and Sale and Transfer Restrictions" will be set out in the relevant Final Terms.

Risk Factors:

Prospective investors should consider all information provided in this Prospectus, any supplement and any Final Terms and should consult with their own professional advisers if they consider it necessary.

Claims against the Issuer by holders of each Series of Securities will be limited to the net assets of the relevant Series included in the relevant Compartment.

The rights of holders of Securities issued in respect of a Compartment and the rights of creditors are limited to the assets of that Compartment, where those rights relate to that Compartment or have arisen as a result of the constitution, the operation or the liquidation of the relevant Compartment. The assets of a Compartment are available only to satisfy the rights of holders of Securities issued in relation to that Compartment and the rights of creditors whose claims have arisen as a result of the constitution, the operation or the liquidation of that Compartment.

The right of Securityholders of any Series issued in respect of, and allocated to, each Compartment to participate in the assets of the Issuer is limited to the Series Assets relating to such Series. If the payments received by the Issuer in respect of the Series Assets are not sufficient to make all payments due in respect of the Securities, then the obligations of the Issuer in respect of the Securities of that Series will be limited to the Series Assets of the Compartment in respect of that Series. The Issuer will not be obliged to make any further payment for any Series of Securities in excess of amounts received upon the realisation of the Series Assets in respect of that Series. Following application of the proceeds of realisation of the relevant Series Assets in accordance with the relevant Conditions, the claims of the relevant Securityholders, and any other Series Parties for any shortfall shall be extinguished and the relevant Securityholders and the other Series Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

Part II – The Beneficiary Shares

Issuer:

Bluebird Securities S.A. (a public limited liability company (*société anonyme*) whose activities are subject to the Securitisation Act 2004).

Description:

Limited Recourse Securities Programme.

Beneficiary Shares:

Beneficiary Shares issued by the Issuer pursuant to its Articles of Association as completed by the relevant Final Terms.

Arranger:	Deutsche Bank AG London Branch or as otherwise specified in the relevant Final Terms.
Compartments:	A separate compartment will be created by the board of directors of the Issuer in respect of each Series of Securities (each a Compartment). A Compartment is a separate part of the Issuer's assets and liabilities. The Series Assets are exclusively available to satisfy the rights of the holders of the relevant Series of Securities and the rights of the creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the Articles of Association of the Issuer.
Series Assets:	Details relating to the Series Assets will be set out in the relevant Final Terms. The Series Assets may include debt securities, warrants, shares, certificates, real estate, swap agreements, options, claims and all other types of moveable and immovable, tangible and intangible. The Series Assets in respect of a Series will include any Collateral. Series Assets of the Issuer in relation to the Beneficiary Shares will also be covered by a floating charge given by the Issuer in relation to the relevant Securities. However such floating charge is taken in relation to Relevant Securities and not for the benefit of Series Parties in relation to any Beneficiary Shares. See "Security" under "Part I – The Relevant Securities" above.
Series Parties:	Only the parties specifically identified as Series Parties will be entitled to share in the proceeds of the Series Assets and entitled to the benefit of any security as specified in the relevant Final Terms.
Registrar:	If applicable, as specified in the relevant Final Terms.
Transfer Agent:	If applicable, as specified in the relevant Final Terms.
Issuing and Paying Agent:	If applicable, as specified in the relevant Final Terms.
Paying and Exchange Agent:	If applicable, as specified in the relevant Final Terms.
Luxembourg Paying Agent:	If applicable, as specified in the relevant Final Terms.
Luxembourg Listing Agent:	If applicable, as specified in the relevant Final Terms.
Custodian:	If applicable, as specified in the relevant Final Terms. If specified in the relevant Final Terms, one or more sub-custodians may be appointed in relation to the Collateral for any Series.
Method of Issue:	The Beneficiary Shares will be issued on a syndicated or non-syndicated basis and will be in series (each a Series). The Beneficiary Shares in each Series will have one or more issue dates and be on terms otherwise identical (or identical other than in respect of the first payment of any dividend) and will be intended to be interchangeable with all other Securities of that Series. See also "Fungible Issues" below.

Issue Price:	Beneficiary Shares may be issued at their principal amount or nominal amount, if any, or at a discount or premium to their principal amount or nominal amount, if any.
Form of Beneficiary Shares:	<p>The Beneficiary Shares will be issued in bearer form or in registered form pursuant to a resolution of the Board of Directors of the Issuer in accordance with the Articles.</p> <p>In relation to any Beneficiary Shares to be settled in a relevant clearing system, share certificates will be issued to and registered in the name of any relevant Clearing Agent (or its nominee) that is recognised and accepted by the relevant clearing system, including Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt.</p> <p>Interests in any such Beneficiary Shares may be transferred within the records of any Clearing Agent in accordance with the relevant Clearing Agent's rules and procedures.</p>
Swaps and Repurchases:	Any swap, option or repurchase entered into in connection with Securities of any Series by the Issuer will be a limited recourse obligation of the Issuer and will be on the terms set out in the relevant Final Terms.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Beneficiary Shares may be issued in such currency or currencies as the Issuer and the Arranger agree.
Denomination or Nominal Amount:	Securities will be in such denominations or nominal amounts as may be specified in the relevant Final Terms.
Securitisation Act 2004:	The Securities are issued subject to, and will be enforced in Luxembourg, if applicable, in accordance with the provisions of, the Securitisation Act 2004 (as may be amended from time to time) of Luxembourg.
Negative Pledge/Restrictions:	There is no negative pledge.
Cross Default:	None.
Fungible Issues:	Unless otherwise provided in the relevant Final Terms the Issuer may from time to time issue further Securities of any Series on the same terms as existing Securities and on terms that such further Securities shall be consolidated and form a single series with such existing Securities of the same Series.
Governing Law of Beneficiary Shares:	Luxembourg law.
Listing:	Securities of any Series may, if so specified in the relevant Final Terms, be listed on the Luxembourg Stock Exchange or on any other Stock Exchange as specified in the relevant Final Terms within 12 months of the date of this Prospectus. Unlisted Securities may also be issued.

Selling and Transfer Restrictions:

There are restrictions on the sale of Securities and the distribution of offering materials in various jurisdictions. See "Subscription and Sale and Transfer Restrictions". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

Any restrictions in relation to any Series of Securities in either registered or bearer form that are not described under "Subscription and Sale and Transfer Restrictions" will be set out in the relevant Final Terms.

Risk Factors:

Prospective investors should consider all information provided in this Prospectus, any supplement and any Final Terms and should consult with their own professional advisers if they consider it necessary.

Claims against the Issuer by holders of each Series of Securities will be limited to the net assets of the relevant Series included in the relevant Compartment.

The rights of holders of Securities issued in respect of a Compartment and the rights of creditors are limited to the assets of that Compartment, where those rights relate to that Compartment or have arisen as a result of the constitution, the operation or the liquidation of the relevant Compartment. The assets of a Compartment are available only to satisfy the rights of holders of Securities issued in relation to that Compartment and the rights of creditors whose claims have arisen as a result of the constitution, the operation or the liquidation of that Compartment.

The right of Securityholders of any Series issued in respect of, and allocated to, each Compartment to participate in the assets of the Issuer is limited to the Series Assets relating to such Series. If the payments received by the Issuer in respect of the Series Assets are not sufficient to make all payments due in respect of the Securities, then the obligations of the Issuer in respect of the Securities of that Series will be limited to the Series Assets of the Compartment in respect of that Series. The Issuer will not be obliged to make any further payment for any Series of Securities in excess of amounts received upon the realisation of the Series Assets in respect of that Series. Following application of the proceeds of realisation of the relevant Series Assets in accordance with the relevant Conditions, the claims of the relevant Securityholders, and any other Series Parties for any shortfall shall be extinguished and the relevant Securityholders and the other Series Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

TERMS AND CONDITIONS OF THE BONDS

The following, save for italicised text, is the text of the terms and conditions of the Bonds which, subject to completion and amendment and as supplemented, modified or varied in accordance with the provisions of the relevant Trust Instrument in relation to a particular Series only, will (subject as provided in "Summary of Provisions relating to Relevant Securities while in Global Form" and any relevant italicised text) be applicable to the Global Bond(s) or Global Certificate(s) representing each Series and to the Definitive Bonds or Individual Certificates (if any) issued in exchange therefor (each as defined in these Terms and Conditions) and which, subject further to deletion of non-applicable provisions, will be endorsed on such Definitive Bonds or Individual Certificates. Details of applicable definitions for each Series will be set out in the relevant Trust Instrument. References in the Conditions to "Bonds" are to the Bonds of one Series only, not to all Bonds which may be issued under the Programme.

The Bonds are constituted and secured by a trust instrument dated the issue date (the **Issue Date**) specified in such trust instrument (the **Trust Instrument**) and made between, *inter alios*, Bluebird Securities S.A. (the **Issuer**) and the person specified therein as Trustee (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Instrument) as trustee for the holders of the Bonds. These terms and conditions (the **Conditions**) apply in relation to each issue of securities for which Bonds are the Type of Securities specified in the relevant Final Terms (the **Final Terms**) set out in the Trust Instrument and in such cases references in these Conditions to **Bonds** shall be to the relevant securities as described in the Final Terms. By executing the Trust Instrument, the Issuer and the Trustee have entered into an Agency Agreement in respect of the Bonds (the **Agency Agreement**) on the terms set out in and/or incorporated by reference into the Trust Instrument with the persons (if any) executing the Trust Instrument in the capacity of issuing and paying agent (the **Issuing and Paying Agent**) and/or as paying and exchange agent (the **Paying and Exchange Agent**) and/or as transfer agent (the **Transfer Agent**) and/or as registrar (the **Registrar**) and/or as custodian (the **Custodian**), and/or as calculation agent (the **Calculation Agent**) and/or as selling agent (the **Selling Agent**) and/or in such other capacity as may be specified in the Trust Instrument. References to **Paying and Exchange Agents** shall include the Issuing and Paying Agent, the Paying and Exchange Agent, and any substitute or additional issuing and paying and/or paying and exchange agents appointed in accordance with the Trust Instrument. References to **Transfer Agents** shall include the Transfer Agent and any substitute or additional transfer agents appointed in accordance with the Trust Instrument. **Agents** means the Issuing and Paying Agent, the Paying and Exchange Agents, the Registrar, the Transfer Agents, the Custodian, the Calculation Agent, the Selling Agent or any of them and shall include such further or other person or persons as may be appointed from time to time an agent under the Agency Agreement with the prior written approval of the Trustee under the Trust Instrument. References in these Conditions to Custodian shall include any further or other custodian as may be appointed from time to time by the Issuer in such capacity and references to the **Sub-Custodian** are to the person (if any) specified in the Trust Instrument as the sub-custodian of the Custodian. If any person has executed the Trust Instrument in the capacity of swap counterparty (the **Swap Counterparty**), the Issuer and the Swap Counterparty have by executing the Trust Instrument entered into an agreement in respect of the Bonds on the terms set out in and/or incorporated by reference into the Trust Instrument (such agreement, as supplemented by a confirmation entered into by the Issuer and the Swap Counterparty and dated the Issue Date and, if applicable, the Credit Support Annex (as defined in Condition 8.3(c)), the **Swap Agreement**). If any person has executed the Trust Instrument in the capacity of option counterparty (the **Option Counterparty**), the Issuer and the Option Counterparty have by executing the Trust Instrument entered into an agreement (such agreement, as supplemented by a confirmation entered into by the Issuer and the Option Counterparty dated the Issue Date, the **Option Agreement**) in respect of the Bonds on the terms set out in and/or incorporated by reference into the Trust Instrument. If any person has executed the Trust Instrument in the capacity of repurchase counterparty (the **Repurchase Counterparty**), the Issuer and the Repurchase Counterparty have by executing the Trust Instrument entered into an agreement (the **Repurchase Agreement**) in respect of the Bonds on the terms set out in and/or incorporated by reference into the Trust Instrument. If any person has executed the Trust Instrument in the capacity of credit support provider (the

Credit Support Provider), the Credit Support Provider has executed a letter of credit, guarantee or other credit support document (the **Credit Support Document**) in favour of the Issuer in respect of the Bonds on the terms set out or summarised in and/or incorporated by reference into the Trust Instrument. By executing the Trust Instrument the Issuer and the person or persons executing the Trust Instrument in the capacity of purchaser (the **Purchaser**) have entered into an agreement (the **Purchase Agreement**) in respect of the Bonds on the terms set out in and/or incorporated by reference into the Trust Instrument.

These Conditions apply in relation to the Bonds in definitive form as completed, modified and amended by the provisions of the Final Terms and the other provisions of the Trust Instrument. Each reference herein to a specific numbered Condition is to such Condition as so completed, modified or amended. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Instrument. Copies of the Trust Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement, the Swap Agreement (if any), the Option Agreement (if any), the Repurchase Agreement (if any), the Credit Support Document (if any) and the Purchase Agreement) are available for inspection during normal office hours at the principal office of Deutsche Bank AG, London Branch specified in the Trust Instrument, and at the registered office of the Trustee and at the specified offices of each of the Paying and Exchange Agents. The Bondholders (as defined below), the holders (the **Couponholders**) of the interest coupons (the **Coupons**) appertaining to the interest bearing Bonds in bearer form and, where applicable in the case of such Bonds, talons for further Coupons (the **Talons**) and the holders of the instalment receipts (the **Receipts**) appertaining to the payment of principal by instalments are deemed to have notice of, and shall be bound by, all of the provisions of the Trust Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement, the Swap Agreement (if any), the Option Agreement (if any), the Repurchase Agreement (if any), the Credit Support Document (if any) and the Purchase Agreement) applicable to them.

These Conditions apply to Bonds in global form as completed, modified and amended by the provisions of the Final Terms, the other provisions of the Trust Instrument and by the provisions of the relevant Temporary Global Bond, Permanent Global Bond or Global Certificate.

References in these Conditions to (i) **principal** shall be deemed to include any premium payable in respect of the Bonds, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts (each as defined in the Trust Instrument) and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it and (ii) **interest** shall be deemed to include all Interest Amounts (as defined in Condition 5.7) and all other amounts payable pursuant to Condition 5.

These Conditions apply separately to each series (a **Series**) of Bonds, being Bonds issued by the Issuer on the same date, bearing interest (if any) on the same basis and at the same rate and on terms identical to other Bonds of the same Series and identified as forming a Series, together with any Further Bonds issued pursuant to Condition 16(a) and being consolidated and forming a single series with such Bonds.

The Collateral (if any) will be identified in the Final Terms. Except where the context otherwise requires, references in these Conditions to the **Collateral** includes any Replacement Collateral or Substitute Collateral (each as defined in Condition 8.6) delivered, transferred or assigned to the Issuer in accordance with Condition 8.6 and any Purchased Collateral or Fungible Collateral (each as defined in Condition 9.3) delivered to the Issuer pursuant to Condition 9.3.

All capitalised items which are not defined in the Conditions shall have the meanings given to them in the Trust Instrument.

1. **FORM, DENOMINATION AND TITLE**

The Bonds may be issued in bearer form and serially numbered (**Bearer Bonds**) or in registered form (**Registered Bonds**) in each case in the Denomination(s) specified in the relevant Final Terms. If it is stated in the Final Terms that the form of the Bonds is **Bearer**, such Bonds are Bearer Bonds.

If it is so stated that the form of the Bonds is **Registered**, such Bonds are Registered Bonds. Unless otherwise stated in the Final Terms, the form of all of the Bonds of a particular Series on issue will be the same.

Bearer Bonds are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Bonds which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Bond, the principal amount of which is redeemed in instalments, may be issued with one or more Receipts attached.

All Registered Bonds of the same Series shall have the same Denomination. The applicable Trust Instrument will specify whether any Registered Bonds are to be issued in the form of definitive registered certificates (**Individual Certificates**) or in the form of global registered certificates (**Global Certificates** and, together with the Individual Certificates, the **Certificates**).

Title to the Bearer Bonds and the Receipts, Coupons and Talons shall, in compliance with applicable law, pass by delivery. Title to the Registered Bonds shall pass by registration in the register (the **Register**) (i) which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement and (ii) a copy of which shall be kept by the Issuer at its registered office. For the avoidance of doubt, in the event of any differences in information contained in the register kept by the Registrar and the register kept at the Issuer's registered office, the register kept at the Issuer's registered office shall prevail for all purposes.

Except as ordered by a court of competent jurisdiction or an official authority or as required by law, the holder (as defined below) of any Bond, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Bond, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Bond, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person will be liable for so treating the holder.

In these Conditions, **Bondholder** means the bearer of any Bearer Bond and the Receipts relating to it or the person whose name is entered in the Register as the holder of a Registered Bond (as the case may be) and **holder** (in relation to a Bond, Receipt, Coupon or Talon) means the bearer of any Bond, Receipt, Coupon or Talon or the person whose name is entered in the Register as the holder of a Registered Bond (as the case may be).

2. TRANSFERS OF REGISTERED BONDS

2.1 Transfer and Exchange of Registered Bonds

Unless otherwise provided in the applicable Trust Instrument, the following conditions will apply to each Series of Registered Bonds to be sold in compliance with Regulation S under the Securities Act.

One or more Registered Bonds may be transferred upon the surrender, at the specified office of the Registrar or any Transfer Agent, of the Individual Certificate or Individual Certificates relating to the Registered Bonds to be transferred, together with the form of transfer endorsed on such Individual Certificate(s) duly completed and executed and such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Bonds represented by one Individual Certificate, a new Individual Certificate will be issued to the transferee in respect of the part transferred and a further new Individual Certificate in respect of the balance of the holding not transferred will be issued to the transferor. In no event may the Registrar

or any Transfer Agent register the transfer of a Registered Bond or an Individual Certificate in violation of the restrictive legend (if any) set forth on the face of such Individual Certificate.

The Registrar shall immediately inform the Issuer on any amendment made to the Register. The Issuer undertakes to keep at all times an up to date version of the register of the Bonds at its registered office.

Global Certificates shall be transferred in the same manner as described above.

2.2 Exercise of Options or Partial Redemption in respect of Registered Bonds

In the case of an exercise of an Issuer's or a Bondholder's option in respect of, or a redemption of a part of, a holding of Registered Bonds represented by a single Individual Certificate, a new Individual Certificate shall be issued to the holder in respect of the balance of the holding not subject to the exercise of such option or, as the case may be, redeemed. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the Registrar or any Transfer Agent.

2.3 Delivery of new Individual Certificates

Each new Individual Certificate to be issued pursuant to Condition 2.1 or 2.2 will be available for delivery within five business days of surrender of the relevant Individual Certificate and, if applicable, receipt of the relevant request for exchange, form of transfer or notice of exercise together with such other evidence (if any) as may be required pursuant to the relevant Condition. Delivery of new Individual Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom surrender of such Individual Certificate and, if applicable, delivery of such request, form of transfer or notice of exercise shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, notice of exercise or otherwise in writing, shall be mailed at the risk of the holder entitled to the new Individual Certificate to such address as may be so specified. In this Condition 2.3 **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 Transfer Agent or the Registrar (as the case may be) to whom surrender of such Individual Certificate and, if applicable, delivery of such request, form of transfer or notice of exercise shall have been made.

2.4 Exchange and transfer free of charge

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

2.5 Closed periods

No Bondholder may require the transfer of a Registered Bond to be registered (a) during the period of 15 calendar days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Bond, (b) during the period of 15 calendar days prior to any date on which Bonds may be redeemed by the Issuer at its option pursuant to Condition 6.7, (c) after any such Bond has been drawn for redemption in whole or in part or (d) during the period of seven days ending on (and including) any Record Date (as defined below).

3. STATUS

3.1 Status

The Bonds, Coupons and Receipts are secured, limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves, which are secured in the manner described in Condition 8 and recourse in respect of which is limited in the manner described in Condition 8. The Bonds are issued subject to, and will be enforced in Luxembourg, if applicable, in accordance with the provisions of the Securitisation Act 2004 (as may be amended from time to time) of Luxembourg or any other applicable Luxembourg law.

3.2 Non-applicability

Where no reference is made in the Trust Instrument to any Credit Support Document, Swap Agreement, Option Agreement, Repurchase Agreement, Custodian, Sub-Custodian or Selling Agent, references in these Conditions to any such document or agreement and to any Credit Support Provider, Swap Counterparty, Option Counterparty, Repurchase Counterparty, Custodian, Sub-Custodian or Selling Agent, as the case may be, shall not be applicable.

4. EXCHANGE RIGHT

4.1 Exchange Rights

If specified as applicable in the Final Terms, a Bondholder has the right to exchange any Bond (such right, the **Exchange Right**), subject to compliance with applicable fiscal or other laws and regulations and to the provisions of this Condition 4. Exchange Rights may be exercised only in respect of the whole of the principal amount of such Bond. Subject to the independent right of the Issuer and/or the Bondholder separately to make a Cash Settlement Election, as applicable and subject to Condition 4.6, any Bond may be exchanged, at the option of a Bondholder, at any time on or after the Option Commencement Date (as defined in the Final Terms) and up to the Option Expiration Time (as defined in the Final Terms) on the Option Expiration Date (as defined in the Final Terms) (but in no event thereafter) into fully-paid and non-assessable Shares (as defined in the Final Terms). The number of Shares to be issued on exchange of this Bond shall be determined by dividing the principal amount of the Bond by the Exchange Price (determined as provided in the Final Terms), in effect on the Option Exercise Date (as defined below).

Cash Settlement Election means where specified as applicable in the Final Terms, (i) the exercise of the Issuer's right to pay to a Bondholder a Cash Settlement Amount (as defined below) in lieu of delivery of all or some of the Shares on a Bondholder's exercise of its Exchange Right in respect of a Bond or (ii) the exercise of a Bondholder's right to receive a Cash Settlement Amount on the exercise of its Exchange Right in lieu of receipt of delivery of the Shares in respect of such Bond, as the case may be, as further described in Condition 4.3 below.

4.2 Shares

(a) Fractional Entitlements

Fractions of a Share will not be issued on exchange, provided that if more than one Bond is deposited for exchange at any one time by the same Bondholder, the number of Shares which shall be issued upon exchange shall be calculated on the basis of the aggregate principal amount of the Bonds so deposited. The Issuer shall pay to the relevant Bondholder a cash amount (to be paid at the same time as delivery of the Shares) equal to the value (as determined by the Calculation Agent, having regard to the amount that would have been the Cash Settlement Amount if a Cash Settlement

Election had been made) of such fraction of the relevant Share to which the relevant Bondholder would otherwise be entitled.

(b) Dividends

Any dividend in respect of the relevant Shares to which a Bondholder's Exchange Right relates shall be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Option Exercise Date. If payable to the Bondholder, such payment shall be made to the Bondholder or the party (as specified in the Exchange Notice (as defined below)) that would receive the Shares or the Cash Settlement Amount, as the case may be.

(c) Circumstances in which Exchange Right is extinguished

On the occurrence of a Mandatory Redemption as further described in Condition 6.2, the Exchange Right in respect of each Bond shall be extinguished and the Issuer shall pay to each Bondholder an amount as specified in the Final Terms.

4.3 Cash Settlement Alternative

If Cash Settlement Election is specified as applicable in the Final Terms, a Bondholder shall be entitled when exercising its Exchange Right to elect to receive a Cash Settlement Amount in lieu of receipt of delivery of the Shares in respect of such Bond. Such Cash Settlement Election shall be specified in the Exchange Notice (as defined below) to be delivered to the Paying and Exchange Agent, failing which and subject to the Issuer's right to make a Cash Settlement Election (if such right is given to the Issuer), the Issuer shall deliver Shares to the Bondholder.

If so specified in the Final Terms, the Issuer shall (on the instruction of the Option Counterparty) be entitled, in the event that the Bondholder fails to make a Cash Settlement Election (if such right is given to the relevant Bondholder), to elect for the payment of a Cash Settlement Amount in lieu of delivery of all or some of the Shares by giving written notice of its election (a **Cash Settlement Election Notice**) no later than three Relevant Business Days after the Exchange Date (as defined below), to the address (or, if a fax number is provided, that number) specified for that purpose in the relevant Exchange Notice, with a copy to the Trustee, the Calculation Agent and the Paying and Exchange Agent.

Pursuant to a Cash Settlement Election by either the Issuer or the Bondholder, as the case may be, the Issuer shall pay the Cash Settlement Amount on the date that would have been the Settlement Date but for the Cash Settlement Election.

Unless otherwise specified in the Final Terms, **Cash Settlement Amount** shall be an amount in the Relevant Currency, as determined in the sole and absolute discretion of the Calculation Agent, equal to the product of the number of Shares that would have been delivered but for the Cash Settlement Election and the arithmetic average of the Volume Weighted Average Prices of the Shares in Euro (or an equivalent amount in such other currency in which such Share is denominated as determined using the relevant spot rate of exchange of the Relevant Currency for such other currency prevailing on or about the date of such determination, as determined by the Calculation Agent in its sole and absolute discretion) on each of the first, second and third Trading Days immediately following the date of receipt of the Exchange Notice from the Bondholder specifying a Cash Settlement Election (where such right is given to the relevant Bondholder) or the date of receipt by the Calculation Agent of the Cash Settlement Election Notice from the Issuer, as the case may be (each such date, the **Cash Settlement Valuation Date**), unless, in the opinion of the Calculation Agent, a Market Disruption Event (as defined in Condition 4.6(b) below) has occurred on any such Cash Settlement Valuation Date. If there is a Market Disruption Event on any such Cash Settlement Valuation Date, the Cash Settlement Amount shall be calculated on the basis of a single Cash Settlement Valuation Date and

the Cash Settlement Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event in respect of the Shares. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Cash Settlement Valuation Date, then (a) that fifth Trading Day shall be deemed to be the Cash Settlement Valuation Date and (b) the Calculation Agent shall determine, in its sole and absolute discretion, the Volume Weighted Average Price of the Shares in Euro (or an equivalent amount in another currency as determined using the relevant spot rate of exchange prevailing on or about the date of such determination) by determining the price or level of the Shares that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Shares and such other factors as the Calculation Agent considers relevant.

Reference Publication shall have the meaning given to it in the Final Terms.

Reference Source means, in respect of the Shares, the reference source or reference sources as specified in the Final Terms or any successor to such reference source acceptable to and as determined by the Calculation Agent.

Trading Day means any day on which the Reference Source is open for trading (or would have been open for trading but for the occurrence of a Market Disruption Event (as defined in Condition 4.6(b) below)), notwithstanding the Reference Source closing prior to its Scheduled Closing Time (as defined below).

Volume Weighted Average Price means, in respect of any Trading Day, the volume weighted average price of the Shares as obtained or derived by the Calculation Agent from the Reference Source or Reference Publication, as the case may be, on that Trading Day or if no transaction in respect of the Shares takes place on that Trading Day, the average of the closing bid and offer prices on that day in respect of the Shares as derived by the Calculation Agent from the Reference Source.

4.4 Potential Adjustment Events

Following the declaration by the issuer of the Shares (the **Share Company**) of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Shares and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the Shares traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Bondholders in accordance with Condition 17 and (for so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require) to the Luxembourg Stock Exchange, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (a) a subdivision, consolidation or reclassification of the Shares (unless it has resulted in a Merger Event (as defined in Condition 4.7 below)) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;

- (b) a distribution, issue or dividend to existing holders of the Shares of (i) such Shares, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (iii) share capital or other securities of another issuer as a result of a "spin-off" or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend;
- (d) a call by the Share Company in respect of Shares that are not fully paid;
- (e) a repurchase by or on behalf of the Share Company or any of its subsidiaries of the Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Share Company, an event that results in any shareholder rights being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;
- (g) any redemption of shareholder rights referred to in (f) above; and
- (h) any other event that may have a diluting or concentrative or other effect on the theoretical value of the Shares.

Related Exchange means with respect to a Share, any exchange, trading system or quotation system on which option contracts or futures contracts on such Share are traded as determined by the Calculation Agent.

4.5 Procedure for Exchange

- (a) To exercise the Exchange Right in respect of any Bond, the Bondholder must complete, execute and deposit at his own expense during normal business hours at the specified office of any Paying and Exchange Agent, a notice of exchange (an **Exchange Notice**) in the form (for the time being current) obtainable from the specified office of each Paying and Exchange Agent, together with any amount to be paid by the Bondholder pursuant to this Condition 4.

The Exchange Notice shall be deposited together with the relevant Bond(s) and the unmatured Coupons.

An Exchange Notice must:

- (i) specify the name and address of the relevant Bondholder or its designated agent or such other name and address as directed by the Bondholder;
- (ii) specify the nominal amount of Bonds that are the subject of the Exchange Right;
- (iii) specify Cash Settlement Election, if applicable;

- (iv) specify any account details required for payment of any cash amounts (including, without limitation, any dividends, the Cash Settlement Amount or the Disruption Cash Settlement Amount (as defined below));
- (v) specify any account details required for the delivery of any Shares;
- (vi) include an undertaking to pay all costs and expenses of effecting the delivery of Shares or the Cash Settlement Amount (as the case may be) and any stamp, issue, registration or other similar taxes and duties (if any) arising on exchange in the country in which the Bond is deposited for exchange or payable in any jurisdiction consequent upon the delivery of Shares to or to the order of the exchanging Bondholder (the **Exchange Expenses**);
- (vii) authorise the production of such Exchange Notice in any applicable administrative or legal proceedings.

In the case of Bonds represented by a Global Bond or Global Certificate, as the case may be, the Exchange Notice must in addition (A) specify the nominal amount of Bonds that are the subject of the Exchange Right; (B) specify the number of the account with the relevant Clearing Agent to be debited with the Bonds being exchanged; and (C) irrevocably instruct and authorise the relevant Clearing Agent to debit on or before the Settlement Date such account with such Bonds and authorise the Paying and Exchange Agent to so direct the relevant Clearing Agent on behalf of the relevant Bondholder.

In addition, if the Bonds are in global form, the Exchange Notice must include the authorisation for the relevant Clearing Agent to deduct an amount in respect thereof from any cash amounts referred to in (iv) above and/or to debit a specified account which shall be an account with the Clearing Agent in respect thereof.

Clearing Agent means Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking, société anonyme, or such other clearing system as may be specified in the Final Terms.

Failure to properly complete and deliver an Exchange Notice may result in such Exchange Notice being treated as null and void. Any determination as to whether such Exchange Notice has been properly completed and delivered as provided in these Conditions shall be made, in the case of Bonds in definitive form, by the relevant Paying and Exchange Agent after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Bondholder.

In the case of Bonds represented by a Global Bond or Global Certificate, as the case may be, any determination as to whether such Exchange Notice has been properly completed and delivered as provided in these Conditions shall be made by the Clearing Agent in consultation with the relevant Agent, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Bondholder.

- (b) A Bondholder exercising Exchange Rights will be required to certify in the relevant Exchange Notice (a **U.S. Certification**) that such exchange is being made outside of the United States (as such term is defined in Regulation S of the U.S. Securities Act of 1933 (**Regulation S**)) and it and any person for whom it is acquiring Shares is not a U.S. person (as such term is defined in Regulation S) and it is not acting as agent for, or on behalf of, a U.S. person.
- (c) As a condition precedent to exchange, the Bondholder must pay to such Paying and Exchange Agent (or make arrangements satisfactory to the Paying and Exchange Agent for the payment of) all Exchange Expenses.

- (d) The date on which any Bond (if in definitive form) and the Exchange Notice relating thereto are deposited with a Paying and Exchange Agent, or on which the conditions precedent to the exchange are fulfilled, whichever shall be later, shall be the **Option Exercise Date** in respect of such Bond. The request for exchange shall be deemed to have been made, and accordingly the exchange will become effective at 23.59 hours (London time) on the Option Exercise Date applicable to the relevant Bond (and the next London Business Day shall be the **Exchange Date** in respect of such Bond). An Exchange Notice once delivered shall be irrevocable.
- (e) Other than where a Cash Settlement Election is made by either the Issuer or the Bondholder, as applicable and subject to Condition 4.6, the Issuer shall on the fifth Relevant Business Day after the relevant Exchange Date (the **Settlement Date**), procure that the Shares to be delivered on exercise of Exchange Rights are transferred to such name as the Bondholder shall direct pursuant to the Exchange Notice and shall procure that duly completed forms of transfer and certificates (if certificates for the relevant Shares are then generally being issued) together with all other documents of title and evidence of ownership and all other documents necessary to transfer or evidence the transfer of such Shares will be despatched by mail, and free of charge (but uninsured and at the risk of the person entitled thereto) to such address, subject to applicable securities laws, as the Bondholder may request (as specified in the relevant Exchange Notice).

The Issuer will exercise a pro rata portion of the Option (as defined in the Option Agreement) by delivery of a pro rata amount of Collateral to the Swap Counterparty. Upon receipt of the Collateral by the Swap Counterparty, the Option Counterparty will deliver Shares or the Cash Settlement Amount in the event of a Cash Settlement Election by either the Bondholder or the Issuer (on the instruction of the Option Counterparty), as the case may be, to the Issuer, which shall deliver the Shares or the Cash Settlement Amount to the Bondholder in exchange for the Bonds.

4.6 Disruption Events

(a) Settlement Disruption

Subject to the independent right of the Issuer and/or the relevant Bondholder separately to make a Cash Settlement Election (if so specified in the Final Terms), as applicable and subject as provided below, if, prior to the delivery of the Shares, the Calculation Agent determines that delivery of the Shares is not practicable by reason of a Settlement Disruption Event having occurred and continuing on the due date for delivery then that date shall be postponed to the first following Relevant Business Day in respect of which there is no Settlement Disruption Event. The Calculation Agent shall give notice as soon as reasonably practicable to the Bondholders in accordance with Condition 17 that a Settlement Disruption Event has occurred.

If the delivery of the Shares is not practicable by reason of a Settlement Disruption Event, then in lieu of delivery of the Shares, the Issuer may, on the instruction of the Option Counterparty, elect to satisfy its obligations in respect of the relevant Bond by payment to the relevant Bondholder of the Disruption Cash Settlement Amount on the third Relevant Business Day following the date that notice of such election is given to the Bondholder in accordance with Condition 17, notwithstanding any other provision hereof. Provided that the Issuer pays a Disruption Cash Settlement Amount, the failure to deliver the Shares pursuant to Condition 4.3 shall in no circumstances constitute an Event of Default under Condition 12.

If the Shares are delivered later than the Settlement Date, until delivery of the Shares is made to the Bondholder and all formalities in respect of transfer of ownership of the Shares to the Bondholder are complied with, the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of those assets. None of the Issuer and any such other person shall (i) be under any obligation to deliver or procure delivery to such Bondholder or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity

as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares or (iii) be under any liability to such Bondholder or any subsequent transferee in respect of any loss or damage which such Bondholder or subsequent transferee may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such Shares.

Disruption Cash Settlement Amount means the amount equal to the fair market value of the Shares in respect of which delivery is not practicable by reason of a Settlement Disruption Event, less the cost to the Issuer, if applicable, of unwinding any related hedging arrangements, all as determined in the sole and absolute discretion of the Calculation Agent.

Settlement Disruption Event means an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Shares to the Bondholder or to such other person as nominated by the Bondholder in its Exchange Notice to receive the Shares.

(b) Market Disruption

The Calculation Agent shall give notice as soon as practicable to the Bondholders in accordance with Condition 17 if a Market Disruption Event has occurred or exists on any day with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required to determine the price or value of a Share.

Market Disruption Event means in respect of any Share:

- (a) the occurrence or existence on any Trading Day at the Valuation Time (as specified in the Final Terms) for such Share or at any time during the one hour period that ends at the Valuation Time for such Share:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of the Share on the Reference Source or any Other Exchange; or
 - (B) in options, contracts or futures contracts relating to the Share on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Share on any Related Exchange; or
- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Valuation Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or

- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; or
- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (i) imposes any controls or announces its intention to impose any controls or (ii)(A) implements or announces its intention to implement or (ii)(B) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer's ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer (if any) in relation to the Bonds.

Other Exchange means, with respect to a Share, each exchange, trading system or quotation system other than the Reference Source on which such Share is listed, traded or quoted.

Reference Currency means, in relation to a Share, the currency in which the Share is denominated or quoted or with which it is most closely connected, as determined by the Calculation Agent.

Relevant Country means, each of:

- (a) any country (or any political or regulatory authority thereof) with which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (b) any country (or any political or regulatory authority thereof) with which a Share or the related Share Company has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Share Company is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

4.7 Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation

If a Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation occurs in relation to the Shares and/or the Share Company, as the case may be, the Issuer may take any action described in (a), (b) or (c) below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, as the case may be, and determine the effective date of that adjustment which may include, without limitation, substituting the affected Share with another share and setting the relevant Exchange Price for such Share. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation made by an options exchange to options on the Share traded on that options exchange; or
- (b) redeem the Bonds by giving notice to Bondholders in accordance with Condition 17. If the Bonds are so cancelled, the Issuer will pay an amount to each Bondholder in respect of each Bond held by such Bondholder, which amount shall be the fair market value of a Bond taking into account the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements (if any), all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Bondholders in accordance with Condition 17; or
- (c) following any adjustment to the settlement terms of options on the Shares traded on such exchange(s) or trading system(s) or quotation system(s) as the Calculation Agent in its reasonable discretion shall select (the **Options Reference Source**), require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Reference Source. If options on the Shares are not traded on the Options Reference Source, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Reference Source, to account for the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Reference Source if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, the Calculation Agent shall give notice as soon as practicable to the Bondholders (although there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Bondholders) in accordance with Condition 17 stating the occurrence of the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

De-Listing means, for any Share for which the Reference Source is an exchange or a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, such Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceedings affecting a Share Company (i) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them (and including, without limitation, in relation to a Share Company incorporated under the laws of the Grand Duchy of Luxembourg, bankruptcy (*faillite*), insolvency, its voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), moratorium or reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally).

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

Merger Event means, in respect of the Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Option Exercise Date or, if there is more than one Option Exercise Date, the final Option Exercise Date.

Nationalisation means that all the Shares or all or substantially all of the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

Tender Offer means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

5. INTEREST AND OTHER CALCULATIONS

5.1 Interest Rate and Accrual

Each Bond bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate specified in the Final Terms, such interest being payable in arrear on each Interest Payment Date.

Investors should note that, for so long as any Bond is represented by a Global Bond or Global Certificate, as the case may be, held by a Clearing Agent, interest in respect of any Interest Payment

Date shall be payable to such persons who are reflected in the records of the relevant Clearing Agent as holders of the Bond.

Interest will cease to accrue on each Bond (a) where the Exchange Right shall have been exercised in respect thereof, from, and including the Interest Payment Date immediately preceding the relevant Exchange Date or, if none, the Issue Date or (b) on the due date for redemption unless upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Interest Rate in the manner provided in this Condition 5 to the Relevant Date.

5.2 Business Day Convention

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

5.3 Interest Rate on Floating Rate Bonds

If the Interest Rate is specified in the Final Terms as being Floating Rate, then subject to the addition or subtraction of any Margin or to any other adjustment provided for in Condition 5.5, the Interest Rate for each Interest Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period in accordance with the following:

- (a) If the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate 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) otherwise 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 Condition 5.3(a)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if Condition 5.3(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 Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at

the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent.

- (c) If Condition 5.3(b) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or if the Relevant Currency is euro, in the Euro-zone (the **Principal Financial Centre**) as selected by the Calculation Agent 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 Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Period and to the relevant Interest Period).

5.4 Interest Rate on Zero Coupon Bonds

As from the Maturity Date, the Interest Rate for any overdue principal in respect of a Bond the Interest Rate of which is specified in the Final Terms to be Zero Coupon shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6.6).

5.5 Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding

- (a) If any Margin or Rate Multiplier is specified in the Final Terms (either (i) generally, or (ii) in relation to one or more Interest Periods), an adjustment shall be made to all Interest Rates, in the case of (i), or the Interest Rates for the specified Interest Periods in the case of (ii), calculated in accordance with Condition 5.3 by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to Condition 5.5(b).
- (b) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the Final Terms, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum as the case may be. Unless otherwise stated in the applicable Final Terms the Minimum Interest Rate shall be deemed to be zero.
- (c) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up) (ii) all figures will be rounded to seven significant figures (with halves being rounded up) and (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up) save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, **unit** means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

5.6 Interest Calculations

The amount of interest payable in respect of any Bond for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Bond on the first day of such period by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in the Trust Instrument in respect of such period, in which case the amount of interest payable in respect of such Bond for such period will equal such Interest Amount (or be calculated in accordance with such formula).

5.7 Determination and Publication of Interest Rates, Interest Amounts, 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 any Redemption Amount or Instalment Amount, obtain any quotation or make any determination or calculation, the Calculation Agent will determine the Interest Rate and calculate the amount of interest payable (the **Interest Amounts**) in respect of each Denomination of the Bonds for the relevant Interest Period, calculate the Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Issuer, the Trustee, the Issuing and Paying Agent, the Registrar, each of the Paying and Exchange Agents, the Bondholders and, for so long as the Bonds are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as reasonably practicable after their determination but in no event later than (a) (except in the case of notices to the Bondholders) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate, Interest Payment Date and Interest Amount, or (b) in all other cases, the fourth Relevant Business Day after such determination, and in any event not later than the relevant payment date. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made with the prior written consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Bonds become due and payable under Condition 12, the Interest Rate payable in respect of the Bonds shall nevertheless continue to be calculated as previously in accordance with this Condition but no notification of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

5.8 Determination or Calculation by the Trustee

If the Calculation Agent fails at any time for any reason to determine or calculate the Interest Rate for an Interest Period or the Interest Amount, Instalment Amount or Redemption Amount or to comply with any other requirement, the Trustee shall do so (or shall, at the expense of the Issuer, 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 or such agent 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.

5.9 Definitions

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

Benchmark means EURIBOR, LIBOR, LIBID, LIMEAN or such other benchmark as may be specified as the Benchmark in the Final Terms;

Bonds Currency means the currency in which the Bonds are denominated;

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

- (a) if **Actual/365** or **Actual/Actual** is specified in the Final Terms, 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 (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if **Actual/365 (Fixed)** is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365;
- (c) if **Actual/360** is specified in the Final Terms, the actual number of days in the Calculation Period divided by 360;
- (d) if **30/360**, **360/360** or **Bond Basis** is specified in the Final Terms, 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 (i) 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 (ii) 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)); or
- (e) if **30E/360** or **Eurobond Basis** is specified in the Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the final Interest Payment 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).

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

Euro-zone means the region comprising the member states of the European Union that adopt the euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended by the Treaty of European Union as amended by the Treaty of Amsterdam.

Interest Commencement Date means the Issue Date of the Bonds or such other date as may be specified as such in the Trust Instrument.

Interest Determination Date means, with respect to an Interest Rate and Interest Period, the date specified as such in the Trust Instrument or, if none is so specified, the first day of such Interest Period if the Relevant Currency is sterling or the day falling two Relevant Business Days in London prior to the first day of such Interest Period if the Relevant Currency is not sterling.

Interest Payment Date means each date specified as such in the Final Terms.

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

Interest Rate means the rate of interest payable from time to time in respect of this Bond and which is either specified in, or calculated in accordance with the provisions of, the Final Terms (after adding or subtracting any Margin or making any other adjustment provided for in Condition 5.5).

Page means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Monitor Money Rates Service (**Reuters Screen**), the Dow Jones Telerate Service (**Telerate**) and the Bloomberg service (**Bloomberg Screen**)) as may be specified as such in the Final Terms for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other page 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.

Reference Banks means the institutions specified as such in the Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) which is most closely connected with the Benchmark or, if the Relevant Currency is euro, the Euro-zone.

Relevant Business Day means:

- (a) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in each of the financial centres specified for this purpose in the Final Terms; and
- (b) in the case of a payment in euro, a day on which TARGET is open.

Relevant Currency means the currency specified as such in the Final Terms or if none is specified, the Bonds Currency.

Relevant Date means, in respect of any Bond, Receipt or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Bondholders in accordance with Condition 17 that, upon further presentation of the Bond (or relevant 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 on an Interest Determination Date, the financial centre specified as such in the Final Terms or, if none is so specified the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected or if the Relevant Currency is euro, London.

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

Relevant Time means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the Final Terms or, if none is specified, the local time in the Relevant Financial Centre (or, if the Relevant Financial Centre is the Euro-zone, Central European

Time) at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre.

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

Specified Duration means with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified as such in the Final Terms or, if none is specified, a period of time equal to the relevant Interest Period, ignoring any adjustment pursuant to Condition 5.2.

TARGET means the Trans-European Automated Real Time Gross Settlement Express Transfer System.

6. REDEMPTION, PURCHASE AND OPTIONS

6.1 Final Redemption

Unless previously redeemed, exchanged or purchased and cancelled as provided below, each Bond will be redeemed at its outstanding principal amount on the Maturity Date specified on each Bond.

6.2 Mandatory Redemption

If the Calculation Agent has determined in a commercially reasonable manner that:

- (a) any of the Collateral has become repayable or has become capable of being declared due and repayable prior to its stated date of maturity for whatever reason;
- (b) (unless the Trustee otherwise agrees) there is a payment default in respect of any of the Collateral (whether or not the Collateral forms part of the security for the Bonds in accordance with Condition 8.3(a) or (b) or Condition 8.3(c) applies to the Bonds);
- (c) the issuer of the Collateral (the **Collateral Issuer**) or any guarantor of the Collateral Issuer's obligations in respect of the Collateral (the **Collateral Guarantor**) fails to perform or observe any of its other obligations under the Collateral and the failure continues after any applicable grace period;
- (d) any order is made by any competent court or resolution is passed for the winding up or dissolution of the Collateral Issuer or the Collateral Guarantor;
- (e) the Collateral Issuer or the Collateral Guarantor or any of their respective affiliates ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation or is adjudicated or found bankrupt or insolvent;
- (f) proceedings are initiated against the Collateral Issuer or the Collateral Guarantor or their respective affiliates under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative receiver or other similar official or an administrative receiver or other similar official is appointed in relation to the Collateral Issuer or the Collateral Guarantor or any of their respective affiliates, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied,

enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, which are not discharged within 14 days;

- (g) the Collateral Issuer or the Collateral Guarantor or any of their respective affiliates initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (h) any other event which would constitute an event of default in relation to the Collateral has taken place (each such event, a **Trigger Event**),

all such Collateral which is the subject of any of the events outlined in (a) to (h) above, together with all remaining Collateral shall be deemed to have become immediately repayable (the **Repayable Assets**). The Issuer shall, on the instruction of the Calculation Agent, give not more than 30 nor less than 15 days' notice (unless otherwise specified in the Final Terms) to the Trustee, the Bondholders, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty and (for as long as the Bonds are listed on the Luxembourg Stock Exchange) the Luxembourg Stock Exchange specifying the principal amount of the Repayable Assets, the principal amount of the Bonds to be redeemed and the due date for redemption and upon expiry of such notice (i) the Issuer shall redeem each Bond in whole at its Redemption Amount (ii) (in the case of Bonds secured in the manner described in Condition 8.3(a) or (b)) the security constituted by or created pursuant to the Trust Instrument over the Repayable Assets shall become enforceable and (iii) the Exchange Right in respect of each Bond shall be extinguished with effect from the first date of the occurrence of any Trigger Event (as determined by the Calculation Agent). Interest shall continue to accrue on the part of the principal amount of Bonds which has become due for redemption until payment thereof has been made to the Trustee and notice is given in accordance with Condition 17 that such amount is available for payment. Failure to pay any amount which, but for a mandatory redemption under this Condition 6.2, would otherwise have been due in respect of the Bonds or any interest thereon shall not constitute an Event of Default under Condition 12.

Redemption Amount in respect of the Bonds of a relevant Series shall have the meaning given to it in the Final Terms. In the event of such redemption and the security constituted by or created pursuant to the Trust Instrument becoming enforceable the Trustee may take such action as is provided in Condition 8.8(a) and shall do so if so requested or directed in accordance with the provisions of such Condition (subject in each case to its being indemnified and/or secured in accordance with such Condition and provided always that the Trustee shall not be required to do anything which is contrary to any applicable law).

6.3 Redemption for taxation and other reasons

If:

- (a) the Issuer, on the occasion of the next payment due in respect of the Bonds, would be required, as a result of any change in, or amendment to the laws of a relevant jurisdiction, 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, then the Issuer shall so inform the Trustee, and shall (subject, in the case of rated Bonds, to Standard & Poor's and/or Moody's, as the case may be, having confirmed in writing that their respective current rating(s) of such Bonds will not be adversely affected by such substitution or change of residence) use all reasonable endeavours to arrange (subject to and in accordance with Condition 14.4) the substitution of a company incorporated in another jurisdiction as the principal obligor or

(with the prior written consent of the Trustee, and, if applicable, the Swap Counterparty, the Option Counterparty and the Repurchase Counterparty) to change its residence for taxation purposes or, to the extent permitted by law, change its domicile to another jurisdiction approved beforehand in writing by the Trustee, and, if applicable, the Swap Counterparty, the Option Counterparty and the Repurchase Counterparty and if it is unable to arrange such substitution or change, or if it is unable to do so in a tax efficient manner, before the next payment is due in respect of the Bonds; and/or

- (b) the Credit Support Document is terminated prior to the Maturity Date for any reason; and/or
- (c) the Swap Agreement is terminated in accordance with its terms prior to the Swap Agreement Termination Date; and/or
- (d) the Option Agreement is terminated in accordance with its terms prior to the Option Agreement Termination Date; and/or
- (e) the Repurchase Agreement is terminated as a result of a failure by the Repurchase Counterparty to make payments due to the Issuer under the Repurchase Agreement, or to deliver Purchased Collateral or Fungible Collateral to the Issuer when required under the Repurchase Agreement,

then the Issuer shall (on the instruction of the Swap Counterparty (if any) in respect of (a) above) forthwith give not more than 30 nor less than 15 days' notice (unless otherwise specified in Trust Instrument) to the Trustee, the Bondholders, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty and (for as long as the Bonds are listed on the Luxembourg Stock Exchange) the Luxembourg Stock Exchange, and upon expiry of such notice the Issuer shall redeem all but not some only of the Bonds at their Redemption Amount and the security constituted by or created pursuant to the Trust Instrument shall become enforceable (if the same shall not already have become enforceable in accordance with these Conditions). Interest shall continue to accrue on the part of the principal amount of Bonds which has become due for redemption until payment thereof has been made to the Trustee and notice is given in accordance with Condition 17 that such amount is available for payment. Failure to make any payment due in respect of a mandatory redemption under this Condition 6.3 of part of the principal amount of the Bonds or interest thereon shall not constitute an Event of Default under Condition 12.

Notwithstanding the foregoing, if any of the taxes referred to in Condition 6.3(a) above arises (i) by reason of any Bondholder's connection with the jurisdiction of incorporation of the Issuer otherwise than by reason only of the holding of any Bond or receiving or being entitled to any Redemption Amount or interest in respect thereof; or (ii) by reason of the failure by the relevant Bondholder to comply with any applicable procedures required to establish non-residence or other similar claims for exemption from such tax, then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Bondholder, all other Bondholders shall receive the due amounts payable to them and the Issuer shall not be required by reason of such deduction to endeavour to arrange any substitution, or to redeem the Bonds, pursuant to this Condition 6.3. Any such deduction shall not be an Event of Default under Condition 12.

In the event of such redemption and the security constituted by the Trust Instrument becoming enforceable, the Trustee may take such action as is provided in Condition 8.8(a) and shall do so if so requested or directed in accordance with the provisions of such Condition (subject in each case to its being indemnified in accordance with such Condition and provided that the Trustee shall not be required to do any thing which is contrary to applicable law).

6.4 Adverse Tax Event following delivery of Collateral to Swap Counterparty under Credit Support Annex

If Condition 8.3(c) applies to the Bonds and an Adverse Tax Event (as defined in the Final Terms) has occurred and is continuing the Issuer may give to the Trustee, the Bondholders and (for as long as the Bonds are listed on the Luxembourg Stock Exchange) the Luxembourg Stock Exchange not less than five business days' notice (in accordance with Condition 17) of such redemption and shall on the expiry of such Notice (the **Adverse Tax Event Redemption Date**) redeem all (but not some only) of the Bonds at their Redemption Amount (and the security constituted by or created pursuant to the Trust Instrument shall become enforceable), provided that:

- (a) if the Adverse Tax Event shall result in any reduction in any payment received or receivable by the Issuer in respect of or referable to interest on the Collateral (whether upon payment of such interest or as a result of a reduction in the aggregate amount received by the Issuer upon the sale of the Collateral), the interest payable in respect of the Bonds on such Adverse Tax Event Redemption Date shall be reduced *pro rata*; and
- (b) if the Adverse Tax Event shall result in any reduction in any payment received or receivable by the Issuer in respect of or referable to principal of the Collateral, the Principal Amount payable in respect of the Bonds on such Adverse Tax Event Redemption Date shall be reduced *pro rata*.

Any reduction in the principal or interest payable in respect of the Bonds on the Adverse Tax Event Redemption Date shall be determined by the person specified for this purpose in the Final Terms, acting as calculation agent under the Swap Agreement, and such determination shall be binding on the Issuer, the Trustee, the Issuing and Paying Agent, the Bondholders and all other persons in the absence of manifest error. No liability shall attach to the person acting in such capacity.

In this Condition 6.4, **business day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London and/or in such other cities as may be specified in the relevant notice.

6.5 Purchases

Unless otherwise provided in the Final Terms, and subject to receipt by the Issuer of an amount (whether by sale of the Collateral (or in the case of a purchase of some only of the Bonds, a proportion of the Collateral corresponding to the proportion of the Bonds to be purchased) or otherwise) which, plus or minus any termination payment payable to or by the Issuer from or to the Swap Counterparty and/or the Option Counterparty on the termination (or as the case may be partial termination) of the Swap Agreement and/or the Option Agreement, as the case may be, is sufficient to fund the purchase price payable by the Issuer, the Issuer may purchase Bonds (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.

6.6 Early Redemption of Zero Coupon Bonds

- (a) The Redemption Amount payable in respect of any Bond which is specified in the Final Terms as a Zero Coupon Bond (a **Zero Coupon Bond**), the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Zero Coupon Bond pursuant to Condition 6.2, 6.3 or 6.4 or upon it becoming due and payable as provided in Condition 12, shall be the Amortised Face Amount of such Zero Coupon Bond (calculated by the Calculation Agent as provided below).
- (b) Subject to the provisions of Condition 6.6(c) below, the **Amortised Face Amount** of any Zero Coupon Bond shall be the scheduled Redemption Amount of such Zero Coupon Bond on the

Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the yield (the **Amortisation Yield**) specified as the Amortisation Yield in the Final Terms (or, if none is so specified, the Amortisation Yield, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Bonds if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year it shall be made on the basis of the Day Count Fraction shown in the Final Terms.

- (c) If the Redemption Amount payable in respect of any such Bond upon its redemption pursuant to Condition 6.2, 6.3 or 6.4 or upon it becoming due and payable as provided in Condition 12 is not paid when due, the Redemption Amount due and payable in respect of such Bond shall be the Amortised Face Amount of such Bond as defined in Condition 6.6(b) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Bond becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Bond on the Maturity Date together with any interest which may accrue in accordance with Condition 5.4.

6.7 Redemption at the Option of the Issuer and Exercise of Issuer's Options

- (a) The Issuer may, on the instruction of the Option Counterparty, having given not less than 20 nor more than 30 days' notice to the Bondholders in accordance with Condition 17 (which notice shall be irrevocable and shall specify the applicable Issuer Optional Redemption Date fixed for redemption), redeem all, but not some only, of the Bonds then outstanding at their outstanding principal amount together with interest accrued to the date fixed for redemption, provided, however, that no such redemption may be made unless the Final Share Value of the Shares for the Relevant Period (as defined in the Final Terms) is at least equal to the Specified Percentage of the Exchange Price (as determined in the sole and absolute discretion of the Calculation Agent) in effect on each such Trading Day. Upon the expiration of any such notice, the Issuer shall be bound to redeem the Bonds at their principal amount on the date fixed for such redemption.

Final Share Value means the Volume Weighted Average Price (excluding cross trades) of a Share quoted on the Reference Source on each Trading Day in the Relevant Period as determined by the Calculation Agent in its sole and absolute discretion, provided that, if no Volume Weighted Average Price of a Share is quoted on the Reference Source on a Trading Day and the Calculation Agent determines, in its sole and absolute discretion that no Market Disruption Event has occurred on such Trading Day, then the Final Share Value shall be equal to the fair market value of a Share on such Trading Day as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it considers appropriate. If the Calculation Agent is of the opinion that a Market Disruption Event has occurred on such Trading Day, the Calculation Agent shall determine in its sole and absolute discretion the Final Share Value on such Trading Day, having regard to the then prevailing market conditions, the last reported, published or trade price of the Shares and such other factors as the Calculation Agent considers relevant.

Issuer Optional Redemption Date means any date falling within the Issuer Option Redemption Period.

- (b) The Issuer may (on the instruction of the Arranger or any party specified in the Final Terms (the **Regulatory Redemption Counterparty**)), upon such notice as specified in the Final Terms, redeem all, but not some only of the Bonds then outstanding at the current market value of the Bonds, as determined by the Calculation Agent in its sole and absolute discretion if any change or prospective change in the accounting, tax, legal or regulatory treatment applicable to the Bonds or any hedging transaction of the Issuer or the Arranger or any affiliate of the Arranger or the Regulatory

Redemption Counterparty, in respect of the Bonds (including, without limitation, any derivative transaction entered into by the Issuer, the Arranger or any affiliate of the Arranger or the Regulatory Redemption Counterparty with a third party with respect to the Bonds) has occurred or is likely to occur that would have an adverse effect on the Arranger's or the Issuer's position in respect of the Bonds or the position of the Arranger, the Issuer, any affiliate of the Arranger or the Regulatory Redemption Counterparty or any other counterparty in respect of any such hedging transaction, in each case as determined by the Arranger or, as the case may be, the Regulatory Redemption Counterparty in its sole and absolute discretion.

- (c) If so provided in the Final Terms in any other circumstances than those described in Condition 6.7(a) or Condition 6.7(b) above, the Issuer may, on giving irrevocable notice to the Bondholders, the Trustee and (for as long as the Bonds are listed on the Luxembourg Stock Exchange) the Luxembourg Stock Exchange falling within the Issuer's Option Period (as specified in the Final Terms), redeem, or exercise any Issuer's option in relation to all or, if so provided, some of the Bonds in the principal amount or integral multiples thereof and on the Issuer's Optional Redemption Date or Dates so provided. Any such redemption of Bonds shall be at their outstanding principal amount together with interest accrued to the date fixed for redemption.

All Bonds 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.

Where Bonds are to be redeemed in part or the Issuer's option is to be exercised in respect of some only of the Bonds, the Bonds to be redeemed or in respect of which such option is exercised will be selected individually by lot, in such place as the Trustee shall approve and in such manner as the Trustee shall deem to be appropriate and fair, not more than 60 days prior to the date fixed for redemption.

6.8 Redemption at the Option of Bondholders and Exercise of Bondholders' Options

- (a) If so provided in the Final Terms, the Issuer shall, at the option of the holder of any such Bond, redeem such Bond on the date or dates so provided at its outstanding principal amount together with interest accrued to the date fixed for redemption.

If the Final Terms for the relevant Series so provide, and, if so, in the circumstances specified therein, the Issuer's obligation to pay the outstanding principal amount and interest accrued to the date of redemption may be satisfied by the Issuer delivering Collateral. The amount of such Collateral to be delivered (the **Relevant Collateral**) shall be the corresponding proportion of all such Collateral (rounded down to the nearest denomination of the Collateral) as the Bonds held by that Bondholder bear to the then outstanding principal amount of the Bonds. Delivery shall be made in the manner set out in the Final Terms. To the extent that there is any Collateral remaining as a result of such rounding down after the Relevant Collateral has been delivered, the remaining Collateral will be dealt with in accordance with and as specified in the Final Terms for the relevant Series.

- (b) If so provided in the Final Terms, a holder of any Bond will have the option, with the consent of the Swap Counterparty (if any), to require the Issuer at any time to redeem such Bond at its outstanding principal amount on the date of receipt of the relevant option notice or on a date as soon as practicable thereafter, as determined by the Issuer.

If the Final Terms for the relevant Series so provide, and, if so, in the circumstances (if any) specified therein, the Issuer's obligation to pay such outstanding principal amount may be satisfied by the Issuer delivering the Relevant Collateral (rounded down to the nearest denomination of the Collateral) (or any portion thereof specified in the Final Terms) in the manner set out in the Final Terms. The Issuer shall make the relevant payment or delivery on the date of expiry of the relevant option notice or on a date as soon as practicable thereafter. To the extent that there is any Collateral

remaining as a result of such rounding down after the Relevant Collateral has been delivered, the remaining Collateral will be dealt with in accordance with and as specified in the Final Terms for the relevant Series.

- (c) To exercise any option referred to above or any other Bondholders' option which may be set out in the Final Terms the holder must deposit the relevant Bond with any Paying and Exchange Agent (in the case of Bearer Bonds) or the Individual Certificate representing such Bond(s) with the Registrar or any Transfer Agent (in the case of Registered Bonds) at such Agent's specified office, together with a duly completed option notice (a **Put Notice** or **Option Notice**, as appropriate) within the Bondholders' Option Period (as specified in the Final Terms). No Bond or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

6.9 Redemption by Instalments

If it is stated in the Final Terms that the Bonds are **Instalment Bonds**, then unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Bond will be partially redeemed on each Instalment Date specified in the Final Terms at the respective Instalment Amount so specified, whereupon the outstanding principal amount of such Bond shall be reduced for all purposes by the Instalment Amount.

6.10 Cancellation

All Bonds purchased by or on behalf of the Issuer, exchanged or redeemed must be surrendered for cancellation, in the case of Bonds, by surrendering each such Bond 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 Bonds, by surrendering the Certificate representing such Bonds to the Registrar and in each case, when so surrendered, will, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged. The Issuer undertakes to (a) either promptly inform or (b) procure that the Issuing and Paying Agent or the Registrar, as the case may be, promptly informs (on its behalf) the relevant stock exchange or other relevant authority of any cancellation of listed Bonds.

7. PAYMENTS AND TALONS

7.1 Bearer Bonds

Payments of principal and interest in respect of the Bearer Bonds will, 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 Bond) or (in the case of all other payments or principal or Redemption Amount) the relevant Bearer Bonds or (in the case of interest, save as specified in Condition 7.6(f)) the relevant Coupons, as the case may be, at the specified office of any Paying and Exchange Agent outside the United States by a cheque payable in the currency in which such payment is due, drawn on or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency; provided that (a) in the case of euro, the transfer may be to, or the cheque drawn on, a euro account with a bank in the Euro-zone, and (b) in the case of Japanese yen, the transfer will be to a non-resident Japanese yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan).

7.2 Registered Bonds

Payments of principal (which for the purposes of this Condition 7.2 shall include the final Instalment Amount but not other Instalment Amounts) in respect of Registered Bonds will be made against presentation and surrender of the relevant Individual Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

Interest (which for the purpose of this Condition 7.2 shall include all Instalment Amounts other than the final Instalment Amount) on Registered Bonds will be paid to the person shown on the Register (or, if more than one person is so shown, to the first named person) at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**).

Payments of principal or interest on each Registered Bond will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned (in the case of payment in Japanese yen to a non-resident of Japan, drawn on an authorised foreign exchange bank) or, in the case of euro, a bank in the Euro-zone, and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of principal or 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 a country of that currency or in the case of a payment in euro, by credit or transfer to a Euro account (or any account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

7.3 Payments on Bearer Bonds in the United States under limited circumstances

Notwithstanding the foregoing, if any Bearer Bonds are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying and Exchange Agent in New York City in the same manner as aforesaid if (a) the Issuer shall have appointed Paying and Exchange Agents with specified offices outside the United States with the reasonable expectation that such Paying and Exchange Agents would be able to make payment of the amounts on the Bonds in the manner provided in Condition 7.1 when due, (b) 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 (c) such payment is then permitted by United States law without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

7.4 Payments subject to law, etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. Other than as provided herein, no commission or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

7.5 Appointment of Agents

The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any of the Agents and to appoint additional or other Paying and Exchange Agents or Transfer Agents, provided that the Issuer will at all times maintain (a) an Agent, (b) a Registrar in relation to Registered Bonds, (c) a Transfer Agent in relation to Registered Bonds, (d) a Calculation Agent where the Final Terms so require one, (e) a Paying and Exchange Agent and, in relation to Registered Bonds, a Transfer Agent in an European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive, and approved by the Trustee, (f) a Custodian where the Final Terms so

require and (g) a Selling Agent where the Final Terms so require. If and for as long as the Bonds are listed on the Luxembourg Stock Exchange, a Paying and Exchange Agent will be maintained in Luxembourg and, if definitive Individual Certificates are issued and outstanding in relation to Registered Bonds, a Transfer Agent will also be maintained in Luxembourg. For so long as the Bonds are listed on any other stock exchange, the Issuer will maintain such other agents as may be required by the rules of such stock exchange.

In addition, the Issuer shall forthwith appoint a Paying and Exchange Agent in New York City in respect of any Bonds denominated in U.S. dollars in the circumstances described in Condition 7.3 above.

Notice of any such change or any change of any specified office will promptly be given to the Bondholders in accordance with Condition 17.

7.6 Unmatured Coupons and Receipts and unexchanged Talons

- (a) Unless the Bonds provide that the relative Coupons are to become void upon the due date for redemption of those Bearer Bonds, Bonds should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will 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 11).
- (b) If the relative Bonds so provide, upon the due date for redemption of any Bearer Bond, unmaturing Coupons relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them.
- (c) Upon the due date for redemption of any Bearer Bond, any Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (d) Upon the due date for redemption in full of any Bearer Bond which is redeemable in instalments, all Receipts relating to such Bond 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.
- (e) Where any Bearer Bond which provides that the relevant Coupons are to become void upon the due date for redemption of those Bonds is presented for redemption without all unmaturing Coupons, and where any Bearer Bond 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.
- (f) If the due date for redemption of any Bonds 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 Bond or Individual Certificate representing it, as the case may be. Interest accrued on a Bond which only bears interest after its Maturity Date shall be payable on redemption of such Bond against presentation of the relevant Bond or Individual Certificate representing it, as the case may be.

7.7 Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Bond, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent or such other Paying and Exchange Agent as is

notified to the Bondholders in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which have become void pursuant to Condition 11).

7.8 Non-Business Days

If any date for payment in respect of any Bond, 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 Condition **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 and in such jurisdictions as shall be specified as "Business Day Jurisdictions" in the Final Terms and:

- (a) (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
- (b) (in the case of a payment in euro) a day on which TARGET is open.

8. SECURITY FOR THE BONDS

8.1 Collateral

Unless otherwise specified in the Final Terms, the Purchaser will pursuant to the Purchase Agreement procure that the Collateral is delivered to the Custodian on the Issue Date or within the period thereafter specified in the Final Terms and, with effect from such delivery, the Collateral will be held by the Custodian (or, if so specified in the Final Terms, the Sub-Custodian), on behalf of the Issuer, subject to the security created by or pursuant to the Trust Instrument and to the conditions set out in the Securitisation Act 2004 of Luxembourg.

If the Collateral is to be delivered by the Purchaser after the Issue Date, until such delivery the Bonds will not be secured on the Collateral but only on the right to receive such Collateral from the Purchaser.

8.2 Mortgaged Property

The Securitisation Act 2004 of Luxembourg provides that the Mortgaged Property (and the proceeds thereof) specified in the relevant Final Terms will be available solely to meet the claims of the specified Bondholders and other creditors relating to the same Series.

8.3 Security

- (a) If it is stated in the Final Terms that the security for the Bonds is "Collateral charged to Trustee", the Issuer has in the Trust Instrument created the following security:
 - (i) (A) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee of the Collateral and all of the Issuer's rights, title, interest and benefit, present and future, in respect of and sums derived from the Collateral (including, without limitation, any proceeds of the sale thereof); and (B) an assignment (or to the extent an assignment is not possible, a charge) by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title, interest and benefit, present and future, in respect of the Collateral;

- (ii) an assignment (or to the extent an assignment is not possible, a charge) by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest, present and future, in, to and under each relevant Credit Support Document, Swap Agreement, Option Agreement and/or Repurchase Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder;
 - (iii) a first fixed charge in favour of the Trustee over (A) the Issuer's rights, title, interest and benefit, present and future, in, to and under all sums held by the Issuing and Paying Agent and/or any Paying and Exchange Agent and/or the Custodian and/or the Registrar to meet payments due in respect of the Bonds; (B) any sums of money, securities or other property received or receivable by the Issuer under any relevant Credit Support Document, Swap Agreement, Option Agreement and/or Repurchase Agreement and (C) all of the Issuer's rights, title, interest and benefit, present and future, as against the Custodian in respect of any sum standing to the credit of the Deposit Account (as defined in Condition 8.6) or the Repurchase Account (as defined in Condition 9.3);
 - (iv) an assignment (or to the extent an assignment is not possible, a charge) by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest, present and future, in, to and under the Agency Agreement and all sums derived therefrom in respect of the Bonds; and
 - (v) (A) an assignment (or to the extent an assignment is not possible, a charge) by way of first fixed charge in favour of the Trustee of the Issuer's rights, title and interest, present and future, in, to and under the Purchase Agreement and any sums received or receivable by the Issuer thereunder and (B) a first fixed charge in favour of the Trustee of any sums received or receivable by the Issuer under the Purchase Agreement.
- (b) If it is stated in the Final Terms that the security for the Bonds is "Collateral charged to Trustee; additional foreign law security", the Issuer has in the Trust Instrument created the security specified in Condition 8.3(a) and has in addition, and without prejudice to the security specified in Condition 8.3(a)(i), executed in favour of the Trustee the pledge or security or other agreement or document specified in the Final Terms (each an **Additional Security Document**).
 - (c) If it is stated in the Final Terms that the security for the Bonds is "Collateral delivered to the Swap Counterparty under Credit Support Annex", the Issuer has in the Trust Instrument created the security specified in Conditions 8.3(a)(i) to (iv) and will on the Issue Date pursuant to the Credit Support Annex (as defined in the Final Terms) transfer the Collateral to the Swap Counterparty free and clear of any liens, claims, charges or encumbrances or any other interest of any third party. Following such transfer, the Issuer will not have any right, title or interest in or to the Collateral but the Swap Counterparty will pay to the Issuer amounts equal to all payments and interest received on the Collateral (**Distributions**).
 - (d) A rating shall not be assigned by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (**Standard & Poor's**) and/or Moody's Investors Service Limited (**Moody's**) to Bonds the security for which is "Collateral delivered to Swap Counterparty under Credit Support Annex", unless Standard & Poor's and/or Moody's, as the case may be, have first confirmed in writing that their respective current rating(s) of all Bonds then in force will not be adversely affected by the issue of such rated Bonds.

In these Conditions and in the Trust Instrument, the terms **rated** and **rating** shall denote ratings by Standard & Poor's and/or Moody's, as the case may be.

In these Conditions and in the Trust Instrument, **Mortgaged Property** means, in relation to any Series of Bonds, the Collateral (unless it is stated in the Final Terms that Condition 8.3(c) applies)

and the other property, assets and/or rights of the Issuer which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Trustee pursuant to the Trust Instrument and/or any Additional Security Document.

Where Condition 8.3(c) applies, the security for the Bonds will not include any pledge or other security interest in or over the Collateral or of any of the Issuer's rights in respect of, or sums derived from, the Collateral.

8.4 General provisions relating to security

Unless otherwise specified in the Final Terms, the security constituted or created pursuant to the Trust Instrument and any Additional Security Document will be granted to the Trustee for itself and for the other Secured Parties (as specified in the Trust Instrument) as continuing security (a) for the payment of all sums due to the Trustee, any appointee or any receiver under the Trust Instrument and/or any Additional Security Document or due under the Bonds, Coupons or Receipts, (b) for the performance of the Issuer's obligations under the Swap Agreement, (c) for the performance of the Issuer's obligations under the Option Agreement, (d) for the payment of all sums payable to the Custodian including any reimbursement in respect of payments made to the Swap Counterparty by the Custodian relating to sums receivable on or in respect of the Collateral pursuant to any provision of the Agency Agreement which requires the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Custodian for any payment made by the Custodian to the Swap Counterparty relating to sums receivable on or in respect of the Collateral before actual payment to the Custodian of the amount receivable on or in respect of the Collateral and (e) for the payment of all sums payable to the Agents or the Registrar pursuant to any provision of the Agency Agreement including the provisions which require the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Issuing and Paying Agent or the Registrar for any amount paid out by the Issuing and Paying Agent or the Registrar, as the case may be, to the holders of Bonds, Coupons or Receipts before receipt of the corresponding amount due from the Issuer.

Unless otherwise specified in the Final Terms, the security constituted by or created pursuant to the Trust Instrument and any Additional Security Document shall become enforceable (i) in the circumstances specified in Condition 6.2 or 6.3 or 6.4, (ii) upon the occurrence of an Event of Default, (iii) on the Swap Agreement Termination Date (as defined in Condition 9.1) if sums remain owing to the Swap Counterparty under the Swap Agreement and (iv) on the Option Agreement Termination Date (as defined in Condition 9.2) if sums remain owing to the Option Counterparty under the Option Agreement.

Unless the Bonds are secured as described in Condition 8.3(c) or it is otherwise specified in the Final Terms, the Collateral will be held by the Custodian (which expression shall include any additional or other Custodians from time to time appointed) on behalf of the Issuer on and subject to the terms and conditions of the Agency Agreement and, where applicable, subject to the security referred to in Condition 8.3(a) or (b). The Issuer reserves the right at any time with the prior written consent of the Trustee to change the Custodian, provided that, in respect of Bonds which are rated by Standard & Poor's and/or Moody's, as the case may be, Standard & Poor's and/or Moody's will have confirmed in writing that such change will not adversely affect their respective current rating(s) of such Bonds. Notice of such change shall be given to the Bondholders in accordance with Condition 17. If it is specified in the Final Terms that there is a Sub-Custodian in relation to the Collateral, such Sub-Custodian (which expression shall include any additional or other Sub-Custodians from time to time appointed) shall hold the Collateral on behalf of the Custodian, on and subject to the terms of an agreement (the **Sub-Custody Agreement**) between the Sub-Custodian and the Custodian and/or such other persons as shall be specified in the Final Terms.

The obligations of the Issuer in relation to the Bonds and all other Series of bonds, certificates or warrants the trustee of which is the same as the Trustee of the Bonds of this Series (together with the Bonds of this Series, each a **Related Trustee Series**) will also be secured pursuant to a Deed of Charge (as amended or supplemented from time to time, the **Deed of Floating Charge**) dated 12 January, 2007 between the Issuer and Deutsche Trustee Company Limited (for itself and the benefit of all Bondholders, all Swap Counterparties for each Related Trustee Series and all Option Counterparties for each Related Trustee Series) over the whole of its undertaking and assets to the extent that (i) such undertaking and assets are not subject to any other security created by the Issuer in relation to any Related Trustee Series or any security created by or pursuant to any other issue of securities by the Issuer, and (ii) such undertaking and assets are not allocated to a compartment (within the meaning of the Securitisation Act 2004) which has been set up by the Issuer in connection with a Series or any other issue of securities by the Issuer. The principal purpose of the aforementioned security is to ensure that the Trustee has security over substantially the whole of the assets of the Issuer, so allowing the Trustee to appoint an administrative receiver (as defined in Section 29 of the Insolvency Act 1986) relying on the capital markets exception (in section 72B of the Insolvency Act 1986) to the general prohibition on appointing administrative receivers. The Trustee is entitled to enforce the security created by the Deed of Floating Charge only if any person who is entitled to do so presents an application for the appointment of an administrator of the Issuer, a notice of intention to appoint an administrator of the Issuer is received by the Trustee or documents are filed with the court or registrar for the administration of the Issuer (whether out of court or otherwise) and the security in respect of all Series of Bonds then outstanding constituted by the relevant Trust Instrument and/or Additional Security Documents has become enforceable. The obligations of the Issuer are, however, limited in recourse as provided in Condition 13, and accordingly, even if the security created by the Deed of Floating Charge may become enforceable, the amounts due to the Bondholders (in respect of any Series of bonds, certificates or warrants) and any Swap Counterparty and any Option Counterparty will not be increased as a result thereof and shall be limited to the net proceeds of realisation of the Mortgaged Property in relation to the Series of Bonds and subject to the provisions of Condition 8 as to application of such net proceeds and to the provisions of Condition 13.

The Trust Instrument provides that the Trustee shall not be bound or concerned to make any investigation into, or be responsible for:

- (a) the creditworthiness of the Collateral or any obligor or guarantor in respect of the Collateral or of any Swap Counterparty, Option Counterparty, Repurchase Counterparty, Credit Support Provider or other person which is a party to any other agreement or document constituting or evidencing any of the Collateral or the Mortgaged Property; or
- (b) the validity or enforceability of the obligations of any such person as is referred to in subparagraph (a) above or of the security constituted by or pursuant to the Trust Instrument; or
- (c) whether the cashflows relating to the Collateral and/or the Mortgaged Property and the Bonds are matched.

None of the Issuer, the Purchaser, the Swap Counterparty, the Option Counterparty, the Custodian, any Sub-Custodian or the Trustee will have any responsibility for the performance by any clearing system (or its participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations. None of the Trustee, the Swap Counterparty or the Option Counterparty will have any responsibility for the performance by the Custodian of its obligations under the Agency Agreement or for the performance by any Sub-Custodian of its obligations under the relevant Sub-Custody Agreement.

8.5 Application of Proceeds of Enforcement of Mortgaged Property

The Trustee shall (subject to the provisions of the Trust Instrument) apply all moneys received by it under the provisions of the Trust Instrument and any Additional Security Document in connection with the realisation or enforcement of the security constituted by or pursuant to the Trust Instrument and any Additional Security Document in accordance with Swap Counterparty Priority.

Swap Counterparty Priority means that the Trustee shall apply such moneys received by it:

- (a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee, any appointee thereof, or any receiver under or pursuant to the Trust Instrument and/or any Additional Security Document (which for the purpose of this Condition 8.5 and the Trust Instrument shall include any taxes required to be paid, the costs of realising any security and the Trustee's remuneration);
- (b) secondly, *pro rata* in payment of any amounts owing to each Swap Counterparty, Option Counterparty or Repurchase Counterparty under a Swap, Option or Repurchase Agreement, as applicable, (which for the purpose of this Condition 8.5 and the Trust Instrument shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Swap Counterparty, Option Counterparty or Repurchase Counterparty relating to sums receivable on or in respect of the Collateral);
- (c) thirdly, *pro rata* in payment of any amounts owing to the holders of Bonds, Coupons and Receipts (which for the purpose of this Condition 8.5 and the Trust Instrument shall include any amount owing to the Agents for reimbursement in respect of payment of principal and interest made to holders of Bonds, Coupons and Receipts); and
- (d) fourthly, in payment of the balance (if any) to the Issuer.

By subscribing to or otherwise acquiring the Bonds, each Bondholder expressly consents to the provisions of this Condition 8.5 and the limitation of their rights in accordance with article 64 of the Securitisation Act 2004 and are deemed to have accepted such provisions and the consequences thereof.

8.6 Replacement and/or Substitution of Collateral

- (a) If it is specified in the Final Terms that this Condition 8.6(a) applies to the Bonds, and the security for the Bonds is as described in Condition 8.3(a) or (b), the Issuer may from time to time, in accordance with article 16 of its articles of association, and subject to and in accordance with the provisions of the Trust Instrument, by notice in writing to the Swap Counterparty, the Option Counterparty, the Trustee, the Repurchase Counterparty (if there is a Repurchase Agreement), the Issuing and Paying Agent (in the case of Bearer Bonds), the Registrar (in the case of Registered Bonds), the Custodian, the Sub-Custodian and, in accordance with Condition 17, the Bondholders (a **Replacement Notice**) in, or substantially in, the form set out in the Agency Agreement, require that any securities or other assets for the time being comprising all or part of the Collateral (but excluding any Collateral which has been transferred to the Repurchase Counterparty pursuant to an exercise of the Purchase Option (as defined in Condition 9.3)) (hereinafter referred to as the **Replaced Collateral**) be replaced by Eligible Securities (**Replacement Collateral**) provided however that:-
 - (i) upon any release of the Replaced Collateral from the security created by or pursuant to the Trust Instrument and/or any Additional Security Document, any such Replacement Collateral being substituted for the Replaced Collateral has been delivered, transferred or assigned to the Issuer on the same terms (*mutatis mutandis*) as the Replaced Collateral and is

subject to the charge or other security interest created by or pursuant to the Trust Instrument and/or any Additional Security Document;

- (ii) in respect of rated Bonds either (A) the Replacement Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (B) the Issuer shall have received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Bonds will not be adversely affected by such replacement; and
- (iii) such other conditions as may be specified in the Final Terms are satisfied.

If the Issuer has so agreed with the Swap Counterparty and the Option Counterparty, the Swap Counterparty shall deliver the Replacement Collateral to the Issuer in exchange for the Replaced Collateral.

The Trustee shall not be liable to the Issuer, the Swap Counterparty, the Option Counterparty, the Bondholders or any other person for any loss arising from any arrangement referred to in the Replacement Notice or otherwise from the operation of this Condition 8.6.

The Trust Instrument provides that, in connection with any such replacement of Collateral relating to Bonds the security for which is as described in Condition 8.3(a) or (b), the Trustee shall receive a certificate from the Issuer (or the Swap Counterparty acting on its behalf) describing such replacement and confirming that sub-paragraphs (i), (ii) and (iii) above have been complied with, and that it may rely absolutely upon such certificate for all purposes and need make no enquiry of any nature. By subscription for, or acquisition of, any Bond, each Bondholder accepts and is bound by this provision.

If it is specified in the Final Terms that this Condition 8.6(a) applies to the Bonds, and the security for the Bonds is as described in Condition 8.3(c), the Swap Agreement provides that the Swap Counterparty may from time to time, at its own cost, by notice in writing in, or substantially in, the form set out in the Agency Agreement to the Issuer, the Trustee, the Issuing and Paying Agent (in the case of Bearer Bonds), the Registrar (in the case of Registered Bonds), the Custodian, the Sub-Custodian, the Option Counterparty and, in accordance with Condition 17, the Bondholders require that there be a replacement. Any such notice shall specify the Eligible Securities comprising the Replacement Collateral and the date as from which such replacement takes effect. For the avoidance of doubt, the Replacement Collateral will as from such date be deemed to have been transferred by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex free and clear of any liens, claims, charges or encumbrances or any other interest of any third party and on terms that, with effect from such date, the Swap Counterparty will pay to the Issuer amounts equal to all Distributions received on the Replacement Collateral.

Notwithstanding the foregoing, a replacement of Collateral by the Swap Counterparty may only be made if in respect of rated Bonds either (x) the Replacement Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (y) the Issuer shall have received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Bonds will not be adversely affected by such replacement.

As used in this Condition 8.6, **Eligible Securities** means securities or other assets of the type or types, and in the amount or amounts, specified for this purpose in the Final Terms.

The Trust Instrument provides that the Trustee shall not be liable to the Issuer, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty, any Bondholder or any other person, for any loss arising from any arrangement referred to in any Replacement Notice or otherwise from the operation of Condition 8.6(a).

- (b) (i) If securities and/or other assets which comprise all or part of the Collateral have a maturity date which falls prior to the maturity date or other date for final redemption of the Bonds (**Maturing Collateral**) and it is provided in the Final Terms that this Condition 8.6(b) applies to the Bonds and the security for the Bonds is as described in Condition 8.3(a) or (b), the proceeds of redemption received upon maturity of such Maturing Collateral shall be applied by the Custodian on behalf of the Issuer:-
- (A) in the purchase of Eligible Securities (**Substitute Collateral**); and/or
- (B) by crediting such proceeds of redemption to an interest bearing account in the name of the Custodian (the **Deposit Account**) opened by the Custodian with a bank or other financial institution (which shall be the Custodian unless otherwise specified in the Final Terms) on terms that the funds standing to the credit of such Deposit Account shall earn the rate or rates of interest (which may be a floating rate or rates) specified in the Final Terms or, if no rate is so specified, such rate or rates as may be determined from time to time by the bank or other financial institution with which the Deposit Account is opened. The Custodian may, if so directed, from time to time apply the funds standing to the credit of the Deposit Account in the purchase of Eligible Securities, in which case such purchase, and the Eligible Securities so purchased, will be deemed to be Substitute Collateral, for the purposes of this Condition 8.6(b)(i). Subject to any such application by the Custodian, the Issuer and the Custodian will procure that funds credited to the Deposit Account from time to time (including capitalised interest) shall be debited from the Deposit Account on or before the Maturity Date or other date for redemption of the Bonds to be applied by the Issuer in connection with such redemption, as specified in the Trust Instrument. The Custodian may at any time vary any such investments for or into other investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.

Not later than the date of each substitution of Collateral pursuant to this Condition 8.6(b)(i), the Issuer shall give a notice to the Swap Counterparty, the Option Counterparty, the Trustee, Standard & Poor's and/or Moody's (if the Bonds are rated by Standard & Poor's and/or Moody's as the case may be), the Repurchase Counterparty (if there is a Repurchase Agreement), the Issuing and Paying Agent (in the case of Bearer Bonds), the Registrar (in the case of Registered Bonds), the Custodian, the Sub-Custodian and, in accordance with Condition 17, the Bondholders (a **Substitution Notice**) in, or substantially in, the form set out in the Agency Agreement, specifying, among other things, the details of any Substitute Collateral and the date on which it is to be purchased. A Substitution Notice, once given by the Issuer, shall be conclusive and binding on such persons so notified by the Issuer.

Notwithstanding the foregoing, a substitution of Collateral may only be made if:

- I. the Substitute Collateral has been delivered, transferred or assigned to the Issuer on the same terms (*mutatis mutandis*) as the Maturing Collateral and is subject to the charge or other security interest created by or pursuant to the Trust Instrument and/or any Additional Security Document;
- II. in respect of rated Bonds, Standard & Poor's and/or Moody's, as the case may be, are notified of such substitution or the crediting of funds to the Deposit Account, as the case may be, and (if applicable) either (1) the Substitute Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (2) the Issuer has received written confirmation from Standard & Poor's

and/or Moody's, as the case may be that their respective current rating(s) of the Bonds will not be adversely affected by such substitution; and

III. such other conditions as may be specified in the Final Terms are satisfied.

All determinations of the availability of Substitute Collateral, and all determinations and calculations of the purchase price and applicable date for purchase thereof shall be made by the Swap Counterparty in accordance with the Trust Instrument and all such determinations and calculations shall be binding on the Issuer, the Trustee, the Option Counterparty, the Bondholders and all other persons. The Trustee shall not be liable to the Issuer, the Option Counterparty, the Bondholders or any other person nor shall the Issuer be liable to the Trustee, the Option Counterparty or any Bondholder for any loss arising from any arrangement referred to in any Substitution Notice or for the purchase price of the Substitute Collateral or otherwise from the operation of this Condition 8.6(b)(i).

The Trust Instrument provides that, in connection with any Substitution, the Trustee shall receive a certificate from the Issuer (or the Swap Counterparty acting on its behalf) describing the Substitution and confirming that sub-paragraphs (I), (II) and (III) above have been complied with, and it may rely absolutely upon such certificate for all purposes and need make no enquiry of any nature. By subscription for, or acquisition of, any Bond, each Bondholder accepts and is bound by this provision.

- (ii) If there is Maturing Collateral and it is provided in the Final Terms that this Condition 8.6(b) applies to the Bonds and the security for the Bonds is as described in Condition 8.3(c), the Swap Agreement provides that the Swap Counterparty shall on the maturity date of the Maturing Collateral, subject to payment in full of all principal, interest and other sums falling due on such date in respect of the Maturing Collateral, substitute the Maturing Collateral with Eligible Securities. The Swap Counterparty shall give notice in writing in, or substantially in, the form set out in the Agency Agreement to the Issuer, the Trustee, Standard & Poor's and/or Moody's (if the Bonds are rated by Standard & Poor's and/or Moody's, as the case may be), the Issuing and Paying Agent (in the case of Bearer Bonds), the Registrar (in the case of Registered Bonds), the Custodian, the Sub-Custodian, the Option Counterparty and, in accordance with Condition 17, the Bondholders no later than the date on which such substitution takes place. Such Eligible Securities will as from the date of such substitution be deemed to have been transferred by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex free and clear of any liens, claims, charges or encumbrances or any other interest of any third party and on terms that, with effect from such date, the Swap Counterparty will pay to the Issuer amounts equal to all Distributions received on such Eligible Securities.

Notwithstanding the foregoing, a Substitution by the Swap Counterparty may only be made if in respect of rated Bonds either (A) the Substitute Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (B) the Issuer shall have received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Bonds will not be adversely affected by the Substitution.

The Trust Instrument provides that the Trustee shall not be liable to the Issuer, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty, any Bondholder or any other person, nor shall the Issuer be liable to the Trustee, any Bondholder, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty or any other person for any loss arising from any arrangement referred to in any Substitution Notice or otherwise from the operation of Condition 8.6(b).

- (c) All rights of Replacement and/or Substitution under Condition 8.6 shall cease forthwith upon the security constituted by the Trust Instrument becoming enforceable whether in whole or in part.

In the case of a Replacement and/or Substitution in accordance with this Condition 8.6, a supplement to the relevant prospectus prepared in respect of the listing of the Bonds will, in the case of any Series of Bonds listed on the Luxembourg Stock Exchange (and for so long as the rules of the Luxembourg Stock Exchange so require), be lodged with the Luxembourg Stock Exchange.

8.7 Purchase of Collateral maturing after the Maturity Date

If any securities forming all or part of the Collateral have a maturity date falling after the Maturity Date of the Bonds, the Issuer may agree to sell such Collateral to the Swap Counterparty for value on the Maturity Date at a price equal to the principal amount thereof.

8.8 Realisation of the Mortgaged Property relating to the Bonds

(a) Realisation of Security

In the event of the security constituted by or created pursuant to the Trust Instrument over the Mortgaged Property becoming enforceable, the Trustee may at its discretion and shall:

- (i) if requested in writing by the holders of at least one-fifth in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Instrument); or
- (ii) if directed by an Extraordinary Resolution (as defined in the Trust Instrument) of the Bondholders; or
- (iii) if directed in writing by the Swap Counterparty (if the Swap Agreement has terminated in accordance with its terms prior to the Swap Agreement Termination Date or, on or after the Swap Agreement Termination Date, if sums remain owing to the Swap Counterparty under the Swap Agreement) (save for any such termination resulting from a default by the Swap Counterparty); or
- (iv) if directed in writing by the Option Counterparty (if the Option Agreement has terminated in accordance with its terms prior to the Option Agreement Termination Date or, on or after the Option Agreement Termination Date, if sums remain owing to the Option Counterparty under the Option Agreement) (save for any such termination resulting from a default by the Option Counterparty),

do one or more of the following:

- (A) (where Condition 8.3(a) or (b) applies) instruct the Selling Agent to endeavour to sell or otherwise realise the Collateral in accordance with Condition 8.8(b) and the provisions of the Agency Agreement;
- (B) (where Condition 8.3(a) or (b) applies) take other steps to realise all or some of the Collateral;
- (C) terminate and/or enforce and/or realise any Purchase Agent, Credit Support Document, Swap Agreement, Option Agreement, Repurchase Agreement or other agreement entered into by the Issuer, the rights of the Issuer in respect of which form part of the Mortgaged Property;

- (D) otherwise enforce the security constituted by or pursuant to the Trust Instrument and/or any Additional Security Document,

in each case without any liability as to the consequences of such action and without having regard to the effect of such action on individual Bondholders or Couponholders and provided that the Trustee shall not be required to take any action without first being indemnified and/or secured to its satisfaction or to do anything which is or may be contrary to any applicable law. Any request or direction given by the person or persons ranking in priority immediately after the Trustee under Condition 8.5 (the **Entitled Beneficiary**) will have priority over any conflicting direction given under this Condition 8.8(a) and, in the absence of any such request or direction, the Trustee may at its discretion decline to act on any request or direction given by any other person.

- (b) If the Selling Agent is instructed by the Trustee in accordance with Condition 8.8(a) to endeavour to sell or otherwise realise the Collateral the Selling Agent shall, on behalf of and as the agent of the Trustee pursuant to, and in accordance with, the provisions of the Agency Agreement, use all reasonable endeavours to sell or otherwise realise the Collateral as soon as reasonably practicable on or after the date on which it receives such instruction at its best execution price less any commissions or expenses charged by the Selling Agent and specified for this purpose in the Trust Instrument.

If, however, the Selling Agent determines that there is no available market for the Collateral, or if the Selling Agent otherwise determines that it is impossible to sell or otherwise realise the Collateral or any part of it, the Selling Agent will promptly notify the Issuer, the Trustee, the Option Counterparty and the Swap Counterparty of such lack of availability or impossibility and the Selling Agent shall not be required to effect the sale or other realisation of the Collateral or any further part of it. Any such determination by the Selling Agent shall be in its sole and absolute discretion and shall be binding on the Issuer, the Trustee, the Swap Counterparty, the Option Counterparty, the Bondholders and the Couponholders. In the event that the Selling Agent makes such determination the Trustee at its discretion may, and shall if so requested or directed in accordance with Condition 8.8(a) (but subject in each case to its being indemnified and/or secured in accordance with such Condition) realise all or part of the Collateral by other means.

In order to obtain its best execution price for the above purposes, the Selling Agent shall be required to take reasonable care to ascertain the price which is the best available for the sale or other realisation of the Collateral at the time of the sale or other realisation for transactions of the kind and size concerned and, unless circumstances require the Selling Agent to do otherwise in the interests of the Bondholders and the Couponholders, to deal at a price which is not less advantageous to the Bondholders and Couponholders.

The Trustee shall have no responsibility or liability for the performance by the Selling Agent of its duties under this Condition 8.8(b) or for the price at which any of the Collateral may be sold or otherwise realised.

8.9 Shortfall after application of proceeds

If the net proceeds of the realisation of the security created pursuant to the Trust Instrument and/or any Additional Security Document (the **Net Proceeds**) are not sufficient to make all payments due in respect of the Bonds, the Coupons and the Receipts and for the Issuer to meet its obligations, if any, in respect of the termination of the Swap Agreement (or a part of it) and/or the Option Agreement (or a part of it) and/or any other obligations secured thereby, then the obligations of the Issuer in respect of the Bonds and the Swap Agreement and/or the Option Agreement and/or any such other obligations will be limited to such net proceeds. The other assets of the Issuer (including, in the case of a mandatory partial redemption where Condition 8.3(a) or (b) applies, the Collateral other than the Repayable Assets (as defined in Condition 6.2), which will remain available to those holders whose Bonds have not been redeemed), will not be available for payment of any Shortfall (as defined

below) arising therefrom. Any Shortfall shall be borne by the Bondholders and Couponholders, the Swap Counterparty, the Option Counterparty and any other persons entitled to the benefit of such security according to the priorities specified in the Trust Instrument.

The Issuer will not be obliged to make any further payment in excess of the Net Proceeds and any right to receive any further sum in each case in respect of any Shortfall remaining after realisation of the security under Condition 8.8 and application of the proceeds in accordance with the Trust Instrument shall be extinguished and neither the Trustee nor any Swap Counterparty nor any Option Counterparty nor any Bondholder or Couponholder nor any other person entitled to the benefit of such security (nor any person acting on behalf of any of them) may take any further action to recover such Shortfall. In particular, no such party will be able to petition for the winding-up of the Issuer. Failure to make any payment in respect of any Shortfall shall in no circumstances constitute an Event of Default under Condition 12.

Where Condition 8.3(a) or (b) applies, the realisation of some only of the Collateral where there is a shortfall will not extinguish any claims in respect of the remaining Collateral.

In this Condition **Shortfall** means the amount, if any, by which the amount of the Net Proceeds is less than the payments which would but for this Condition 8.9 have been due under the Bonds and the Swap Agreement and the Option Agreement and/or to any other person entitled to the benefit of the security created pursuant to the Trust Instrument and/or the Additional Security Document.

8.10 Issuer's rights as holder of Collateral

The Issuer may exercise any rights in its capacity as holder of the Collateral only with the prior written consent of the Trustee (which consent may be given by the Trustee in its absolute discretion) or as directed by an Extraordinary Resolution of the Bondholders and, if such consent or direction is given, the Issuer will act only in accordance with such consent or direction. In particular, the Issuer will not attend or vote at any meeting of holders of the Collateral, or give any consent or notification or make any declaration in relation to the Collateral, unless the Trustee shall give its prior written consent (which consent may be given by the Trustee in its absolute discretion) or by direction of any Extraordinary Resolution of the Bondholders.

9. SWAP AGREEMENT; OPTION AGREEMENT; REPURCHASE AGREEMENT

9.1 Swap Agreement

The Swap Agreement will terminate on the date specified in the Swap Agreement (the **Swap Agreement Termination Date**), unless terminated earlier in accordance with its terms. Unless otherwise specified in the Final Terms, (i) the Swap Agreement will terminate in full if all the Bonds are redeemed prior to their Maturity Date pursuant to any provision of Condition 6 or upon the occurrence of an Event of Default; and (ii) the Swap Agreement will terminate in part (on a *pro rata* basis in a proportion of its principal amount equal to the proportion that the principal amount of the relevant Bonds being redeemed bears to the aggregate principal amount of the Bonds of the relevant Series immediately prior to such redemption) if some of the Bonds are redeemed or the Bonds are redeemed in part prior to their Maturity Date pursuant to any provision of Condition 6. In the event of an early termination of the Swap Agreement, either party to the Swap Agreement may be liable to make a termination payment to the other party in an amount determined in accordance with the provisions of the Swap Agreement. In the event of an early termination of the Swap Agreement as a result of the redemption of the Bonds pursuant to Condition 6.2, any obligation of the Issuer at any time to deliver the Collateral to the Swap Counterparty shall for the purposes of the calculation of such termination payment be deemed to be replaced by an obligation of the Issuer to pay to the Swap Counterparty a sum equal to the nominal amount of such Collateral.

Neither the Issuer nor the Swap Counterparty is obliged under the Swap Agreement to gross up payments to be made by it to the other if withholding taxes are imposed on such payments, but the Swap Agreement is terminable in such event. If the Issuer, on the occasion of the next payment due under the Swap Agreement, would be required by law to withhold or account for tax such that it would be rendered unable to make payment of the full amount due or would be required to account for tax or would suffer tax on its income in respect of the amount paid to it, the Issuer shall so inform the Trustee in writing, and shall use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal obligor in accordance with Condition 14.4 or to use all reasonable endeavours (subject to obtaining the prior written consent of the Trustee) to transfer its residence for tax purposes to another jurisdiction (subject to, in the case of rated Bonds, Standard & Poor's and/or Moody's, as the case may be, having confirmed in writing that their respective current rating(s) of such Bonds will not be adversely affected by such substitution or, as the case may be, transfer).

If so specified in the Swap Agreement, in respect of rated Bonds, if the long-term debt rating of the Swap Counterparty is or may be downgraded with the result that the current rating(s) of the Bonds by Standard & Poor's and/or Moody's, as the case may be, is or may be adversely affected, the Swap Counterparty will be required to transfer its rights and obligations under the Swap Agreement to another entity or to obtain a guarantee from another entity or to take such other action as may be specified in the Swap Agreement, subject as provided in this Condition 9.1.

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

- (a) the Trustee being satisfied that such rights and obligations have been effectively transferred to and/or guaranteed by, as the case may be, the transferee and/or guarantor selected by the Swap Counterparty and that all the Issuer's right, title, benefit and interest in, to, under and in respect of the Swap Agreement following any such transfer and/or guarantee in respect of the obligations of the Swap Counterparty (or, as the case may be, any transferee to whom the obligations of the Swap Counterparty are transferred), are effectively secured in favour of the Trustee for the benefit of the Bondholders and Couponholders, in each case in form and substance reasonably satisfactory to the Trustee;
- (b) in respect of rated Bonds, the Trustee having received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Bonds will not be adversely affected by any transfer and/or guarantee as is referred to above; and
- (c) the Swap Counterparty having indemnified the Issuer and the Trustee against any stamp or other documentary charges and all expenses (if any) incurred by the Issuer and/or the Trustee in connection with such transfer.

To the extent that the Swap Counterparty fails to make payments due to the Issuer under the Swap Agreement, the Issuer will be unable to meet its obligations in respect of the Bonds and Coupons. In such event, the Swap Agreement will be terminated and the Bonds will become repayable in accordance with Condition 6.3. Upon enforcement in respect of the Mortgaged Property, the net proceeds thereof may be less than the claims of the Swap Counterparty, the Option Counterparty, the Bondholders and Couponholders and the other persons entitled to the benefit of such security.

9.2 Option Agreement

The Option Agreement will terminate on the date specified in the Option Agreement (the **Option Agreement Termination Date**), unless terminated earlier in accordance with its terms. Unless

otherwise specified in the Final Terms, (i) the Option Agreement will terminate in full if all the Bonds are redeemed prior to their Maturity Date pursuant to any provision of Condition 6 or upon the occurrence of an Event of Default; and (ii) the Option Agreement will terminate in part (on a *pro rata* basis in a proportion of its principal amount equal to the proportion that the principal amount of the relevant Bonds being redeemed bears to the aggregate principal amount of the Bonds of the relevant Series immediately prior to such redemption) if some of the Bonds are redeemed or the Bonds are redeemed in part prior to their Maturity Date pursuant to any provision of Condition 6. In the event of an early termination of the Option Agreement, either party to the Option Agreement may be liable to make a termination payment to the other party in an amount determined in accordance with the provisions of the Option Agreement.

Neither the Issuer nor the Option Counterparty is obliged under the Option Agreement to gross up payments to be made by it to the other if withholding taxes are imposed on such payments, but the Option Agreement is terminable in such event.

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

- (a) the Trustee being satisfied that such rights and obligations have been effectively transferred to and/or guaranteed by, as the case may be, the transferee and/or guarantor selected by the Option Counterparty and that all the Issuer's right, title, benefit and interest in, to, under and in respect of the Option Agreement following any such transfer and/or guarantee in respect of the obligations of the Option Counterparty (or, as the case may be, any transferee to whom the obligations of the Option Counterparty are transferred), are effectively secured in favour of the Trustee for the benefit of the Bondholders and Couponholders, in each case in form and substance reasonably satisfactory to the Trustee;
- (b) in respect of rated Bonds, the Trustee having received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Bonds will not be adversely affected by any transfer and/or guarantee as is referred to above; and
- (c) the Option Counterparty having indemnified the Issuer and the Trustee against any stamp or other documentary charges and all expenses (if any) incurred by the Issuer and/or the Trustee in connection with such transfer.

To the extent that the Option Counterparty fails to meet its obligations to the Issuer under the Option Agreement, the Issuer will be unable to meet its obligations in respect of the Bonds. In such event, the Option Agreement will be terminated and the Bonds will become repayable in accordance with Condition 6.3. Upon enforcement in respect of the Mortgaged Property, the net proceeds thereof may be less than the claims of the Swap Counterparty, the Option Counterparty, the Bondholders and Couponholders and the other persons entitled to the benefit of such security.

9.3 Repurchase Agreement

- (a) If it is stated in the Final Terms that the Issuer has entered into the Repurchase Agreement, the Repurchase Counterparty may, subject to the provisions thereof, at any time and from time to time prior to the Maturity Date (and provided that the Bonds have not fallen due and repayable prior to the Maturity Date), by giving written notice to the Issuer, the Trustee and the Custodian (a **Purchase Notice**), request the Issuer (the **Purchase Option**) to transfer any amount of the assets comprised in the Collateral (the **Purchased Collateral**) on terms that full legal and beneficial ownership of such Purchased Collateral shall vest in the Repurchase Counterparty on the date specified in the Purchase Notice (the **Delivery Date**) free and clear of all charges, liens and encumbrances created by the Trust

Instrument with respect thereto or otherwise by the Issuer and together with the benefit of all the Issuer's rights and entitlements thereto and therein subsisting at the time the Purchase Option is exercised against payment to the Issuer of the purchase price (the **Purchase Price**) (if any) specified in, or determined in accordance with the provisions of, the Final Terms and on terms that the Repurchase Counterparty shall be obliged to deliver the Purchased Collateral or Fungible Collateral to the Issuer on the date specified in the relevant Purchase Notice or, if no date is so specified, on the date specified in the absolute discretion of the Repurchase Counterparty (each, a **Redelivery Date**) against payment of the repurchase price (the **Repurchase Price**) (if any) specified in, or determined in accordance with the provisions of, the Final Terms and that until the Purchased Collateral or Fungible Collateral is so delivered, all payments of principal, interest or other sums in respect of the Purchased Collateral will be made to the Repurchase Counterparty (each, a **Purchase Transaction**). Unless otherwise provided in the Final Terms, the Repurchase Price may not exceed the amount for the time being standing to the credit of the Repurchase Account (as defined below).

Notwithstanding the foregoing, the Issuer may enter into a Repurchase Agreement only if, in the case of Bonds which are rated by Standard & Poor's and/or Moody's, as the case may be, the Trustee shall have received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that (i) their respective current rating(s) of the Bonds will not be adversely affected by the Issuer entering into the Repurchase Agreement and (ii) the Repurchase Agreement satisfies such conditions as Standard & Poor's and/or Moody's, as the case may be, may have specified as a condition of such rating(s).

Fungible Collateral means an amount of debt or equity securities equivalent to the Purchased Collateral the subject of the relevant Purchase Transaction (provided that, if and to the extent that such Purchased Collateral has been redeemed, such expression shall mean a sum of money equivalent to (and in the same currency as) the proceeds of such redemption) and debt or equity securities are "equivalent to" Purchased Collateral if they (i) are of the same issuer or obligor (ii) are part of the same issue, series or class, (iii) are of an identical type, nominal value and description and amount as the Purchased Collateral and (iv) have the same terms and conditions and rank in all respects *pari passu* and equally with the Purchased Collateral.

Under the Repurchase Agreement, the Repurchase Counterparty in respect of a Purchase Transaction will be required to make payments to the Issuer equal to each payment of principal, interest, dividends or other distributions made by an obligor of the relevant Purchased Collateral (each an **Income Payment**) on the date on which such payments under such Purchased Collateral are made by the obligor of such Purchased Collateral.

Unless otherwise specified in the Final Terms, if the Issuer agrees to the terms of a Purchase Notice, the Issuer will be deemed to be authorised by the Trustee (and by all other persons entitled to the benefit of the security created by or pursuant to the Trust Instrument) to release from the security created by or pursuant to the Trust Instrument the Collateral which is the subject of the Purchase Transaction. If any Purchased Collateral or Fungible Collateral is redelivered to the Issuer pursuant to the Repurchase Agreement, the right of the Issuer to receive payments from the Repurchase Counterparty equal to the Income Payments made on or in respect of such Purchased Collateral or Fungible Collateral shall terminate and, upon redelivery of such Purchased Collateral or Fungible Collateral, such Purchased Collateral or Fungible Collateral shall be subject to the security constituted by or created pursuant to the Trust Instrument.

Any amount of Purchase Price paid by the Repurchase Counterparty to the Issuer pursuant to the Repurchase Agreement shall be credited to an interest bearing account in the name of the Custodian (the **Repurchase Account**) opened by the Custodian with a bank or other financial institution (which shall be the Custodian unless otherwise specified in the Final Terms) specified in the Trust Instrument on terms that the funds standing to the credit of the Repurchase Account shall earn the rate or rates of interest (which may be a floating rate) specified in the Trust Instrument. Funds

credited to the Repurchase Account from time to time (including capitalised interest) shall be debited from the Repurchase Account on each Repurchase Date to be applied in payment of the Repurchase Price then due or as otherwise provided in the Trust Instrument.

To the extent that the Repurchase Counterparty fails to make payments due to the Issuer under the Repurchase Agreement, or to deliver Purchased Collateral or Fungible Collateral to the Issuer when required under the Repurchase Agreement, the Issuer will be unable to meet its obligations in respect of the Bonds, Receipts and Coupons. In such event, the Repurchase Agreement will be terminated and the Bonds will become repayable in accordance with Condition 6.3. Upon enforcement in respect of the Mortgaged Property, the net proceeds thereof may be less than the claims of the Swap Counterparty, the Option Counterparty, the Bondholders and Couponholders and the other persons entitled to the benefit of such security.

The Trustee shall not be liable to the Issuer, the Bondholders, the Swap Counterparty, the Option Counterparty or any other person for any loss arising from the exercise of any Purchase Option, any Purchase Transaction or any release of Mortgaged Property in connection therewith.

- (b) If it is specified in the Final Terms that Condition 8.6(a) applies to the Bonds, and the security for the Bonds is as described in Condition 8.3(a) or (b), and unless otherwise specified in the Trust Instrument, the Repurchase Counterparty may, at its cost and subject to and in accordance with the provisions of the Trust Instrument, deliver a Replacement Notice to the Issuer, the Trustee, the Custodian, the Option Counterparty and the Swap Counterparty (if any) in, or substantially in, the form set out in the Agency Agreement, requesting authorisation from the Issuer that any securities or other assets for the time being comprising all or part of the Purchased Collateral (hereinafter referred to as the **Replaced Purchased Collateral**) be replaced (a **Replacement**) by other securities or assets of a type or types (or combination thereof), having the features specified in respect of Replacement Collateral in the Trust Instrument (**Replacement Purchased Collateral**) and on terms that such other conditions as may be specified in the Trust Instrument in respect of a Replacement (as defined therein) are satisfied. Any Replacement in respect of rated Bonds is further conditional on either (i) the Replacement Purchased Collateral being comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (ii) the Issuer having received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current ratings(s) of the Bonds will not be adversely affected by the Replacement. Subject to the Issuer authorising the Replacement (and subject as provided in respect of rated Bonds), any such Replacement Purchased Collateral shall (to the extent delivered by the Repurchase Counterparty to the Issuer when required under the Repurchase Agreement) constitute Replacement Purchased Collateral.

Upon receipt of a Replacement Notice (and subject as provided in respect of rated Bonds), if the Issuer has determined (acting in its sole and absolute discretion) that it will authorise the Replacement, the Issuer shall forthwith notify the Trustee, the Swap Counterparty, the Option Counterparty, the Issuing and Paying Agent (in the case of Bearer Bonds), the Registrar (in the case of Registered Bonds), the Custodian, the Calculation Agent and, in accordance with Condition 17, the Bondholders of the Replacement.

The Trustee shall not be liable to the Issuer, the Bondholders, the Swap Counterparty, the Option Counterparty or any other person and the Issuer shall not be liable to the Trustee, the Bondholders, the Swap Counterparty, the Option Counterparty or any other person for any loss arising from any arrangement referred to in the Replacement Notice or otherwise from the operation thereof.

- (c) If it is specified in the Final Terms that Condition 8.6(b) applies to the Bonds, and the security for the Bonds is as described in Condition 8.3(a) or (b), and securities and/or other assets which comprise all or part of the Purchased Collateral have a maturity date which falls prior to the maturity date or other date for final redemption of the Bonds (**Maturing Purchased Collateral**), then unless provided otherwise in the Trust Instrument, the proceeds of redemption received upon maturity of

such Maturing Purchased Collateral may, upon request to the Issuer and if such request is authorised, be applied by the Repurchase Counterparty:

- (i) in the purchase of further securities and/or other assets of a type or types (or combination thereof) identified by the Repurchase Counterparty and having the features (if any) specified in respect of Substitute Collateral in the Trust Instrument (or, if no features are so specified, having such features as the Repurchase Counterparty shall in its sole and absolute discretion determine), but subject as provided below in respect of rated Bonds (**Substitute Purchased Collateral** and each such purchase a **Substitution**). Any such Substitute Purchased Collateral so specified shall (to the extent delivered by the Repurchase Counterparty to the Issuer when required under the Repurchase Agreement) constitute Substitute Purchased Collateral for the purposes of the Final Terms of the Bonds; and/or
- (ii) by crediting such proceeds of redemption to an interest bearing account in the name of the Repurchase Counterparty (the **Repurchase Counterparty Deposit Account**) opened by the Repurchase Counterparty with a bank or other financial institution selected by the Repurchase Counterparty in respect of the proceeds of redemption of Substitute Purchased Collateral. Subject to any contrary provision in the Final Terms of the relevant Bonds or in the relevant Purchase Notice, the Repurchase Counterparty will procure that funds credited to the Repurchase Counterparty Deposit Account from time to time (including capitalised interest) shall be debited from the Repurchase Counterparty Deposit Account on the Maturity Date or other date for redemption of the Bonds and paid to the Issuer for application by the Issuer in connection with such redemption.

Not later than the date of each Substitution, the Repurchase Counterparty shall give a notice to the Issuer, the Trustee, the Option Counterparty and the Swap Counterparty (if any) (a **Substitution Notice**) in, or substantially in, the form set out in the Agency Agreement, requesting authorisation from the Issuer and specifying, among other things, the details of any proposed Substitute Purchased Collateral and the date on which it is proposed to be purchased. Upon receipt of a Substitution Notice and subject as provided in respect of rated Bonds, if the Issuer has determined (acting in its sole and absolute discretion) to authorise the Substitution, the Issuer shall forthwith notify the Trustee, the Swap Counterparty, the Option Counterparty, the Issuing and Paying Agent (in the case of Bearer Bonds), the Registrar (in the case of Registered Bonds), the Custodian, the Calculation Agent and, in accordance with Condition 17, the Bondholders of such Substitution.

Notwithstanding the foregoing, a Substitution may only be made if such conditions as are specified in the Trust Instrument in respect of a Substitution (as defined herein) are satisfied and if, in respect of rated Bonds, Standard & Poor's and/or Moody's are notified of the Substitution or the crediting of funds to the Repurchase Counterparty Deposit Account, as the case may be, and either (i) (if applicable) the Substitute Purchased Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (ii) the Issuer has received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current ratings(s) of the Bonds will not be adversely affected by the Substitution.

In the case of a Replacement and/or Substitution in accordance with this Condition 9.3, a supplement to the relevant prospectus prepared in respect of the listing of the Bonds will, in the case of any Series of Bonds listed on the Luxembourg Stock Exchange (and for so long as the rules of the Luxembourg Stock Exchange so require), be lodged with the Luxembourg Stock Exchange.

10. RESTRICTIONS

The Issuer has covenanted in the Trust Instrument that (*inter alia*) so long as any of the Bonds remains outstanding, it will not, without the consent of the Trustee and, if applicable, the Option Counterparty and the Swap Counterparty:

- (a) engage in any activity or do any thing whatsoever except:
- (i) issue or enter into Investments (which as defined in the Trust Instrument include further Bonds) which are subject to the Securitisation Act 2004 of Luxembourg (**Permitted Investments**) or otherwise incur indebtedness in respect of moneys borrowed or raised where such indebtedness is incurred on terms that it is subject to the Securitisation Act 2004 of Luxembourg and/or such indebtedness relates to assets or other property which are not part of the Mortgaged Property of any other Bonds and on terms which provide for the extinguishment of all claims in respect of such indebtedness after application of the proceeds of the assets on which such indebtedness is secured (**Permitted Indebtedness**);
 - (ii) enter into any Agency Agreement, Trust Instrument, Swap Agreement, Option Agreement, Repurchase Agreement, the Deed of Floating Charge or any deed or agreement of any other kind related to any Permitted Investment or Permitted Indebtedness, but provided always that any such agreement is entered into on terms that the obligations of the Issuer thereunder are secured on specified assets of the Issuer (other than its share capital) which do not form part of the Mortgaged Property and on terms which provide for extinguishment of all claims in respect of such obligations after application of the assets on which such indebtedness is secured;
 - (iii) acquire, or enter into any agreement constituting the Collateral in respect of any Permitted Investment or the assets securing any Permitted Indebtedness;
 - (iv) perform its obligations under each Permitted Investment or Permitted Indebtedness and the Agency Agreement, Trust Instrument, Swap Agreement, Option Agreement, Repurchase Agreement, the Deed of Floating Charge or other deeds or agreements incidental to the issue and constitution of, or the granting of security for, any Permitted Investment or Permitted Indebtedness;
 - (v) enforce any of its rights under the Agency Agreement, the Trust Instrument, the Swap Agreement, Option Agreement, the Repurchase Agreement, the Deed of Floating Charge or any other deed or agreement entered into in relation to any Permitted Investment or Permitted Indebtedness;
 - (vi) perform any act incidental to or necessary in connection with any of the above;
- (b) have any subsidiaries or employees;
- (c) subject to sub-paragraph (a) above, dispose of any of its property or other assets or any part thereof or interest therein (subject as provided in the terms and conditions relating to any Permitted Investment or the terms and conditions of any Permitted Indebtedness);
- (d) issue or create any Series of Bonds unless either (i) the trustee thereof is the same person as the Trustee for the Bonds or (ii) the Trustee has received legal advice satisfactory to it from reputable legal advisers in England and the jurisdiction of incorporation of the Issuer to the effect that the appointment of a person other than the Trustee as trustee of such Series of Bonds or, as the case may be, the absence thereof, will not adversely affect the ability of the Trustee to appoint an administrative receiver over the assets of the Issuer pursuant to the Deed of Floating Charge;
- (e) purchase, own, lease or otherwise acquire any real property;

- (f) consolidate or merge with any other person; or
- (g) issue any further shares other than beneficiary shares.

11. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds, Receipts and (subject to Condition 7.6(b)) 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 thereof.

The Luxembourg Act dated 3rd September, 1996 on the involuntary dispossession of bearer securities, as amended requires that any amount that is payable under the Bonds, Receipts and Coupons (if any) before opposition to such payment under the Bonds, Receipts and Coupons (if any) has been filed (by the relevant holder) but has not yet been paid to the holder of these Bonds, Receipts and Coupons (if any) is paid to the Caisse de Consignations in Luxembourg until the opposition to such payment under the Bonds, Receipts and Coupons (if any) has been withdrawn or elapsed.

12. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of Bonds then outstanding, or if so directed by an Extraordinary Resolution of such holders, shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that such Bonds are, and they shall accordingly forthwith become immediately due and repayable at their Redemption Amount and the security constituted by or created pursuant to the Trust Instrument shall become enforceable, as provided in the Trust Instrument, in any of the following events (each an **Event of Default**):

- (a) if default is made for a period of 14 days or more in the payment of any sum due in respect of the Bonds (subject as provided in Conditions 6.2 and 6.3) and/or any payment of any sum or delivery obligations in respect of an exercise of Exchange Rights or any of them; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Bonds or the Trust Instrument and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or
- (c) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution.

The Issuer has undertaken in the Trust Instrument that, on each anniversary of the date of first entry into of a Trust Instrument between the Issuer and the Trustee and also within 14 days after any request by the Trustee, it will send to the Trustee a certificate signed by a Director of the Issuer to the effect that, after making all reasonable enquiries by such Director, to the best of the knowledge, information and belief of the Issuer there did not exist, as at a date not more than five days prior to the date of the certificate, nor had there existed at any time prior thereto since the date of the Trust Instrument or the date of the last such certificate if any, any Event of Default or Potential Event of

Default (as defined in the Trust Instrument) or, if such an Event of Default or Potential Event of Default did then exist or had existed, specifying the same and to such other effect as the Trustee may require.

The Trust Instrument provides that the Trustee shall not be under any obligation to monitor whether or not an Event of Default or a Potential Event of Default (as defined in the Trust Instrument) has occurred or is continuing.

13. ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Instrument, these terms and conditions, the Bonds and the Coupons but it shall not be obliged to take any such proceedings unless (a) it shall have been so requested or directed by any person entitled to make such request or give such direction pursuant to Condition 8.8(a) and (b) it shall have been indemnified and/or secured to its satisfaction and provided that it shall not be obliged to take any action if it would be against any applicable law.

Only the Trustee (or, to the extent provided in Condition 8.8(b), the Selling Agent) may pursue the remedies available under the Trust Instrument to enforce the rights of the Bondholders, Couponholders and/or the Swap Counterparty and/or the Option Counterparty and/or the Custodian and/or the Issuing and Paying Agent and/or the Registrar and no Bondholder, Couponholder, Swap Counterparty, Option Counterparty or the Custodian or the Issuing and Paying Agent or the Registrar is entitled to proceed against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Instrument, fails or neglects to do so within a reasonable period and such failure is continuing.

The Trustee, the Swap Counterparty, the Option Counterparty, the Bondholders and Couponholders, the Custodian and the Issuing and Paying Agent and the Registrar shall have recourse only to the Mortgaged Property and the Selling Agent or the Trustee having realised the same or, in the case of a partial redemption pursuant to Condition 6.2, the Repayable Assets and distributed the net proceeds in accordance with Condition 8.5, the Trustee, the Swap Counterparty, the Option Counterparty, the Bondholders and Couponholders, the Custodian, the Issuing and Paying Agent, the Registrar or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer or the Trustee to recover any further sum (save for lodging a claim in the liquidation of the Issuer initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer) and the right to receive any such sum shall be extinguished. In particular, neither the Trustee or the Swap Counterparty or the Option Counterparty or the Custodian or the Issuing and Paying Agent or the Registrar nor any Bondholder or Couponholder, nor any other party to the Trust Instrument shall be entitled to petition or take any other step for the winding-up of the Issuer or the appointment of an examiner in respect of the Issuer, nor shall any of them have any claim in respect of any asset of the Issuer not forming part of the Mortgaged Property.

14. MEETINGS OF BONDHOLDERS; MODIFICATIONS; WAIVER; AND SUBSTITUTION

14.1 Meetings of Bondholders

The Trust Instrument contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Bonds (including these Conditions or the provisions of the Trust Instrument insofar as the same may apply to such Bonds). The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders, whatever the principal amount of the Bonds so held or represented, and

an Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not and on all relevant Couponholders and holders of Receipts, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Bonds, any Instalment Date or any date for payment of interest thereof, (b) to reduce or cancel the principal amount or any Instalment Amount of, or any premium payable on redemption of, the Bonds, (c) to reduce the rate or rates of interest in respect of the Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (d) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown in the Trust Instrument, to reduce any such Minimum and/or Maximum, (e) to change any method of calculating the Redemption Amount or, in the case of Zero Coupon Bonds, to vary the method of calculating the Amortised Face Amount, (f) to change the currency or currencies of payment or denomination of the Bonds, (g) to take any steps which as specified in the Trust Instrument may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (h) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, (i) to modify the provisions of the Trust Instrument concerning this exception or (j) to modify any other provisions specifically identified for this purpose in the Trust Instrument, will only be binding if passed at a meeting of the Bondholders, the quorum at which 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 principal amount of the Bonds for the time being outstanding. The holder of a Global Bond or Global Certificate representing all (or part) of the Bonds for the time being outstanding will be treated as being two persons for the purposes of such quorum requirements. A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of Bondholders.

The provisions of articles 86 to 97 of the Luxembourg Act dated 10th August, 1915 on commercial companies, as amended, shall not apply to the Bonds, Receipts and Coupons (if any).

14.2 Modification

The Trustee may, without the consent of the Bondholders but only with the prior written consent of the Swap Counterparty (if any) and the Option Counterparty (if any) agree to (a) any modification to the Trust Instrument, the Swap Agreement, the Option Agreement, the Repurchase Agreement, the Credit Support Document, any Ancillary Agreement, the Deed of Floating Charge or any other agreement or document entered into in relation to the Bonds which is of a formal, minor or technical nature or is made to correct a manifest error, or an error which is, in the opinion of the Trustee, proven; (b) any modification of any of the provisions of the Trust Instrument, the Swap Agreement, the Option Agreement, the Repurchase Agreement, the Credit Support Document, any Ancillary Agreement, the Deed of Floating Charge or any other agreement or document entered into in relation to the Bonds which in the opinion of the Trustee is not materially prejudicial to the interests of the Bondholders and provided that, in the case of rated Bonds, Standard & Poor's and/or Moody's, as the case may be, have confirmed in writing that their respective current rating(s) of such Bonds will not be adversely affected; (c) any modification of the provisions of the Trust Instrument, the Swap Agreement, the Option Agreement, the Repurchase Agreement, the Credit Support Document, any Ancillary Agreement, the Deed of Floating Charge or any other agreement or document entered into in relation to the Bonds which is made to satisfy any requirement of (in the case of rated Bonds), Standard & Poor's and/or Moody's, as the case may be, or any stock exchange on which the Bonds are or are proposed to be issued and which, in each case, is not in the opinion of the Trustee materially prejudicial to the interests of the Bondholders and (d) any modification of the provisions of the Trust Instrument, the Option Agreement, the Swap Agreement, any Ancillary Agreement, the Deed of Floating Charge or the Credit Support Document which is specified in the Trust Instrument as being a modification to which the Trustee may agree without the consent of the Bondholders or

any Secured Party but only with the prior written consent of the Option Counterparty (if any) and the Swap Counterparty (if any). The Trust Instrument provides that the Issuer shall not agree to any amendment or modification of the Trust Instrument without first obtaining the consent in writing of the Swap Counterparty and the Option Counterparty, which consent shall not be unreasonably withheld or delayed.

If the Trustee shall so require, any such modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 17.

14.3 Waiver

The Trustee may, without the consent of the Bondholders but only with the prior written consent of the Swap Counterparty (if any) and the Option Counterparty (if any) and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, but only if and in so far as in its opinion the interests of the Bondholders shall not be materially prejudiced thereby, waive or authorise, on such terms and conditions as to it shall seem expedient, any breach or proposed breach by the Issuer of any of the covenants or provisions in the Trust Instrument or the Conditions or determine that any Event of Default or Potential Event of Default shall not be treated as such provided always that the Trustee shall not exercise any powers conferred on it by this Condition 14.3 in contravention of any express direction given by an Extraordinary Resolution of the Bondholders but no such direction shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination shall be binding on the Bondholders, the Option Counterparty and the Swap Counterparty.

If the Trustee shall so require, any such waiver, authorisation or determination shall be notified to the Bondholders as soon as practicable thereafter in accordance with Condition 17.

14.4 Substitution

The Trust Instrument contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Instrument and such other conditions as the Trustee may require but without the consent of the Bondholders but subject to the prior written consent of the Swap Counterparty (if any) and the Option Counterparty (if any), to the substitution of any other company (a **Substitute Company**) in place of the Issuer or of any previous substituted company, as principal obligor under the Trust Instrument and all of the Bonds then outstanding (subject, in the case of rated Bonds, to Standard & Poor's and/or Moody's, as the case may be, having confirmed in writing that their respective current rating(s) of such Bonds will not be adversely affected by such substitution). In the case of such a substitution the Trustee may agree, without the consent of the Bondholders but subject to the prior written consent of the Swap Counterparty (if any) and the Option Counterparty (if any), to a change of the law governing the Bonds and/or the Trust Instrument provided that (a) such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Bondholders and (b) in the case of rated Bonds, Standard & Poor's and/or Moody's, as the case may be, have confirmed in writing that such change would not adversely affect their respective current rating(s) of such Bonds. In addition, the Trust Instrument provides that the Issuer shall be required to use all reasonable endeavours to arrange the substitution of a Substitute Company incorporated in another jurisdiction as principal obligor under the Trust Instrument in the circumstances described in Condition 6.3(a).

The Trust Instrument provides that, if a Director or other authorised officer of any Substitute Company certifies that the Substitute Company will be solvent immediately after the time at which the substitution is to be effected, the Trustee shall not have regard to the financial condition, profits or prospects of such Substitute Company or compare the same with those of the Issuer (or any previously substituted company).

For the purposes of Condition 14.4, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing the Bonds, the holders of the Bonds are expressly deemed to have consented to the substitution of the Issuer by the Substitute Company and to the release of the Issuer from any and all obligations in respect of the Bonds and all the agreements attached thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

14.5 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 assume that each holder of a Bearer Bond is the holder of all Receipts, Coupons and Talons relating to such Bearer Bond and shall have regard to the interests of the holders of such Bonds or the Coupons, Receipts or Talons relating thereto as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders or holders of Receipts or Talons and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder or holder of any Receipt or Talon be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual holders of such Bonds, Coupons, Receipts or Talons.

15. REPLACEMENT OF BONDS, CERTIFICATES, RECEIPTS, COUPONS AND TALONS

If a Bond, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws at the specified office of the Issuing and Paying Agent in London (in the case of the Bearer Bonds, Receipts, Coupons or Talons) and the Registrar (in the case of Certificates) or the registered office of the Issuer or such other Paying and Exchange 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 Bondholders in accordance with Condition 17, 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 Bond, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Bonds, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Bonds, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders or Couponholders, but subject to Condition 10 and subject, in the case of rated Bonds, to Standard & Poor's and/or Moody's, as the case may be, having confirmed in writing that their respective current rating(s) of such Bonds will not be adversely affected, create and issue further securities:

- (a) having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) and so that the same shall be consolidated and form a single series with such Bonds (the **Existing Bonds**) provided that, unless otherwise approved by an Extraordinary Resolution of Bondholders, the Issuer provides additional assets as security for such further securities (**Further Bonds**) of at least an amount determined either on the Nominal Basis or on the Market Value Basis (as each such term is defined below), as selected by the Issuer and specified in the Supplemental Deed (the **Basis Selection**), and the Issuer enters into, or has the benefit of, additional or supplemental Credit Support Documents and/or Swap Agreements and/or Option Agreements and/or Repurchase Agreements extending the terms of any existing Credit Support Document, Swap Agreement and/or Option Agreement and/or Repurchase Agreement to the Further Bonds on terms no less favourable than those on which such existing documents and agreements, as so

extended, apply to the Existing Bonds. Any Further Bonds shall be constituted and secured by a deed supplemental to the Trust Instrument (the **Supplemental Deed**, and so that, upon the execution of the Supplemental Deed, all references to the "Trust Instrument" shall be construed as being to such document as amended and supplemented by the Supplemental Deed), such further security shall be added to the Mortgaged Property so that the Further Bonds and the Existing Bonds shall be secured by the same Mortgaged Property and references in these Conditions to **Bonds, Collateral, Mortgaged Property, Credit Support Document, Swap Agreement, Option Agreement and Repurchase Agreement** shall be construed accordingly; or

- (b) upon terms that such securities form a separate series from the Bonds and shall not be secured on the Mortgaged Property for the Bonds. Any such securities shall be secured on, but only on, such property or assets as may be referred to in the relevant conditions and trust instrument applying to such separate series.

In this Condition:

Nominal Basis means that the additional assets required to be provided by the Issuer in respect of any Further Bonds issued or to be issued pursuant to paragraph (a) hereof shall be of a nominal amount which bears the same proportion to the nominal amount of the Further Bonds as the proportion which the nominal amount of such assets forming part of the Mortgaged Property for the Existing Bonds bears to the nominal amount of the Existing Bonds as at such date;

Market Value Basis means that the additional assets required to be provided by the Issuer in respect of any Further Bonds issued or to be issued pursuant to paragraph (a) hereof shall be the variable E calculated in accordance with the following formula:

$$(A + B) \div C = (D + E + F) \div (G + H)$$

where:

- A = the Value of the assets forming part of the Mortgaged Property for the Existing Bonds as at 11.00 a.m. (London time) on the Issue Date of the Existing Bonds
- B = the Mark to Market Value of any Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement in respect of the Existing Bonds as at 11.00 a.m. (London time) on the Issue Date of the Existing Bonds
- C = the total nominal principal amount of the Existing Bonds as at the Issue Date of the Existing Bonds
- D = the Value of the assets forming part of the Mortgaged Property for the Existing Bonds as at 11.00 a.m. (London time) on the London Business Day falling two London Business Days before the Issue Date of the Further Bonds (or such other day as may be selected by the Issuer and specified in the Supplemental Deed)
- E = the Value of the additional assets to form part of the Mortgaged Property for the Existing Bonds and the Further Bonds required to be provided by the Issuer in respect of the Further Bonds as at 11.00 a.m. (London time) on the London Business Day falling two London Business Days before the Issue Date of the Further Bonds (or such other day as may be selected by the Issuer and specified in the Supplemental Deed)

- F = the Mark to Market Value of any Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement in respect of the Existing Bonds, as extended so as to apply also to the Further Bonds, as at 11.00 a.m. (London time) on the London Business Day falling two London Business Days before the Issue Date of the Further Bonds (or such other day as may be selected by the Issuer and specified in the Supplemental Deed)
- G = the total nominal principal amount of the Existing Bonds as at the Issue Date of the Further Bonds
- H = the total nominal principal amount of the Further Bonds as at the Issue Date of the Further Bonds

for which purposes:

the **Mark to Market Value** of any Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement means the amount (which may be a negative number) determined by the calculation agent under the relevant Agreement (which determination shall be final and binding on all persons in the absence of manifest error), being:

- (i) if such Agreement is a Swap Agreement, the amount that would be payable to the Issuer by the Swap Counterparty pursuant to Section 6(e)(ii)(2)(A) thereof as if all Transactions were being terminated on such date, provided that Market Quotation shall be determined by the calculation agent appointed under the relevant Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement on the basis of quotations, which the calculation agent shall attempt to obtain from at least three Reference Market-makers (as defined in the Swap Agreement) for amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation") and provided that: (A) if more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations remaining after disregarding the highest and lowest quotations (and, if more than one such quotation has the same highest or lowest value, one of such highest or lowest quotations shall be disregarded); (B) if exactly three quotations are provided, the quotation remaining after disregarding the highest and lowest quotations (and, if more than one such quotation has the same highest or lowest value, one of such highest or lowest quotations shall be disregarded); (C) if two quotations are provided, or if two or more of the quotations are the same, the arithmetic mean of such quotations; and (D) if fewer than two quotations are provided, Market Quotation shall be determined in such other manner as such calculation agent, acting in good faith, may determine, or
- (ii) if such Agreement is a Credit Support Document or an Option Agreement or a Repurchase Agreement, an amount (which may be a negative number) that would be payable to the Issuer by the Swap Counterparty and/or the Swap Counterparty, as the case may be, determined in the manner specified in the Final Terms in respect of the Existing Bonds or in the Supplemental Deed;

the **Value** of any assets forming or to form part of the Mortgaged Property for the Existing Bonds and/or the Further Bonds means the amount determined by the calculation agent appointed under the relevant Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement on the basis of firm bid price quotations (**Bid Quotations**) for such assets which the calculation agent shall attempt to obtain from at least three dealers in such assets as the calculation agent may in its discretion select provided that: (i) if more than three Bid Quotations are provided, Value shall be the arithmetic mean of the Bid Quotations remaining after disregarding the highest and lowest Bid Quotations (and, if more than one such Bid Quotation has the same highest or lowest value, one of such highest or lowest Bid Quotations shall be disregarded); (ii) if exactly three

Bid Quotations are provided, the Bid Quotations remaining after disregarding the highest and lowest Bid Quotations (and, if more than one such Bid Quotation has the same highest or lowest value, one of such highest or lowest Bid Quotations shall be disregarded); (iii) if two Bid Quotations are provided, or if two or more of the Bid Quotations provided are the same, the arithmetic mean of such Bid Quotations; and (iv) if fewer than two Bid Quotations are provided, Value shall be determined in such other manner as such calculation agent, acting in good faith, may determine;

all calculations and determinations of any Mark to Market Value or Value shall be performed or made by the calculation agent under the relevant Credit Support Document, Swap Agreement, Option Agreement or Repurchase Agreement, or such other person as may be specified in the Trust Instrument or Supplemental Deed and shall be conclusive and binding on all persons in the absence of manifest error, and no liability shall attach to such calculation agent, the Trustee or the Issuer in respect thereof; and

the Basis Selection shall be made by the Issuer, acting in its discretion (subject to any commitment to act in accordance with the instructions of any person), which selection shall be conclusive and binding on all persons and no liability in respect thereof shall attach to the Issuer, the Trustee or any other person in accordance with whose instructions the Issuer is required to act; and

London Business Days means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

The Basis Selection by the Issuer is likely to affect the value of the total amount of the Mortgaged Property charged in favour of the Trustee as security for the benefit of the persons having an interest therein, including the holders of the Existing Bonds and the Further Bonds. In making the Basis Selection, the Issuer (i) will not be required to take into account the interests of the Bondholders, and (ii) may be required to make such selection acting on the instructions of any Swap Counterparty, Option Counterparty, Repurchase Counterparty, Credit Support Provider or any other person. No assurance can be given that the Basis Selection by the Issuer will be such as would result in the Mortgaged Property for the Existing Bonds and the Further Bonds, or the pro rata interest therein of each holder of the Existing Bonds and the Further Bonds, having the highest value. Further, any Swap Counterparty, Option Counterparty, Repurchase Counterparty, Credit Support Provider or other person in accordance with whose instructions the Issuer may be required to make such selection, or an affiliate of any of them, may in such capacity or in any other capacity in which it may be acting in respect of the Existing Bonds, the Further Bonds and/or any arrangements in contemplation thereof or in connection therewith, have an interest in procuring that the Basis Selection will be such as will result in the Mortgaged Property for the Existing Bonds and the Further Bonds having the lowest value.

Following the issue of any Further Bonds, each holder of a Bond (whether an Existing Bond or a Further Bond) will have an equal pro rata share in the Mortgaged Property, as increased in the manner determined by the Basis Selection, and the amount of such pro rata share will be affected by the outcome of the Basis Selection. Any such Swap Counterparty, Option Counterparty, Repurchase Counterparty or Credit Support Provider or other person shall be entitled to instruct the Issuer to make the Basis Selection in such manner as it may deem appropriate, without regard to the interests of the holders of the Existing Bonds and/or the Further Bonds.

The Trustee will not have any responsibility for, or any right to control, the Basis Selection and shall not be liable for any loss suffered by any holder of any Existing Bond or Further Bond or any other person for any Basis Selection made by the Issuer or for any determination of the amount and/or value of any additional assets required to be and/or actually provided by the Issuer in respect of any Further Bonds.

17. NOTICES

Notices to the holders of Registered Bonds will be mailed to them or, if there is more than one holder of any Registered Bond, to the first named holder of that Bond at their respective addresses in the Register and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. If and for so long as any Registered Bonds are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, notices to holders of such Registered Bonds will also be published in accordance with the rules and regulations of the Luxembourg Stock Exchange (which include publication on the website of the Luxembourg Stock Exchange (www.bourse.lu)). Notices to the holders of Bearer Bonds will be valid if published in a leading daily newspaper of general circulation in London approved by the Trustee (which is expected to be the Financial Times). If, in the opinion of the Trustee, any such publication is not practicable and none of the Bonds are listed on the Luxembourg Stock Exchange, notice will be validly given if published in another leading daily English newspaper of general circulation in Europe approved by the Trustee. Any such notice to holders of Bearer Bonds shall be deemed to have been given on the date of publication as referred to in (a) above or, if published more than once or on different dates, on the date of the first such publication as provided above or, as long as the Bonds are listed on the Luxembourg Stock Exchange, and the rules of such exchange so require, following the day on which the notice was published in accordance with the rules and regulations of the Luxembourg Stock Exchange.

Couponholders and holders of Receipts and Talons shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Bonds in accordance with this Condition.

18. REMOVAL, INDEMNIFICATION AND OBLIGATIONS OF THE TRUSTEE

The Trust Instrument contains provisions for the appointment, retirement and removal of the Trustee. The Issuer may remove and appoint a new Trustee in respect of the Bonds with the consent of the Option Counterparty (if any) and the Swap Counterparty (if any) and if approved by an Extraordinary Resolution of the Bondholders. The Issuer shall as soon as practicable after the appointment of a new Trustee notify the Bondholders of such appointment in accordance with Condition 17.

The Trust Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Collateral or for the value, validity, sufficiency and enforceability (which the Trustee has not investigated) of the security created over the Mortgaged Property. The Trustee is not obliged to take any action under the Trust Instrument unless indemnified and/or secured to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Issuer, any issuer or guarantor (where applicable) of any of the Collateral, any Credit Support Provider, Swap Counterparty, Option Counterparty, or any of their subsidiary, holding or associated companies without accounting to the Bondholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Collateral, from any obligation to insure or to procure the insuring of the Collateral (or any documents evidencing, constituting or representing the same or transferring any rights or obligations thereunder) and from any claim arising from the fact that the Collateral is held in an account with a Clearing Agent in accordance with that relevant Clearing Agent's rules or otherwise held in safe custody by the Custodian or the Sub-Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for supervising the performance by any other person of their obligations to the Issuer.

The Trust Instrument provides that the Trustee will be under no obligation or duty to act on any directions of the Bondholders, the Option Counterparty or the Swap Counterparty (save in each case

as expressly provided in the Trust Instrument) and (save as aforesaid) in the event of any conflict between directions given by the Bondholders, the Option Counterparty and the Swap Counterparty (in any case where it is expressly provided in the Trust Instrument that the Bondholders, the Option Counterparty and the Swap Counterparty are entitled to give directions to the Trustee) it shall be entitled to act in accordance only with the directions of the Bondholders (but without prejudice to the provisions concerning the enforcement of security under Condition 13 and the Trust Instrument and to the provisions concerning the application of moneys received by the Trustee upon such enforcement under Condition 8.5 and the Trust Instrument). The Trust Instrument further provides that, in carrying out its duties and exercising its discretions, the Trustee shall (save as expressly provided in the Trust Instrument) have regard only to the interests of the Bondholders.

For the purposes of Condition 18, the Issuer expressly accepts and confirms, for the purposes of articles 1278 and 1281 of the Luxembourg civil code, that notwithstanding any assignment, transfer and/or novation permitted under and made in accordance with the provisions of the Trust Instrument or any agreement referred to therein to which the Issuer is a party, any security created or guarantee given under the Trust Instrument shall be reserved for the benefit of the new Trustee (for itself, the Secured Parties, the Bondholders and for the benefit of each Secured Party and each Bondholder).

19. GOVERNING LAW AND JURISDICTION

19.1 Governing Law

The Trust Instrument, the Bonds, the Receipts, the Coupons and the Talons are (unless otherwise specified in the Trust Instrument) governed by, and shall be construed in accordance with, English law.

19.2 Jurisdiction

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

19.3 Agent for Service of Process

The Issuer has irrevocably appointed the person specified in the Trust Instrument as its Agent for Service of Process, at its registered office for the time being, as its agent to receive, for it and on its behalf, service of process in any Proceedings in England.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any rights to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE CERTIFICATES AND WARRANTS

The following, save for italicised text, is the text of the terms and conditions of the Certificates and Warrants which, subject to completion and amendment and as supplemented, modified or varied in accordance with the provisions of the relevant Trust Instrument in relation to a particular Series only, will (subject as provided in "Summary of Provisions relating to Relevant Securities while in Global Form" and any relevant italicised text) be applicable to the Global Security(ies) representing each Series and to the Individual Securities (if any) issued in exchange therefor (each as defined in these Terms and Conditions) and which, subject further to deletion of non-applicable provisions, will be endorsed on such Individual Securities. Details of applicable definitions for each Series will be set out in the relevant Trust Instrument. References in the Conditions to "Securities" are to the Securities of one Series only, not to all Securities which may be issued under the Programme.

The Securities are constituted and secured by a trust instrument dated the issue date (the **Issue Date**) specified in such trust instrument (the **Trust Instrument**) and made between, *inter alios*, Bluebird Securities S.A. (the **Issuer**) and the person specified therein as Trustee (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Instrument) as trustee for the holders of the Securities. These terms and conditions (the **Conditions**) apply in relation to each issue of securities for which Certificates or Warrants are the Type of Securities specified in the relevant Final Terms (the **Final Terms**) set out in the Trust Instrument and in such cases references in these Conditions to **Securities** or a **Security** or **Certificates** or **Warrants** or a **Certificate** or **Warrant** shall be to the relevant certificate(s) or warrant(s), as applicable, as described in the Final Terms. By executing the Trust Instrument, the Issuer and the Trustee have entered into an Agency Agreement in respect of the Securities (the **Agency Agreement**) on the terms set out in and/or incorporated by reference into the Trust Instrument with the persons (if any) executing the Trust Instrument in the capacity of issuing and paying agent (the **Issuing and Paying Agent**) and/or as paying and exchange agent (the **Paying and Exchange Agent**) and/or as transfer agent (the **Transfer Agent**) and/or as registrar (the **Registrar**) and/or as custodian (the **Custodian**) and/or as calculation agent (the **Calculation Agent**) and/or as selling agent (the **Selling Agent**) and/or in such other capacity as may be specified in the Trust Instrument. References to **Paying and Exchange Agents** shall include the Issuing and Paying Agent, the Paying and Exchange Agent, and any substitute or additional issuing and paying agents and/or paying and exchange agents appointed in accordance with the Trust Instrument. References to **Transfer Agents** shall include the Transfer Agent and any substitute or additional transfer agents appointed in accordance with the Trust Instrument. **Agents** means the Issuing and Paying Agent, the Paying and Exchange Agents, the Registrar, the Transfer Agents, the Custodian, the Calculation Agent, the Selling Agent or any of them and shall include such further or other person or persons as may be appointed from time to time an agent under the Agency Agreement with the prior written approval of the Trustee under the Trust Instrument. References in these Conditions to the **Sub-Custodian** are to the person (if any) specified in the Trust Instrument as the sub-custodian of the Custodian. If any person has executed the Trust Instrument in the capacity of swap counterparty (the **Swap Counterparty**), the Issuer and the Swap Counterparty have by executing the Trust Instrument entered into an agreement in respect of the Securities on the terms set out in and/or incorporated by reference into the Trust Instrument (such agreement, as supplemented by a confirmation entered into by the Issuer and the Swap Counterparty and dated the Issue Date and, if applicable, the Credit Support Annex (as defined in Condition 8.3(c)), the **Swap Agreement**). If any person has executed the Trust Instrument in the capacity of option counterparty (the **Option Counterparty**), the Issuer and the Option Counterparty have by executing the Trust Instrument entered into an agreement (such agreement, as supplemented by a confirmation entered into by the Issuer and the Option Counterparty dated the Issue Date, the **Option Agreement**) in respect of the Securities on the terms set out in and/or incorporated by reference into the Trust Instrument. If any person has executed the Trust Instrument in the capacity of repurchase counterparty (the **Repurchase Counterparty**), the Issuer and the Repurchase Counterparty have by executing the Trust Instrument entered into an agreement (the **Repurchase Agreement**) in respect of the Securities on the terms set out in and/or incorporated by reference into the Trust Instrument. If any person has executed the Trust Instrument in the capacity of credit support

provider (the **Credit Support Provider**), the Credit Support Provider has executed a letter of credit, guarantee or other credit support document (the **Credit Support Document**) in favour of the Issuer in respect of the Securities on the terms set out or summarised in and/or incorporated by reference into the Trust Instrument. By executing the Trust Instrument the Issuer and the person or persons executing the Trust Instrument in the capacity of purchaser (the **Purchaser**) have entered into an agreement (the **Purchase Agreement**) in respect of the Securities on the terms set out in and/or incorporated by reference into the Trust Instrument.

These Conditions apply in relation to the Securities in definitive form as completed, modified and amended by the provisions of the Final Terms and the other provisions of the Trust Instrument. Each reference herein to a specific numbered Condition is to such Condition as so completed, modified or amended. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Instrument. Copies of the Trust Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement, the Swap Agreement (if any), the Option Agreement (if any), the Repurchase Agreement (if any), the Credit Support Document (if any) and the Purchase Agreement) are available for inspection during normal office hours at the principal office of Deutsche Bank AG, London Branch specified in the Trust Instrument, and at the registered office of the Trustee and at the specified offices of each of the Paying and Exchange Agents. The Securityholders (as defined below) are deemed to have notice of, and shall be bound by, all of the provisions of the Trust Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement, the Swap Agreement (if any), the Option Agreement (if any), the Repurchase Agreement (if any), the Credit Support Document (if any) and the Purchase Agreement) applicable to them.

These Conditions apply to Securities in global form as completed, modified and amended by the provisions of the Final Terms, the other provisions of the Trust Instrument and by the provisions of the relevant Global Security.

These Conditions apply separately to each series (a **Series**) of Securities, being Securities issued by the Issuer on the same date and on terms identical to other Securities of the same Series and identified as forming a Series, together with any Further Securities issued pursuant to Condition 16(a) and being consolidated and forming a single series with such Securities.

The Collateral (if any) will be identified in the Final Terms. Except where the context otherwise requires, references in these Conditions to the "Collateral" includes any Replacement Collateral or Substitute Collateral (each as defined in Condition 8.6) delivered, transferred or assigned to the Issuer in accordance with Condition 8.6 and any Purchased Collateral or Fungible Collateral (each as defined in Condition 9.3) delivered to the Issuer pursuant to Condition 9.3.

All capitalised items which are not defined in the Conditions shall have the meanings given to them in the Trust Instrument.

1. FORM AND TITLE

The Securities will be issued in registered form. The applicable Trust Instrument will specify whether any Securities are to be issued in the form of definitive registered certificates (**Individual Securities**) or in the form of global registered certificates (**Global Securities** and, together with the Individual Securities, the **Securities**).

Title to the Securities shall pass by registration in the register (the **Register**) (i) which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement and (ii) a copy of which shall be kept by the Issuer at its registered office. For the avoidance of doubt, in the event of any differences in information contained in the register kept by the Registrar and the register kept at the Issuer's registered office, the register kept by the Registrar [shall prevail for all purposes].

Except as ordered by a court of competent jurisdiction or an official authority or as required by law, the holder (as defined below) of any Security shall be deemed to be and may be treated as the absolute owner of such Security for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Security shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person will be liable for so treating the holder.

In these Conditions, **Securityholder** and **holder** (in relation to a Security) means the person whose name is entered in the Register as the holder of a Security.

2. TRANSFERS OF SECURITIES

2.1 Transfer and Exchange of Securities

Unless otherwise provided in the applicable Trust Instrument, the following conditions will apply to each Series of Securities to be sold in compliance with Regulation S under the Securities Act.

One or more Securities may be transferred upon the surrender, at the specified office of the Registrar or any Transfer Agent, of the Individual Security or Individual Securities relating to the Securities to be transferred, together with the form of transfer endorsed on such Individual Security(ies) duly completed and executed and such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Securities represented by one Individual Security, a new Individual Security will be issued to the transferee in respect of the part transferred and a further new Individual Security in respect of the balance of the holding not transferred will be issued to the transferor. In no event may the Registrar or any Transfer Agent register the transfer of a Security or an Individual Security in violation of the restrictive legend (if any) set forth on the face of such Individual Security.

The Registrar shall immediately inform the Issuer on any amendment made to the Register. The Issuer undertakes to keep at all times an up to date version of the register of the Securities at its registered office.

Global Securities shall be transferred in the same manner as described above.

2.2 Exercise of Options or Partial Exercise in respect of Securities

In the case of an exercise of an Issuer's or a Securityholder's option in respect of, or an exercise of a part of, a holding of Securities represented by a single Individual Security, a new Individual Security shall be issued to the holder in respect of the balance of the holding not subject to the exercise of such option or, as the case may be, to be exercised. New Individual Securities shall only be issued against surrender of the existing Individual Securities to the Registrar or any Transfer Agent.

2.3 Delivery of new Individual Securities

Each new Individual Security to be issued pursuant to Condition 2.1 or 2.2 will be available for delivery within five business days of surrender of the relevant Individual Security and, if applicable, receipt of the relevant request for exchange, form of transfer or notice of exercise together with such other evidence (if any) as may be required pursuant to the relevant Condition. Delivery of new Individual Security(ies) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom surrender of such Individual Security and, if applicable, delivery of such request, form of transfer or notice of exercise shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, notice of exercise or otherwise in writing, shall be mailed at the risk of the holder entitled to the new Individual Security to such address as may be so specified. In this

Condition 2.3 **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 Transfer Agent or the Registrar (as the case may be) to whom surrender of such Individual Certificate and, if applicable, delivery of such request, form of transfer or notice of exercise shall have been made.

2.4 Exchange and transfer free of charge

Exchange and transfer of Individual Securities on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Securityholder (or the giving by the relevant Securityholder of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

2.5 Closed periods

No Securityholder may require the transfer of a Registered Security to be registered (a) during the period of 15 calendar days ending on the due date for exercise of, that Security, (b) during the period of 15 calendar days prior to any date on which Securities may be exercised by the Issuer at its option pursuant to Condition 6.7, (c) after any such Security has been drawn for exercise in whole or in part or (d) during the period of seven days ending on (and including) any Record Date (as defined below).

3. STATUS

3.1 Status

The Securities are secured, limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves, which are secured in the manner described in Condition 8 and recourse in respect of which is limited in the manner described in Condition 8. The Securities are issued subject to, and will be enforced in Luxembourg, if applicable, in accordance with the provisions of the Securitisation Act 2004 (as may be amended from time to time) of Luxembourg or any other applicable Luxembourg law.

3.2 Non-applicability

Where no reference is made in the Trust Instrument to any Credit Support Document, Swap Agreement, Option Agreement, Repurchase Agreement, Custodian, Sub-Custodian or Selling Agent, references in these Conditions to any such document or agreement and to any Credit Support Provider, Swap Counterparty, Option Counterparty, Repurchase Counterparty, Custodian, Sub-Custodian or Selling Agent, as the case may be, shall not be applicable.

4. AMERICAN STYLE EXERCISE RIGHTS

4.1 American Style Exercise

If specified as applicable in the Final Terms, a Securityholder has the right to exercise any Security as provided in this Condition 4 (such right, the **American Style Exercise Right**), subject to compliance with applicable fiscal or other laws and regulations and to the provisions of this Condition 4. American Style Exercise Rights may be exercised only in respect of a whole number of Securities. Subject to the independent right of the Issuer and/or the Securityholder separately to make a Cash Settlement Election, as applicable and subject to Condition 4.6, any Security may be exercised, at the option of a Securityholder, at any time on or after the Option Commencement Date (as defined in the Final Terms) and up to the Option Expiration Time on the Option Expiration Date (as defined in the Final Terms) (but in no event thereafter) into fully-paid and non-assessable Shares

(as defined in the Final Terms). The number of Shares to be issued on exercise of this Security, unless otherwise specified in the Final Terms, shall be determined by dividing the Nominal Amount of a Security by the Exchange Price (determined as provided in the Final Terms), in effect on the Option Exercise Date (as defined below).

Cash Settlement Election means where specified as applicable in the Final Terms, (i) the exercise of the Issuer's right to pay to a Securityholder a Cash Settlement Amount (as defined below) in lieu of delivery of all or some of the Shares on a Securityholder's exercise of its American Style Exercise Right in respect of a Security or (ii) the exercise of a Securityholder's right to receive a Cash Settlement Amount on the exercise of its American Style Exercise Right in lieu of receipt of delivery of the Shares in respect of such Security, as the case may be, as further described in Condition 4.3 below.

4.2 Shares

(a) Fractional Entitlements

Fractions of a Share will not be issued on exercise, provided that if more than one Security is deposited for exercise at any one time by the same Securityholder, the number of Shares which shall be issued upon exercise shall be calculated on the basis of the aggregate number of the Securities so deposited. The Issuer shall pay to the relevant Securityholder a cash amount (to be paid at the same time as delivery of the Shares) equal to the value (as determined by the Calculation Agent, having regard to the amount that would have been the Cash Settlement Amount if a Cash Settlement Election had been made) of such fraction of the relevant Share to which the relevant Securityholder would otherwise be entitled.

(b) Dividends

Any dividend in respect of the relevant Shares to which a Securityholder's American Style Exercise Right relates shall be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Option Exercise Date. If payable to the Securityholder such payment shall be made to the Securityholder or the party (as specified in the Exercise Notice (as defined below)) that would receive the Shares or the Cash Settlement Amount, as the case may be.

(c) Circumstances in which Exercise Right is extinguished

On the occurrence of a Mandatory Cancellation as further described in Condition 6.2, the American Style Exercise Right in respect of each Security shall be extinguished and the Issuer shall pay to each Securityholder an amount as specified in the Final Terms.

4.3 Cash Settlement Alternative

If Cash Settlement Election is specified as applicable in the Final Terms, a Securityholder shall be entitled when exercising its Exercise Right to elect to receive a Cash Settlement Amount in lieu of receipt of delivery of the Shares in respect of such Security. Such Cash Settlement Election shall be specified in the Exercise Notice (as defined below) to be delivered to the Paying and Exchange Agent, failing which and subject to the Issuer's right to make a Cash Settlement Election (if such right is given to the Issuer), the Issuer shall deliver Shares to the Securityholder.

If so specified in the Final Terms, the Issuer shall (on the instruction of the Option Counterparty) be entitled, in the event that the Securityholder fails to make a Cash Settlement Election (if such right is given to the relevant Securityholder), to elect for the payment of a Cash Settlement Amount in lieu of delivery of all or some of the Shares by giving written notice of its election (a **Cash Settlement**

Election Notice) no later than three Relevant Business Days after the Exercise Date (as defined below), to the address (or, if a fax number is provided, that number) specified for that purpose in the relevant Exercise Notice, with a copy to the Trustee, the Calculation Agent and the Paying and Exchange Agent.

Pursuant to a Cash Settlement Election by either the Issuer or the Securityholder, as the case may be, the Issuer shall pay the Cash Settlement Amount on the date that would have been the Settlement Date but for the Cash Settlement Election.

Unless otherwise specified in the Final Terms, **Cash Settlement Amount** shall be an amount in the Relevant Currency, as determined in the sole and absolute discretion of the Calculation Agent, equal to the product of the number of Shares that would have been delivered but for the Cash Settlement Election and the arithmetic average of the Volume Weighted Average Prices of the Shares in Euro (or an equivalent amount in such other currency in which such Share is denominated as determined using the relevant spot rate of exchange of the Relevant Currency for such other currency prevailing on or about the date of such determination, as determined by the Calculation Agent in its sole and absolute discretion) on each of the first, second and third Trading Days immediately following the date of receipt of the Exercise Notice from the Securityholder specifying a Cash Settlement Election (where such right is given to the relevant Securityholder) or the date of receipt by the Calculation Agent of the Cash Settlement Election Notice from the Issuer, as the case may be (each such date, the **Cash Settlement Valuation Date**), unless, in the opinion of the Calculation Agent, a Market Disruption Event (as defined in Condition 4.6(b) below) has occurred on any such Cash Settlement Valuation Date. If there is a Market Disruption Event on any such Cash Settlement Valuation Date, the Cash Settlement Amount shall be calculated on the basis of a single Cash Settlement Valuation Date and the Cash Settlement Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event in respect of the Shares. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Cash Settlement Valuation Date, then (a) that fifth Trading Day shall be deemed to be the Cash Settlement Valuation Date and (b) the Calculation Agent shall determine, in its sole and absolute discretion, the Volume Weighted Average Price of the Shares in Euro (or an equivalent amount in another currency as determined using the relevant spot rate of exchange prevailing on or about the date of such determination) by determining the price or level of the Shares that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Shares and such other factors as the Calculation Agent considers relevant.

Reference Publication shall have the meaning given to it in the Final Terms.

Reference Source means, in respect of the Shares, the reference source or reference sources as specified in the Final Terms or any successor to such reference source acceptable to and as determined by the Calculation Agent.

Trading Day means any day on which the Reference Source is open for trading (or would have been open for trading but for the occurrence of a Market Disruption Event (as defined in Condition 4.6(b) below)), notwithstanding the Reference Source closing prior to its Scheduled Closing Time (as defined below).

Volume Weighted Average Price means, in respect of any Trading Day, the volume weighted average price of the Shares as obtained or derived by the Calculation Agent from the Reference Source or Reference Publication, as the case may be, on that Trading Day or if no transaction in respect of the Shares takes place on that Trading Day, the average of the closing bid and offer prices on that day in respect of the Shares as derived by the Calculation Agent from the Reference Source.

4.4 Potential Adjustment Events

Following the declaration by the issuer of the Shares (the **Share Company**) of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Shares and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the Shares traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 17 and (for so long as the Securities are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require) to the Luxembourg Stock Exchange, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (a) a subdivision, consolidation or reclassification of the Shares (unless it has resulted in a Merger Event (as defined in Condition 4.7 below)) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the Shares of (i) such Shares, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (iii) share capital or other securities of another issuer as a result of a "spin-off" or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend;
- (d) a call by the Share Company in respect of Shares that are not fully paid;
- (e) a repurchase by or on behalf of the Share Company or any of its subsidiaries of the Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Share Company, an event that results in any shareholder rights being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;
- (g) any redemption of shareholder rights referred to in (f) above; and
- (h) any other event that may have a diluting or concentrative or other effect on the theoretical value of the Shares.

Related Exchange means with respect to a Share, any exchange, trading system or quotation system on which option contracts or futures contracts on such Share are traded as determined by the Calculation Agent.

4.5 Procedure for Exercise

- (a) To exercise the American Style Exercise Right in respect of any Security, the Securityholder must complete, execute and deposit at his own expense during normal business hours at the specified office of any Paying and Exchange Agent, a notice of exercise (an **Exercise Notice**) in the form (for the time being current) obtainable from the specified office of each Paying and Exchange Agent, together with any amount (including, in the case of Warrants, the Exercise Price), to be paid by the Securityholder pursuant to this Condition 4.

The Exercise Notice shall be deposited together with the relevant Security(ies).

An Exercise Notice must:

- (i) specify the name and address of the relevant Securityholder or its designated agent or such other name and address as directed by the Securityholder;
- (ii) specify the number of Securities that are the subject of the American Style Exercise Right;
- (iii) specify Cash Settlement Election, if applicable;
- (iv) specify any account details required for payment of any cash amounts (including, without limitation, any dividends, the Cash Settlement Amount or the Disruption Cash Settlement Amount (as defined below));
- (v) specify any account details required for the delivery of any Shares;
- (vi) include an undertaking to pay (A) the relevant Exercise Price(s) in the case of Warrants and (B) all costs and expenses of effecting the delivery of Shares or the Cash Settlement Amount (as the case may be) and any stamp, issue, registration or other similar taxes and duties (if any) arising on exercise in the country in which the Security is deposited for exercise or payable in any jurisdiction consequent upon the delivery of Shares to or to the order of the exercising Securityholder (the **Exercise Expenses**); and
- (vii) authorise the production of such Exercise Notice in any applicable administrative or legal proceedings.

In the case of Securities represented by a Global Security the Exchange Notice must in addition (A) specify the number of Securities that are the subject of the American Style Exercise Right; (B) specify the number of the account with the relevant Clearing Agent to be debited with the Securities being exercised; and (C) irrevocably instruct and authorise the relevant Clearing Agent to debit on or before the Settlement Date such account with such Securities and authorise the Paying and Exchange Agent to so direct the relevant Clearing Agent on behalf of the relevant Securityholder;

In addition, if the Securities are in global form, the Exchange Notice must include an authorisation for the relevant Clearing Agent to deduct an amount in respect thereof from any cash amounts referred to in (iv) above and/or to debit a specified account which shall be an account with the Clearing Agent in respect thereof.

Clearing Agent means Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking, société anonyme, or such other clearing system as may be specified in the Final Terms.

Failure to properly complete and deliver an Exercise Notice may result in such Exercise Notice being treated as null and void. Any determination as to whether such Exercise Notice has been properly completed and delivered as provided in these Conditions shall be made, in the case of Securities in definitive form, by the relevant Paying and Exchange Agent after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Securityholder.

In the case of Securities represented by a Global Security by the Clearing Agent, any determination as to whether such Exercise Notice has been properly completed and delivered as provided in these Conditions shall be made by the Clearing Agent in consultation with the relevant Agent, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Securityholder.

- (b) A Securityholder exercising American Style Exercise Rights will be required to certify in the relevant Exercise Notice (a **U.S. Certification**) that such exercise is being made outside of the United States (as such term is defined in Regulation S of the U.S. Securities Act of 1933 (**Regulation S**)) and it and any person for whom it is acquiring Shares is not a U.S. person (as such term is defined in Regulation S) and it is not acting as agent for, or on behalf of, a U.S. person.
- (c) As a condition precedent to exercise, the Securityholder must pay to such Paying and Exchange Agent (or make arrangements satisfactory to the Paying and Exchange Agent for the payment of) all Exercise Expenses and any Exercise Price(s).
- (d) The date on which any Security (if in definitive form) and the Exercise Notice relating thereto are deposited with a Paying and Exchange Agent, or on which the conditions precedent to the exercise are fulfilled, whichever shall be later, shall be the **Option Exercise Date** in respect of such Security. The request for exercise shall be deemed to have been made, and accordingly the exercise will become effective at 23.59 hours (London time) on the Option Exercise Date applicable to the relevant Security (and the next London Business Day shall be the **Exchange Date** in respect of such Security). An Exercise Notice once delivered shall be irrevocable.
- (e) Other than where a Cash Settlement Election is made by either the Issuer or the Securityholder, as applicable and subject to Condition 4.6, the Issuer shall on the fifth Relevant Business Day after the relevant Exchange Date (the **Settlement Date**), procure that the Shares to be delivered on exercise of American Style Exercise Rights are transferred to such name as the Securityholder shall direct pursuant to the Exercise Notice and shall procure that duly completed forms of transfer and certificates (if certificates for the relevant Shares are then generally being issued) together with all other documents of title and evidence of ownership and all other documents necessary to transfer or evidence the transfer of such Shares will be despatched by mail, and free of charge (but uninsured and at the risk of the person entitled thereto) to such address, subject to applicable securities laws, as the Securityholder may request (as specified in the relevant Exercise Notice).

The Issuer will exercise a pro rata portion of the Option (as defined in the Option Agreement) by delivery of a pro rata amount of Collateral to the Swap Counterparty. Upon receipt of the Collateral by the Swap Counterparty, the Option Counterparty will deliver Shares or the Cash Settlement Amount in the event of a Cash Settlement Election by either the Securityholder or the Issuer (on the instruction of the Option Counterparty), as the case may be, to the Issuer, which shall deliver the Shares or the Cash Settlement Amount to the Securityholder in exchange for the Securities.

4.6 Disruption Events

(a) Settlement Disruption

Subject to the independent right of the Issuer and/or the relevant Securityholder separately to make a Cash Settlement Election (if so specified in the Final Terms), as applicable and subject as provided below, if, prior to the delivery of the Shares, the Calculation Agent determines that delivery of the Shares is not practicable by reason of a Settlement Disruption Event having occurred and continuing on the due date for delivery then that date shall be postponed to the first following Relevant Business Day in respect of which there is no Settlement Disruption Event. The Calculation Agent shall give notice as soon as reasonably practicable to the Securityholders in accordance with Condition 17 that a Settlement Disruption Event has occurred.

If the delivery of the Shares is not practicable by reason of a Settlement Disruption Event, then in lieu of delivery of the Shares, the Issuer may, on the instruction of the Option Counterparty, elect to satisfy its obligations in respect of the relevant Security by payment to the relevant Securityholder of the Disruption Cash Settlement Amount on the third Relevant Business Day following the date that notice of such election is given to the Securityholder in accordance with Condition 17, notwithstanding any other provision hereof. Provided that the Issuer pays a Disruption Cash Settlement Amount, the failure to deliver the Shares pursuant to Condition 4.3 shall in no circumstances constitute an Event of Default under Condition 12.

If the Shares are delivered later than the Settlement Date, until delivery of the Shares is made to the Securityholder and all formalities in respect of transfer of ownership of the Shares to the Securityholder are complied with, the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of those assets. None of the Issuer and any such other person shall (i) be under any obligation to deliver or procure delivery to such Securityholder or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares or (iii) be under any liability to such Securityholder or any subsequent transferee in respect of any loss or damage which such Securityholder or subsequent transferee may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such Shares.

Disruption Cash Settlement Amount means the amount equal to the fair market value of the Shares in respect of which delivery is not practicable by reason of a Settlement Disruption Event, less the cost to the Issuer, if applicable, of unwinding any related hedging arrangements, all as determined in the sole and absolute discretion of the Calculation Agent.

Settlement Disruption Event means an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Shares to the Securityholder or to such other person as nominated by the Securityholder in its Exercise Notice to receive the Shares.

(b) Market Disruption

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 17 if a Market Disruption Event has occurred or exists on any day with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required to determine the price or value of a Share.

Market Disruption Event means in respect of any Share:

- (a) the occurrence or existence on any Trading Day at the Valuation Time as specified in the Final Terms for such Share or at any time during the one hour period that ends at the Valuation Time for such Share:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of the Share on the Reference Source or any Other Exchange; or
 - (B) in options, contracts or futures contracts relating to the Share on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Share on any Related Exchange; or
- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (i) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (ii) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Valuation Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; or
- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (i) imposes any controls or announces its intention to impose any controls or (ii)(A) implements or announces its intention to implement or (ii)(B) changes or announces its intention to change the interpretation or administration of any laws or

regulations, in each case which the Calculation Agent determines is likely to affect the Issuer's ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer (if any) in relation to the Securities.

Other Exchange means, with respect to a Share, each exchange, trading system or quotation system other than the Reference Source on which such Share is listed, traded or quoted.

Reference Currency means, in relation to a Share, the currency in which the Share is denominated or quoted or with which it is most closely connected, as determined by the Calculation Agent.

Relevant Country means, each of:

- (a) any country (or any political or regulatory authority thereof) with which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (b) any country (or any political or regulatory authority thereof) with which a Share or the related Share Company has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Share Company is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

4.7 Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation

If a Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation occurs in relation to the Shares and/or the Share Company, as the case may be, the Issuer may take any action described in (a), (b) or (c) below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, as the case may be, and determine the effective date of that adjustment which may include, without limitation, substituting the affected Share with another share and setting the relevant Exchange Price for such Share and/or the relevant Exercise Price (in the case of Warrants). The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation made by an options exchange to options on the Share traded on that options exchange; or
- (b) cancel the Securities by giving notice to Securityholders in accordance with Condition 17. If the Securities are so cancelled, the Issuer will pay an amount to each Securityholder in respect of each Security held by such Securityholder, which amount shall be the fair market value of a Security taking into account the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements (if any), all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 17; or
- (c) following any adjustment to the settlement terms of options on the Shares traded on such exchange(s) or trading system(s) or quotation system(s) as the Calculation Agent in its

reasonable discretion shall select (the **Options Reference Source**), require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Reference Source. If options on the Shares are not traded on the Options Reference Source, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Reference Source, to account for the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Reference Source if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, the Calculation Agent shall give notice as soon as practicable to the Securityholders (although there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Securityholders) in accordance with Condition 17 stating the occurrence of the Merger Event, Tender Offer, De-Listing, Insolvency or Nationalisation, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

De-Listing means, for any Share for which the Reference Source is an exchange or a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, such Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceedings affecting a Share Company (i) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them (and including, without limitation, in relation to a Share Company incorporated under the laws of the Grand Duchy of Luxembourg, bankruptcy (*faillite*), insolvency, its voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), moratorium or reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally).

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

Merger Event means, in respect of the Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by

such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Option Exercise Date or, if there is more than one Option Exercise Date, the final Option Exercise Date.

Nationalisation means that all the Shares or all or substantially all of the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

Tender Offer means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

5. EXERCISE DETERMINATIONS

5.1 Determination or Calculation by the Calculation Agent

As soon as practicable after the relevant time on each such date as the Calculation Agent may be required to calculate any Cash Settlement Amount or other amount or any physical delivery entitlement in respect of the Securities or obtain any quotation or make any determination or calculation in respect of the Securities, the Calculation Agent will calculate the relevant amount or entitlement or obtain such quotation or make such determination or calculation, as the case may be, and, if required, notify the relevant amount or entitlement or other determination or calculation to the Issuer, the Trustee, the Issuing and Paying Agent, the Registrar, each of the Paying and Exchange Agents, the Securityholders and, for so long as the Securities are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as reasonably practicable after their determination but in no event later than the fourth Relevant Business Day after such determination, and in any event not later than the relevant payment date or settlement date in relation to any Cash Settlement Amount or other amount or entitlement. The determination of any Cash Settlement Amount or other such amount or entitlement, the obtaining of a quote and the making of determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

5.2 Determination or Calculation by the Trustee

If the Calculation Agent fails at any time for any reason to determine or calculate a Cash Settlement Amount or any other amount or entitlement or to comply with any other requirement, the Trustee shall do so (or shall, at the expense of the Issuer, 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 or such agent 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.

5.3 Relevant Business Days

As used herein, **Relevant Business Day** means:

- (a) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in each of the financial centres specified for this purpose in the Final Terms; and

- (b) in the case of a payment in euro, a day on which TARGET is open; and

TARGET means the Trans European Automated Real Time Gross Settlement Express Transfer System.

6. EXERCISE, PURCHASE AND CANCELLATION

6.1 Final Exercise

Unless previously exercised or purchased and/or cancelled as provided below, each Security will be deemed exercised automatically on the Final Exercise Date as provided below. The expressions **exercise**, **due exercise** and related expressions shall be construed to apply to any Securities which are automatically exercised on the Final Exercise Date in accordance with this provision.

In respect of each Security exercised in accordance with this Condition 6.1, the Issuer shall pay to the relevant Securityholder the Cash Settlement Amount minus (in the case of Warrants) the Exercise Price for value on the Settlement Date and provided such amount shall not be less than zero.

6.2 Mandatory Cancellation

If the Calculation Agent has determined in a commercially reasonable manner that:

- (a) any of the Collateral has become repayable or has become capable of being declared due and repayable prior to its stated date of maturity for whatever reason;
- (b) (unless the Trustee otherwise agrees) there is a payment default in respect of any of the Collateral (whether or not the Collateral forms part of the security for the Securities in accordance with Condition 8.3(a) or (b) or Condition 8.3(c) applies to the Securities);
- (c) the issuer of the Collateral (the **Collateral Issuer**) or any guarantor of the Collateral Issuer's obligations in respect of the Collateral (the **Collateral Guarantor**) fails to perform or observe any of its other obligations under the Collateral and the failure continues after any applicable grace period;
- (d) any order is made by any competent court or resolution is passed for the winding up or dissolution of the Collateral Issuer or the Collateral Guarantor;
- (e) the Collateral Issuer or the Collateral Guarantor or any of their respective affiliates ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation or is adjudicated or found bankrupt or insolvent;
- (f) proceedings are initiated against the Collateral Issuer or the Collateral Guarantor or their respective affiliates under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative receiver or other similar official or an administrative receiver or other similar official is appointed in relation to the Collateral Issuer or the Collateral Guarantor or any of their respective affiliates, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, which are not discharged within 14 days;

- (g) the Collateral Issuer or the Collateral Guarantor or any of their respective affiliates initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (h) any other event which would constitute an event of default in relation to the Collateral has taken place (each such event, a **Trigger Event**),

all such Collateral which is the subject of any of the events outlined in (a) to (h) above, together with all remaining Collateral shall be deemed to have become immediately repayable (the **Repayable Assets**). The Issuer shall, on the instruction of the Calculation Agent, give not more than 30 nor less than 15 days' notice (unless otherwise specified in the Final Terms) to the Trustee, the Securityholders, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty and (for as long as the Securities are listed on the Luxembourg Stock Exchange) the Luxembourg Stock Exchange specifying the principal amount of the Repayable Assets, the corresponding number of the Securities to be cancelled and the due date for cancellation and upon expiry of such notice (i) the Issuer shall cancel each Security in whole at its Cash Settlement Amount (ii) (in the case of Securities secured in the manner described in Condition 8.3(a) or (b)) the security constituted by or created pursuant to the Trust Instrument over the Repayable Assets shall become enforceable and (iii) the American Style Exercise Right in respect of each Security shall be extinguished with effect from the first date of the occurrence of any Trigger Event (as determined by the Calculation Agent). Failure to pay any amount which but for a mandatory cancellation under this Condition 6.2 would otherwise have been due shall not constitute an Event of Default under Condition 12.

Cash Settlement Amount in respect of the Securities of a relevant Series shall have the meaning given to it in the Final Terms. In the event of such cancellation and the security constituted by or created pursuant to the Trust Instrument becoming enforceable the Trustee may take such action as is provided in Condition 8.8(a) and shall do so if so requested or directed in accordance with the provisions of such Condition (subject in each case to its being indemnified and/or secured in accordance with such Condition and provided always that the Trustee shall not be required to do anything which is contrary to any applicable law).

6.3 Cancellation for taxation and other reasons

If:

- (a) the Issuer, on the occasion of any payment due in respect of the Securities, would be required, as a result of any change in, or amendment to the laws of a relevant jurisdiction, 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, then the Issuer shall so inform the Trustee, and shall (subject, in the case of rated Securities, to Standard & Poor's and/or Moody's, as the case may be, having confirmed in writing that their respective current rating(s) of such Securities will not be adversely affected by such substitution or change of residence) use all reasonable endeavours to arrange (subject to and in accordance with Condition 14.4) the substitution of a company incorporated in another jurisdiction as the principal obligor or (with the prior written consent of the Trustee and, if applicable, the Swap Counterparty, the Option Counterparty and the Repurchase Counterparty) to change its residence for taxation purposes or, to the extent permitted by law, change its domicile to another jurisdiction approved beforehand in writing by the Trustee and, if applicable, the Swap Counterparty, the Option Counterparty and the Repurchase Counterparty and if it is unable to arrange such

substitution or change, or if it is unable to do so in a tax efficient manner, before the relevant payment is due in respect of the Securities; and/or

- (b) the Credit Support Document is terminated prior to the Final Exercise Date for any reason; and/or
- (c) the Swap Agreement is terminated in accordance with its terms prior to the Swap Agreement Termination Date; and/or
- (d) the Option Agreement is terminated in accordance with its terms prior to the Option Agreement Termination Date; and/or
- (e) the Repurchase Agreement is terminated as a result of a failure by the Repurchase Counterparty to make payments due to the Issuer under the Repurchase Agreement, or to deliver Purchased Collateral or Fungible Collateral to the Issuer when required under the Repurchase Agreement,

then the Issuer shall (on the instruction of the Swap Counterparty (if any) in respect of (a) above) forthwith give not more than 30 nor less than 15 days' notice (unless otherwise specified in Trust Instrument) to the Trustee, the Securityholders, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty and (for as long as the Securities are listed on the Luxembourg Stock Exchange) the Luxembourg Stock Exchange, and upon expiry of such notice the Issuer shall cancel all but not some only of the Securities at their Cash Settlement Amount and the security constituted by or created pursuant to the Trust Instrument shall become enforceable (if the same shall not already have become enforceable in accordance with these Conditions).

Notwithstanding the foregoing, if any of the taxes referred to in Condition 6.3(a) above arises (i) by reason of any Securityholder's connection with the jurisdiction of incorporation of the Issuer otherwise than by reason only of the holding of any Security or receiving or being entitled to any Cash Settlement Amount; or (ii) by reason of the failure by the relevant Securityholder to comply with any applicable procedures required to establish non-residence or other similar claims for exemption from such tax, then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Securityholder, all other Securityholders shall receive the due amounts payable to them and the Issuer shall not be required by reason of such deduction to endeavour to arrange any substitution, or to cancel the Securities, pursuant to this Condition 6.3. Any such deduction shall not be an Event of Default under Condition 12.

In the event of such cancellation and the security constituted by the Trust Instrument becoming enforceable, the Trustee may take such action as is provided in Condition 8.8(a) and shall do so if so requested or directed in accordance with the provisions of such Condition (subject in each case to its being indemnified in accordance with such Condition and provided that the Trustee shall not be required to do anything which is contrary to applicable law).

6.4 Adverse Tax Event following delivery of Collateral to Swap Counterparty under Credit Support Annex

If Condition 8.3(c) applies to the Securities and an Adverse Tax Event (as defined in the Final Terms) has occurred and is continuing the Issuer may give to the Trustee, the Securityholders and (for as long as the Securities are listed on the Luxembourg Stock Exchange) the Luxembourg Stock Exchange not less than five business days' notice (in accordance with Condition 17) of such event and shall on the expiry of such Notice (the **Adverse Tax Event Cancellation Date**) cancel all (but not some only) of the Securities at their Cash Settlement Amount (and the security constituted by or created pursuant to the Trust Instrument shall become enforceable), provided that:

- (a) If the Adverse Tax Event shall result in any reduction in any payment received or receivable by the Issuer in respect of or referable to interest on the Collateral (whether upon payment of such interest or as a result of a reduction in the aggregate amount received by the Issuer upon the sale of the Collateral), the interest payable in respect of the Securities on such Adverse Tax Event Cancellation Date shall be reduced *pro rata*; and
- (b) If the Adverse Tax Event shall result in any reduction in any payment received or receivable by the Issuer in respect of or referable to principal of the Collateral, the amount payable in respect of the Securities on such Adverse Tax Event Cancellation Date shall be reduced *pro rata*.

Any reduction in any amount payable in respect of the Securities on the Adverse Tax Event Cancellation Date shall be determined by the person specified for this purpose in the Final Terms, acting as calculation agent under the Swap Agreement, and such determination shall be binding on the Issuer, the Trustee, the Issuing and Paying Agent, the Securityholders and all other persons in the absence of manifest error. No liability shall attach to the person acting in such capacity.

In this Condition 6.4, **business day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London and/or in such other cities as may be specified in the relevant notice.

6.5 Purchases

Unless otherwise provided in the Final Terms, and subject to receipt by the Issuer of an amount (whether by sale of the Collateral (or in the case of a purchase of some only of the Securities, a proportion of the Collateral corresponding to the proportion of the Securities to be purchased) or otherwise) which, plus or minus any termination payment payable to or by the Issuer from or to the Swap Counterparty and/or the Option Counterparty on the termination (or as the case may be partial termination) of the Swap Agreement and/or the Option Agreement, as the case may be, is sufficient to fund the purchase price payable by the Issuer, the Issuer may purchase Securities in the open market or otherwise at any price.

6.6 Cancellation at the Option of the Issuer

- (a) The Issuer may, on the instruction of the Option Counterparty, having given not less than 20 nor more than 30 days' notice to the Securityholders in accordance with Condition 17 (which notice shall be irrevocable and shall specify the applicable Issuer Optional Cancellation Date fixed for cancellation), cancel all, but not some only, of the Securities then outstanding at (i) their Nominal Amount or (ii) such other Cancellation Amount as may be specified in the Final Terms provided, however, that no cancellation by payment of the amount specified in (i) above shall be made unless the Final Share Value of the Shares for the Relevant Period (as defined in the Final Terms) is at least equal to the Specified Percentage of the Exchange Price (as determined in the sole and absolute discretion of the Calculation Agent) in effect on each such Trading Day. Upon the expiration of any such notice, the Issuer shall be bound to cancel the Securities at the relevant amount on the date fixed for such cancellation.

Final Share Value means the Volume Weighted Average Price (excluding cross trades) of a Share quoted on the Reference Source on each Trading Day in the Relevant Period as determined by the Calculation Agent in its sole and absolute discretion, provided that, if no Volume Weighted Average Price of a Share is quoted on the Reference Source on a Trading Day and the Calculation Agent determines, in its sole and absolute discretion that no Market Disruption Event has occurred on such Trading Day, then the Final Share Value shall be equal to the fair market value of a Share on such Trading Day as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it considers appropriate. If the Calculation Agent is of the opinion that a Market

Disruption Event has occurred on such Trading Day, the Calculation Agent shall determine in its sole and absolute discretion the Final Share Value on such Trading Day, having regard to the then prevailing market conditions, the last reported, published or trade price of the Shares and such other factors as the Calculation Agent considers relevant.

Issuer Optional Cancellation Date means any date falling within the Issuer Option Cancellation Period.

- (b) The Issuer may (on the instruction of the Arranger or any party specified in the Final Terms (the **Regulatory Cancellation Counterparty**)), upon such notice as specified in the Final Terms, cancel all, but not some only of the Securities then outstanding at the current market value of the Securities, as determined by the Calculation Agent in its sole and absolute discretion if any change or prospective change in the accounting, tax, legal or regulatory treatment applicable to the Securities or any hedging transaction of the Issuer or the Arranger or any affiliate of the Arranger or the Regulatory Cancellation Counterparty, in respect of the Securities (including, without limitation, any derivative transaction entered into by the Issuer, the Arranger or any affiliate of the Arranger or the Regulatory Cancellation Counterparty with a third party with respect to the Securities) has occurred or is likely to occur that would have an adverse effect on the Arranger's or the Issuer's position in respect of the Securities or the position of the Arranger, the Issuer, any affiliate of the Arranger or the Regulatory Cancellation Counterparty or any other counterparty in respect of any such hedging transaction, in each case as determined by the Arranger or, as the case may be, the Regulatory Cancellation Counterparty in its sole and absolute discretion.
- (c) If so provided in the Final Terms in any other circumstances than those described in Condition 6.6(a) or Condition 6.6(b) above, the Issuer may, on giving irrevocable notice to the Securityholders, the Trustee and (for as long as the Securities are listed on the Luxembourg Stock Exchange) the Luxembourg Stock Exchange falling within the Issuer's Option Period (as specified in the Final Terms), cancel any Issuer's option in relation to all or, if so provided, some of the Securities in the number or integral multiples thereof and on the Issuer's Optional Cancellation Date or Dates so provided. Any such cancellation of Securities shall be at their relevant Nominal Amount or such other Cancellation Amount.

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

Where Securities are to be cancelled in part or the Issuer's option is to be exercised in respect of some only of the Securities, the Securities to be cancelled or in respect of which such option is exercised will be selected individually by lot, in such place as the Trustee shall approve and in such manner as the Trustee shall deem to be appropriate and fair, not more than 60 days prior to the date fixed for cancellation.

6.7 Cancellation

All Securities purchased by or on behalf of the Issuer, exercised or cancelled must be surrendered for cancellation by surrendering the Security representing such Securities to the Registrar and in each case, when so surrendered, will, together with all Securities cancelled by the Issuer, be cancelled forthwith. Any Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged. The Issuer undertakes to (a) either promptly inform or (b) procure that the Issuing and Paying Agent or the Registrar, as the case may be, promptly informs (on its behalf) the relevant stock exchange or other relevant authority of any cancellation of listed Securities.

7. PAYMENTS

7.1 Payment on Individual Securities

Payments in respect of Securities will be made against presentation and surrender of the relevant Individual Securities at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

Payments of any amounts on each Security will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned (in the case of payment in Japanese yen to a non-resident of Japan, drawn on an authorised foreign exchange bank) or, in the case of euro, a bank in the Euro-zone, and mailed to the holder (or to the first named of joint holders) of such Security at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the fifteenth day before the due date for any payment (the **Record Date**), such payment 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 a country of that currency or in the case of a payment in euro, by credit or transfer to a Euro account (or any account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

7.2 Payments subject to law, etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. Other than as provided herein no commission or expenses shall be charged to the Securityholders in respect of such payments.

7.3 Appointment of Agents

The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any of the Issuing and Paying Agents and to appoint additional or other Paying and Exchange Agents or Transfer Agents, provided that the Issuer will at all times maintain (a) an Agent, (b) a Registrar, (c) a Transfer Agent, (d) a Calculation Agent where the Final Terms so require one, (e) a Paying and Exchange Agent and a Transfer Agent in an European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive, and approved by the Trustee, (f) a Custodian where the Final Terms so require and (g) a Selling Agent where the Final Terms so require. If and for as long as the Securities are listed on the Luxembourg Stock Exchange, a Paying and Exchange Agent will be maintained in Luxembourg and, if definitive Individual Securities are issued and outstanding, a Transfer Agent will also be maintained in Luxembourg. For so long as the Securities are listed on any other stock exchange, the Issuer will maintain such other agents as may be required by the rules of such stock exchange.

Notice of any such change or any change of any specified office will promptly be given to the Securityholders in accordance with Condition 17.

7.4 Non-Business Days

If any date for payment in respect of any Security, 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 Condition **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 and in such jurisdictions as shall be specified as "Business Day Jurisdictions" in the Final Terms and:

- (a) (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
- (b) (in the case of a payment in euro) a day on which TARGET is open.

8. SECURITY FOR THE CERTIFICATES AND WARRANTS

8.1 Collateral

Unless otherwise specified in the Final Terms, the Purchaser will pursuant to the Purchase Agreement procure that the Collateral is delivered to the Custodian on the Issue Date or within the period thereafter specified in the Final Terms and, with effect from such delivery, the Collateral will be held by the Custodian (or, if so specified in the Final Terms, the Sub-Custodian), on behalf of the Issuer, subject to the security created by or pursuant to the Trust Instrument and to the conditions set out in the Securitisation Act 2004 of Luxembourg.

If the Collateral is to be delivered by the Purchaser after the Issue Date, until such delivery the Securities will not be secured on the Collateral but only on the right to receive such Collateral from the Purchaser.

8.2 Mortgaged Property

The Securitisation Act 2004 of Luxembourg provides that the Mortgaged Property (and the proceeds thereof) specified in the relevant Final Terms will be available solely to meet the claims of the specified Securityholders and other creditors relating to the same Series.

8.3 Security

- (a) If it is stated in the Final Terms that the security for the Securities is "Collateral charged to Trustee", the Issuer has in the Trust Instrument created the following security:
 - (i) (A) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee of the Collateral and all of the Issuer's rights, title, interest and benefit, present and future, in respect of and sums derived from the Collateral (including, without limitation, any proceeds of the sale thereof); and (B) an assignment (or to the extent an assignment is not possible, a charge) by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title, interest and benefit, present and future, in respect of the Collateral;
 - (ii) an assignment (or to the extent an assignment is not possible, a charge) by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest, present and future, in, to and under each relevant Credit Support Document, Swap Agreement, Option Agreement and/or Repurchase Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder;
 - (iii) a first fixed charge in favour of the Trustee over (A) the Issuer's rights, title, interest and benefit, present and future, in, to and under all sums held by the Issuing and Paying Agent and/or any Paying and Exchange Agent and/or the Custodian and/or the Registrar to meet payments due in respect of the Securities; (B) any sums of money, securities or other

property received or receivable by the Issuer under any relevant Credit Support Document, Swap Agreement, Option Agreement and/or Repurchase Agreement and (C) all of the Issuer's rights, title, interest and benefit, present and future, as against the Custodian in respect of any sum standing to the credit of the Deposit Account (as defined in Condition 8.6) or the Repurchase Account (as defined in Condition 9.3);

- (iv) an assignment (or to the extent an assignment is not possible, a charge) by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest, present and future, in, to and under the Agency Agreement and all sums derived therefrom in respect of the Securities; and
 - (v) (A) an assignment (or to the extent an assignment is not possible, a charge) by way of first fixed charge in favour of the Trustee of the Issuer's rights, title and interest, present and future, in, to and under the Purchase Agreement and any sums received or receivable by the Issuer thereunder and (B) a first fixed charge in favour of the Trustee of any sums received or receivable by the Issuer under the Purchase Agreement.
- (b) If it is stated in the Final Terms that the security for the Securities is "Collateral charged to Trustee; additional foreign law security", the Issuer has in the Trust Instrument created the security specified in Condition 8.3(a) and has in addition, and without prejudice to the security specified in Condition 8.3(a)(i), executed in favour of the Trustee the pledge or security or other agreement or document specified in the Final Terms (each an **Additional Security Document**).
 - (c) If it is stated in the Final Terms that the security for the Securities is "Collateral delivered to the Swap Counterparty under Credit Support Annex", the Issuer has in the Trust Instrument created the security specified in Conditions 8.3(a)(ii) to (iv) and will on the Issue Date pursuant to the Credit Support Annex (as defined in the Final Terms) transfer the Collateral to the Swap Counterparty free and clear of any liens, claims, charges or encumbrances or any other interest of any third party. Following such transfer, the Issuer will not have any right, title or interest in or to the Collateral but the Swap Counterparty will pay to the Issuer amounts equal to all payments and interest received on the Collateral (**Distributions**).
 - (d) A rating shall not be assigned by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (**Standard & Poor's**) and/or Moody's Investors Service Limited (**Moody's**) to Securities the security for which is "Collateral delivered to Swap Counterparty under Credit Support Annex", unless Standard & Poor's and/or Moody's, as the case may be, have first confirmed in writing that their respective current rating(s) of all Securities then in force will not be adversely affected by the issue of such rated Securities.

In these Conditions and in the Trust Instrument, the terms **rated** and **rating** shall denote ratings by Standard & Poor's and/or Moody's, as the case may be.

In these Conditions and in the Trust Instrument, **Mortgaged Property** means, in relation to any Series of Securities, the Collateral (unless it is stated in the Final Terms that Condition 8.3(c) applies) and the other property, assets and/or rights of the Issuer which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Trustee pursuant to the Trust Instrument and/or any Additional Security Document.

Where Condition 8.3(c) applies, the security for the Securities will not include any pledge or other security interest in or over the Collateral or of any of the Issuer's rights in respect of, or sums derived from, the Collateral.

8.4 General provisions relating to security

Unless otherwise specified in the Final Terms, the security constituted or created pursuant to the Trust Instrument and any Additional Security Document will be granted to the Trustee for itself and for the other Secured Parties (as specified in the Trust Instrument) as continuing security (a) for the payment of all sums due to the Trustee any appointee or any receiver under the Trust Instrument and/or any Additional Security Document or due under the Securities, (b) for the performance of the Issuer's obligations under the Swap Agreement, (c) for the performance of the Issuer's obligations under the Option Agreement, (d) for the payment of all sums payable to the Custodian including any reimbursement in respect of payments made to the Swap Counterparty by the Custodian relating to sums receivable on or in respect of the Collateral pursuant to any provision of the Agency Agreement which requires the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Custodian for any payment made by the Custodian to the Swap Counterparty relating to sums receivable on or in respect of the Collateral before actual payment to the Custodian of the amount receivable on or in respect of the Collateral and (e) for the payment of all sums payable to the Agents or the Registrar pursuant to any provision of the Agency Agreement including the provisions which require the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Issuing and Paying Agent or the Registrar for any amount paid out by the Issuing and Paying Agent or the Registrar, as the case may be, to the holders of Securities, before receipt of the corresponding amount due from the Issuer.

Unless otherwise specified in the Final Terms, the security constituted by or created pursuant to the Trust Instrument and any Additional Security Document shall become enforceable (i) in the circumstances specified in Condition 6.2 or 6.3 or 6.4, (ii) upon the occurrence of an Event of Default, (iii) on the Swap Agreement Termination Date (as defined in Condition 9.1) if sums remain owing to the Swap Counterparty under the Swap Agreement and (iv) on the Option Agreement Termination Date (as defined in Condition 9.2) if sums remain owing to the Option Counterparty under the Option Agreement.

Unless the Securities are secured as described in Condition 8.3(c) or it is otherwise specified in the Final Terms, the Collateral will be held by the Custodian (which expression shall include any additional or other Custodians from time to time appointed) on behalf of the Issuer on and subject to the terms and conditions of the Agency Agreement and, where applicable, subject to the security referred to in Condition 8.3(a) or (b). The Issuer reserves the right at any time with the prior written consent of the Trustee to change the Custodian, provided that, in respect of Securities which are rated by Standard & Poor's and/or Moody's, as the case may be, Standard & Poor's and/or Moody's will have confirmed in writing that such change will not adversely affect their respective current rating(s) of such Securities. Notice of such change shall be given to the Securityholders in accordance with Condition 17. If it is specified in the Final Terms that there is a Sub-Custodian in relation to the Collateral, such Sub-Custodian (which expression shall include any additional or other Sub-Custodians from time to time appointed) shall hold the Collateral on behalf of the Custodian, on and subject to the terms of an agreement (the **Sub-Custody Agreement**) between the Sub-Custodian and the Custodian and/or such other persons as shall be specified in the Final Terms.

The obligations of the Issuer in relation to the Securities and all other Series of bonds, certificates or warrants the trustee of which is the same as the Trustee of the Securities of this Series (together with the Securities of this Series, each a **Related Trustee Series**) will also be secured pursuant to a Deed of Charge (as amended or supplemented from time to time, the **Deed of Floating Charge**) dated 12 January, 2007 between the Issuer and Deutsche Trustee Company Limited (for itself and the benefit of all Securityholders, all Swap Counterparties for each Related Trustee Series and all Option Counterparties for each Related Trustee Series) over the whole of its undertaking and assets to the extent that (i) such undertaking and assets are not subject to any other security created by the Issuer in relation to any Related Trustee Series or any security created by or pursuant to any other issue of securities by the Issuer, and (ii) such undertaking and assets are not allocated to a compartment

(within the meaning of the Securitisation Act 2004) which has been set up by the Issuer in connection with a Series or any other issue of securities by the Issuer. The principal purpose of the aforementioned security is to ensure that the Trustee has security over substantially the whole of the assets of the Issuer, so allowing the Trustee to appoint an administrative receiver (as defined in Section 29 of the Insolvency Act 1986) relying on the capital markets exception (in section 72B of the Insolvency Act 1986) to the general prohibition on appointing administrative receivers. The Trustee is entitled to enforce the security created by the Deed of Floating Charge only if any person who is entitled to do so presents an application for the appointment of an administrator of the Issuer, a notice of intention to appoint an administrator of the Issuer is received by the Trustee or documents are filed with the court or registrar for the administration of the Issuer (whether out of court or otherwise) and the security in respect of all Series of Securities then outstanding constituted by the relevant Trust Instrument and/or Additional Security Documents has become enforceable. The obligations of the Issuer are, however, limited in recourse as provided in Condition 13, and accordingly, even if the security created by the Deed of Floating Charge may become enforceable, the amounts due to the Securityholders (in respect of any Series of bonds, certificates or warrants) and any Swap Counterparty and any Option Counterparty will not be increased as a result thereof and shall be limited to the net proceeds of realisation of the Mortgaged Property in relation to the Series of Securities and subject to the provisions of Condition 8 as to application of such net proceeds and to the provisions of Condition 13.

The Trust Instrument provides that the Trustee shall not be bound or concerned to make any investigation into, or be responsible for:

- (a) the creditworthiness of the Collateral or any obligor or guarantor in respect of the Collateral or of any Swap Counterparty, Option Counterparty, Repurchase Counterparty, Credit Support Provider or other person which is a party to any other agreement or document constituting or evidencing any of the Collateral or the Mortgaged Property; or
- (b) the validity or enforceability of the obligations of any such person as is referred to in subparagraph (a) above or of the security constituted by or pursuant to the Trust Instrument; or
- (c) whether the cashflows relating to the Collateral and/or the Mortgaged Property and the Securities are matched.

None of the Issuer, the Purchaser, the Swap Counterparty, the Option Counterparty, the Custodian, any Sub-Custodian or the Trustee will have any responsibility for the performance by any clearing system (or its participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations. None of the Trustee, the Swap Counterparty or the Option Counterparty will have any responsibility for the performance by the Custodian of its obligations under the Agency Agreement or for the performance by any Sub-Custodian of its obligations under the relevant Sub-Custody Agreement.

8.5 Application of Proceeds of Enforcement of Mortgaged Property

The Trustee shall (subject to the provisions of the Trust Instrument) apply all moneys received by it under the provisions of the Trust Instrument and any Additional Security Document in connection with the realisation or enforcement of the security constituted by or pursuant to the Trust Instrument and any Additional Security Document in accordance with Swap Counterparty Priority.

Swap Counterparty Priority means that the Trustee shall apply such moneys received by it:

- (a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee, any appointee thereof, or any receiver under or pursuant to the Trust Instrument and/or any Additional Security Document (which for the

purpose of this Condition 8.5 and the Trust Instrument shall include any taxes required to be paid, the costs of realising any security and the Trustee's remuneration);

- (b) secondly, in payment of any amounts owing to each Swap Counterparty, Option Counterparty or Repurchase Counterparty under a Swap, Option or Repurchase Agreement, as applicable, (which for the purpose of this Condition 8.5 and the Trust Instrument shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Swap Counterparty, Option Counterparty or Repurchase Counterparty relating to sums receivable on or in respect of the Collateral);
- (c) thirdly, *pro rata* in payment of any amounts owing to the holders of Securities (which for the purpose of this Condition 8.5 and the Trust Instrument shall include any amount owing to the Agents for reimbursement in respect of payment of amounts made to holders of Securities; and
- (d) fourthly, in payment of the balance (if any) to the Issuer.

By subscribing to or otherwise acquiring the Securities, each Securityholder expressly consents to the provisions of this Condition 8.5 and the limitation of their rights in accordance with article 64 of the Securitisation Act 2004 and are deemed to have accepted such provisions and the consequences thereof.

8.6 Replacement and/or Substitution of Collateral

- (a) If it is specified in the Final Terms that this Condition 8.6(a) applies to the Securities, and the security for the Securities is as described in Condition 8.3(a) or (b), the Issuer may from time to time, in accordance with article 16 of its articles of association, and subject to and in accordance with the provisions of the Trust Instrument, by notice in writing to the Swap Counterparty, the Option Counterparty, the Trustee, the Repurchase Counterparty (if there is a Repurchase Agreement), the Issuing and Paying Agent (in the case of Bearer Securities), the Registrar (in the case of Registered Securities), the Custodian, the Sub-Custodian and, in accordance with Condition 17, the Securityholders (a **Replacement Notice**) in, or substantially in, the form set out in the Agency Agreement, require that any securities or other assets for the time being comprising all or part of the Collateral (but excluding any Collateral which has been transferred to the Repurchase Counterparty pursuant to an exercise of the Purchase Option (as defined in Condition 9.3)) (hereinafter referred to as the **Replaced Collateral**) be replaced by Eligible Securities (**Replacement Collateral**) provided however that:
 - (i) upon any release of the Replaced Collateral from the security created by or pursuant to the Trust Instrument and/or any Additional Security Document, any such Replacement Collateral being substituted for the Replaced Collateral has been delivered, transferred or assigned to the Issuer on the same terms (*mutatis mutandis*) as the Replaced Collateral and is subject to the charge or other security interest created by or pursuant to the Trust Instrument and/or any Additional Security Document;
 - (ii) in respect of rated Securities either (A) the Replacement Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (B) the Issuer shall have received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Securities will not be adversely affected by such replacement; and
 - (iii) such other conditions as may be specified in the Final Terms are satisfied.

If the Issuer has so agreed with the Swap Counterparty and the Option Counterparty, the Swap Counterparty shall deliver the Replacement Collateral to the Issuer in exchange for the Replaced Collateral.

The Trustee shall not be liable to the Issuer, the Swap Counterparty, the Option Counterparty, the Securityholders or any other person for any loss arising from any arrangement referred to in the Replacement Notice or otherwise from the operation of this Condition 8.6.

The Trust Instrument provides that, in connection with any such replacement of Collateral relating to Securities the security for which is as described in Condition 8.3(a) or (b), the Trustee shall receive a certificate from the Issuer (or the Swap Counterparty acting on its behalf) describing such replacement and confirming that sub-paragraphs (i), (ii) and (iii) above have been complied with, and that it may rely absolutely upon such certificate for all purposes and need make no enquiry of any nature. By subscription for, or acquisition of, any Security, each Securityholder accepts and is bound by this provision.

If it is specified in the Final Terms that this Condition 8.6(a) applies to the Securities, and the security for the Securities is as described in Condition 8.3(c), the Swap Agreement provides that the Swap Counterparty may from time to time, at its own cost, by notice in writing in, or substantially in, the form set out in the Agency Agreement to the Issuer, the Trustee, the Registrar, the Custodian, the Sub-Custodian, the Option Counterparty and, in accordance with Condition 17, the Securityholders require that there be a Replacement. Any such notice shall specify the Eligible Securities comprising the Replacement Collateral and the date as from which such replacement takes effect. For the avoidance of doubt, the Replacement Collateral will as from such date be deemed to have been transferred by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex free and clear of any liens, claims, charges or encumbrances or any other interest of any third party and on terms that, with effect from such date, the Swap Counterparty will pay to the Issuer amounts equal to all Distributions received on the Replacement Collateral.

Notwithstanding the foregoing, a replacement of Collateral by the Swap Counterparty may only be made if in respect of rated Securities either (x) the Replacement Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (y) the Issuer shall have received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Securities will not be adversely affected by such replacement.

As used in this Condition 8.6, **Eligible Securities** means securities or other assets of the type or types, and in the amount or amounts, specified for this purpose in the Final Terms.

The Trust Instrument provides that the Trustee shall not be liable to the Issuer, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty, any Securityholder or any other person for any loss arising from any arrangement referred to in any Replacement Notice or otherwise from the operation of Condition 8.6(a).

- (b) (i) If securities and/or other assets which comprise all or part of the Collateral have a maturity date which falls prior to the final exercise date or other date for final settlement of the Securities (**Maturing Collateral**) and it is provided in the Final Terms that this Condition 8.6(b) applies to the Securities and the security for the Securities is as described in Condition 8.3(a) or (b), the proceeds of redemption received upon maturity of such Maturing Collateral shall be applied by the Custodian on behalf of the Issuer:-
 - (A) in the purchase of Eligible Securities (**Substitute Collateral**); and/or
 - (B) by crediting such proceeds of redemption to an interest bearing account in the name of the Custodian (the **Deposit Account**) opened by the Custodian with a bank or

other financial institution (which shall be the Custodian unless otherwise specified in the Final Terms) on terms that the funds standing to the credit of such Deposit Account shall earn the rate or rates of interest (which may be a floating rate or rates) specified in the Final Terms or, if no rate is so specified, such rate or rates as may be determined from time to time by the bank or other financial institution with which the Deposit Account is opened. The Custodian may, if so directed, from time to time apply the funds standing to the credit of the Deposit Account in the purchase of Eligible Securities, in which case such purchase, and the Eligible Securities so purchased, will be deemed to be Substitute Collateral for the purposes of this Condition 8.6(b)(i). Subject to any such application by the Custodian, the Issuer and the Custodian will procure that funds credited to the Deposit Account from time to time (including capitalised interest) shall be debited from the Deposit Account on or before the Final Exercise Date or other date for exercise of the Securities to be applied by the Issuer in connection with such redemption, as specified in the Trust Instrument. The Custodian may at any time vary any such investments for or into other investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.

Not later than the date of each substitution of Collateral pursuant to this Condition 8.6(b)(i), the Issuer shall give a notice to the Swap Counterparty, the Option Counterparty, the Trustee, Standard & Poor's and/or Moody's (if the Securities are rated by Standard & Poor's and/or Moody's as the case may be), the Repurchase Counterparty (if there is a Repurchase Agreement), the Registrar (in the case of Registered Securities), the Custodian, the Sub-Custodian and, in accordance with Condition 17, the Securityholders (a **Substitution Notice**) in, or substantially in, the form set out in the Agency Agreement, specifying, among other things, the details of any Substitute Collateral and the date on which it is to be purchased. A Substitution Notice, once given by the Issuer, shall be conclusive and binding on such persons so notified by the Issuer.

Notwithstanding the foregoing, a substitution of Collateral may only be made if:-

- I. the Substitute Collateral has been delivered, transferred or assigned to the Issuer on the same terms (*mutatis mutandis*) as the Maturing Collateral and is subject to the charge or other security interest created by or pursuant to the Trust Instrument and/or any Additional Security Document;
- II. in respect of rated Securities, Standard & Poor's and/or Moody's, as the case may be, are notified of such substitution or the crediting of funds to the Deposit Account, as the case may be, and (if applicable) either (1) the Substitute Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (2) the Issuer has received written confirmation from Standard & Poor's and/or Moody's, as the case may be that their respective current rating(s) of the Securities will not be adversely affected by such substitution; and
- III. such other conditions as may be specified in the Final Terms are satisfied.

All determinations of the availability of Substitute Collateral, and all determinations and calculations of the purchase price and applicable date for purchase thereof shall be made by the Swap Counterparty in accordance with the Trust Instrument and all such determinations and calculations shall be binding on the Issuer, the Trustee, the Option Counterparty, the Securityholders and all other persons. The Trustee shall not be liable to the Issuer, the Option Counterparty, the Securityholders or any other person nor shall the Issuer be liable to the Trustee, the Option Counterparty or any Securityholder for any loss arising from any

arrangement referred to in any Substitution Notice or for the purchase price of the Substitute Collateral or otherwise from the operation of this Condition 8.6(b)(i).

The Trust Instrument provides that, in connection with any Substitution, the Trustee shall receive a certificate from the Issuer (or the Swap Counterparty acting on its behalf) describing the Substitution and confirming that sub-paragraphs (I), (II) and (III) above have been complied with, and it may rely absolutely upon such certificate for all purposes and need make no enquiry of any nature. By subscription for, or acquisition of, any Security, each Securityholder accepts and is bound by this provision.

- (ii) If there is Maturing Collateral and it is provided in the Final Terms that this Condition 8.6(b) applies to the Securities and the security for the Securities is as described in Condition 8.3(c), the Swap Agreement provides that the Swap Counterparty shall on the maturity date of the Maturing Collateral, subject to payment in full of all principal, interest and other sums falling due on such date in respect of the Maturing Collateral, substitute the Maturing Collateral with Eligible Securities. The Swap Counterparty shall give notice in writing in, or substantially in, the form set out in the Agency Agreement to the Issuer, the Trustee, Standard & Poor's and/or Moody's (if the Securities are rated by Standard & Poor's and/or Moody's, as the case may be), the Registrar (in the case of Registered Securities), the Custodian, the Sub-Custodian, the Option Counterparty and, in accordance with Condition 17, the Securityholders no later than the date on which such substitution takes place. Such Eligible Securities will as from the date of such substitution be deemed to have been transferred by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex free and clear of any liens, claims, charges or encumbrances or any other interest of any third party and on terms that, with effect from such date, the Swap Counterparty will pay to the Issuer amounts equal to all Distributions received on such Eligible Securities.

Notwithstanding the foregoing, a Substitution by the Swap Counterparty may only be made if in respect of rated Securities either (A) the Substitute Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (B) the Issuer shall have received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Securities will not be adversely affected by the Substitution.

The Trust Instrument provides that the Trustee shall not be liable to the Issuer, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty, any Securityholder or any other person, nor shall the Issuer be liable to the Trustee, any Securityholder, the Swap Counterparty, the Option Counterparty, the Repurchase Counterparty or any other person for any loss arising from any arrangement referred to in any Substitution Notice or otherwise from the operation of Condition 8.6(b).

- (c) All rights of Replacement and/or Substitution under Condition 8.6 shall cease forthwith upon the security constituted by the Trust Instrument becoming enforceable whether in whole or in part.

In the case of a Replacement and/or Substitution in accordance with this Condition 8.6, a supplement to the relevant prospectus prepared in respect of the listing of the Securities will, in the case of any Series of Securities listed on the Luxembourg Stock Exchange (and for so long as the rules of the Luxembourg Stock Exchange so require), be lodged with the Luxembourg Stock Exchange.

8.7 Purchase of Collateral maturing after the Final Exercise Date

If any securities forming all or part of the Collateral have a maturity date falling after the Final Exercise Date of the Securities, the Issuer may agree to sell such Collateral to the Swap Counterparty for value on the Final Exercise Date at a price equal to the principal amount thereof.

8.8 Realisation of the Mortgaged Property relating to the Securities

(a) Realisation of Security

In the event of the security constituted by or created pursuant to the Trust Instrument over the Mortgaged Property becoming enforceable, the Trustee may at its discretion and shall:

- (i) if requested in writing by the holders of at least one-fifth in number of the Securities then outstanding (as defined in the Trust Instrument); or
- (ii) if directed by an Extraordinary Resolution (as defined in the Trust Instrument) of the Securityholders; or
- (iii) if directed in writing by the Swap Counterparty (if the Swap Agreement has terminated in accordance with its terms prior to the Swap Agreement Termination Date or, on or after the Swap Agreement Termination Date, if sums remain owing to the Swap Counterparty under the Swap Agreement) (save for any such termination resulting from a default by the Swap Counterparty); or
- (iv) if directed in writing by the Option Counterparty (if the Option Agreement has terminated in accordance with its terms prior to the Option Agreement Termination Date or, on or after the Option Agreement Termination Date, if sums remain owing to the Option Counterparty under the Option Agreement) (save for any such termination resulting from a default by the Option Counterparty),

do one or more of the following:

- (A) (where Condition 8.3(a) or (b) applies) instruct the Selling Agent to endeavour to sell or otherwise realise the Collateral in accordance with Condition 8.8(b) and the provisions of the Agency Agreement;
- (B) (where Condition 8.3(a) or (b) applies) take other steps to realise all or some of the Collateral;
- (C) terminate and/or enforce and/or realise any Purchase Agreement, Credit Support Document, Swap Agreement, Option Agreement, Repurchase Agreement or other agreement entered into by the Issuer, the rights of the Issuer in respect of which form part of the Mortgaged Property;
- (D) otherwise enforce the security constituted by or pursuant to the Trust Instrument and/or any Additional Security Document,

in each case without any liability as to the consequences of such action and without having regard to the effect of such action on individual Securityholders and provided that the Trustee shall not be required to take any action without first being indemnified and/or secured to its satisfaction or to do anything which is or may be contrary to any applicable law. Any request or direction given by the person or persons ranking in priority immediately after the Trustee under Condition 8.5 (the **Entitled Beneficiary**) will have priority over any conflicting direction given under this Condition 8.8(a) and,

in the absence of any such request or direction, the Trustee may at its discretion decline to act on any request or direction given by any other person.

- (b) If the Selling Agent is instructed by the Trustee in accordance with Condition 8.8(a) to endeavour to sell or otherwise realise the Collateral the Selling Agent shall, on behalf of and as the agent of the Trustee pursuant to, and in accordance with, the provisions of the Agency Agreement, use all reasonable endeavours to sell or otherwise realise the Collateral as soon as reasonably practicable on or after the date on which it receives such instruction at its best execution price less any commissions or expenses charged by the Selling Agent and specified for this purpose in the Trust Instrument.

If, however, the Selling Agent determines that there is no available market for the Collateral, or if the Selling Agent otherwise determines that it is impossible to sell or otherwise realise the Collateral or any part of it, the Selling Agent will promptly notify the Issuer, the Trustee, the Option Counterparty and the Swap Counterparty of such lack of availability or impossibility and the Selling Agent shall not be required to effect the sale or other realisation of the Collateral or any further part of it. Any such determination by the Selling Agent shall be in its sole and absolute discretion and shall be binding on the Issuer, the Trustee, the Swap Counterparty, the Option Counterparty, the Securityholders. In the event that the Selling Agent makes such determination the Trustee at its discretion may, and shall if so requested or directed in accordance with Condition 8.8(a) (but subject in each case to its being indemnified and/or secured in accordance with such Condition) realise all or part of the Collateral by other means.

In order to obtain its best execution price for the above purposes, the Selling Agent shall be required to take reasonable care to ascertain the price which is the best available for the sale or other realisation of the Collateral at the time of the sale or other realisation for transactions of the kind and size concerned and, unless circumstances require the Selling Agent to do otherwise in the interests of the Securityholders, to deal at a price which is not less advantageous to the Securityholders.

The Trustee shall have no responsibility or liability for the performance by the Selling Agent of its duties under this Condition 8.8(b) or for the price at which any of the Collateral may be sold or otherwise realised.

8.9 Shortfall after application of proceeds

If the net proceeds of the realisation of the security created pursuant to the Trust Instrument and/or any Additional Security Document (the **Net Proceeds**) are not sufficient to make all payments due in respect of the Securities, and for the Issuer to meet its obligations, if any, in respect of the termination of the Swap Agreement (or a part of it) and/or the Option Agreement (or a part of it) and/or any other obligations secured thereby, then the obligations of the Issuer in respect of the Securities and the Swap Agreement and/or the Option Agreement and/or any such other obligations will be limited to such net proceeds. The other assets of the Issuer (including, in the case of a mandatory partial redemption where Condition 8.3(a) or (b) applies, the Collateral other than the Repayable Assets (as defined in Condition 6.2), which will remain available to those holders whose Securities have not been exercised), will not be available for payment of any Shortfall (as defined below) arising therefrom. Any Shortfall shall be borne by the Securityholders, the Swap Counterparty, the Option Counterparty and any other persons entitled to the benefit of such security according to the priorities specified in the Trust Instrument.

The Issuer will not be obliged to make any further payment in excess of the Net Proceeds and any right to receive any further sum in each case in respect of any Shortfall remaining after realisation of the security under Condition 8.8 and application of the proceeds in accordance with the Trust Instrument shall be extinguished and neither the Trustee nor any Swap Counterparty nor any Option Counterparty nor any Securityholder nor any other person entitled to the benefit of such security (nor any person acting on behalf of any of them) may take any further action to recover such Shortfall. In

particular, no such party will be able to petition for the winding-up of the Issuer. Failure to make any payment in respect of any Shortfall shall in no circumstances constitute an Event of Default under Condition 12.

Where Condition 8.3(a) or (b) applies, the realisation of some only of the Collateral where there is a shortfall will not extinguish any claims in respect of the remaining Collateral.

In this Condition **Shortfall** means the amount, if any, by which the amount of the Net Proceeds is less than the payments which would but for this Condition 8.9 have been due under the Securities and the Swap Agreement and the Option Agreement and/or to any other person entitled to the benefit of the security created pursuant to the Trust Instrument and/or the Additional Security Document.

8.10 Issuer's rights as holder of Collateral

The Issuer may exercise any rights in its capacity as holder of the Collateral only with the prior written consent of the Trustee (which consent may be given by the Trustee in its absolute discretion) or as directed by an Extraordinary Resolution of the Securityholders and, if such consent or direction is given, the Issuer will act only in accordance with such consent or direction. In particular, the Issuer will not attend or vote at any meeting of holders of the Collateral, or give any consent or notification or make any declaration in relation to the Collateral, unless the Trustee shall give its prior written consent (which consent may be given by the Trustee in its absolute discretion) or by direction of any Extraordinary Resolution of the Securityholders.

9. SWAP AGREEMENT; OPTION AGREEMENT; REPURCHASE AGREEMENT

9.1 Swap Agreement

The Swap Agreement will terminate on the date specified in the Swap Agreement (the **Swap Agreement Termination Date**), unless terminated earlier in accordance with its terms. Unless otherwise specified in the Final Terms, (i) the Swap Agreement will terminate in full if all the Securities are exercised or cancelled prior to their Final Exercise Date pursuant to any provision of Condition 6 or upon the occurrence of an Event of Default; and (ii) the Swap Agreement will terminate in part (on a *pro rata* basis in a proportion of its principal amount equal to the proportion that the number of the relevant Securities being exercised bears to the aggregate number of the Securities of the relevant Series immediately prior to such exercise) if some of the Securities are exercised or the Securities are exercised in part prior to their Final Exercise Date pursuant to any provision of Condition 6. In the event of an early termination of the Swap Agreement, either party to the Swap Agreement may be liable to make a termination payment to the other party in an amount determined in accordance with the provisions of the Swap Agreement. In the event of an early termination of the Swap Agreement as a result of the exercise of the Securities pursuant to Condition 6.2, any obligation of the Issuer at any time to deliver the Collateral to the Swap Counterparty shall for the purposes of the calculation of such termination payment be deemed to be replaced by an obligation of the Issuer to pay to the Swap Counterparty a sum equal to the nominal amount of such Collateral.

Neither the Issuer nor the Swap Counterparty is obliged under the Swap Agreement to gross up payments to be made by it to the other if withholding taxes are imposed on such payments, but the Swap Agreement is terminable in such event. If the Issuer, on the occasion of the next payment due under the Swap Agreement, would be required by law to withhold or account for tax such that it would be rendered unable to make payment of the full amount due or would be required to account for tax or would suffer tax on its income in respect of the amount paid to it, the Issuer shall so inform the Trustee in writing, and shall use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal obligor in accordance with Condition 14.4 or to use all reasonable endeavours (subject to obtaining the prior written consent of the

Trustee) to transfer its residence for tax purposes to another jurisdiction (subject to, in the case of rated Securities, Standard & Poor's and/or Moody's, as the case may be, having confirmed in writing that their respective current rating(s) of such Securities will not be adversely affected by such substitution or, as the case may be, transfer).

If so specified in the Swap Agreement, in respect of rated Securities, if the long-term debt rating of the Swap Counterparty is or may be downgraded with the result that the current rating(s) of the Securities by Standard & Poor's and/or Moody's, as the case may be, is or may be adversely affected, the Swap Counterparty will be required to transfer its rights and obligations under the Swap Agreement to another entity or to obtain a guarantee from another entity or to take such other action as may be specified in the Swap Agreement, subject as provided in this Condition 9.1.

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

- (a) the Trustee being satisfied that such rights and obligations have been effectively transferred to and/or guaranteed by, as the case may be, the transferee and/or guarantor selected by the Swap Counterparty and that all the Issuer's right, title, benefit and interest in, to, under and in respect of the Swap Agreement following any such transfer and/or guarantee in respect of the obligations of the Swap Counterparty (or, as the case may be, any transferee to whom the obligations of the Swap Counterparty are transferred), are effectively secured in favour of the Trustee for the benefit of the Securityholders, in each case in form and substance reasonably satisfactory to the Trustee;
- (b) in respect of rated Securities, the Trustee having received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Securities will not be adversely affected by any transfer and/or guarantee as is referred to above; and
- (c) the Swap Counterparty having indemnified the Issuer and the Trustee against any stamp or other documentary charges and all expenses (if any) incurred by the Issuer and/or the Trustee in connection with such transfer.

To the extent that the Swap Counterparty fails to make payments due to the Issuer under the Swap Agreement, the Issuer will be unable to meet its obligations in respect of the Securities and Coupons. In such event, the Swap Agreement will be terminated and the Securities will become repayable in accordance with Condition 6.3. Upon enforcement in respect of the Mortgaged Property, the net proceeds thereof may be less than the claims of the Swap Counterparty, the Option Counterparty, the Securityholders and the other persons entitled to the benefit of such security.

9.2 Option Agreement

The Option Agreement will terminate on the date specified in the Option Agreement (the **Option Agreement Termination Date**), unless terminated earlier in accordance with its terms. Unless otherwise specified in the Final Terms, (i) the Option Agreement will terminate in full if all the Securities are exercised prior to their Final Exercise Date pursuant to any provision of Condition 6 or upon the occurrence of an Event of Default; and (ii) the Option Agreement will terminate in part (on a *pro rata* basis in a proportion of its principal amount equal to the proportion that the number of the relevant Securities being exercised bears to the aggregate number of the Securities of the relevant Series immediately prior to such exercise) if some of the Securities are exercised or the Securities are exercised in part prior to their Final Exercise Date pursuant to any provision of Condition 6. In the event of an early termination of the Option Agreement, either party to the Option Agreement

may be liable to make a termination payment to the other party in an amount determined in accordance with the provisions of the Option Agreement.

Neither the Issuer nor the Option Counterparty is obliged under the Option Agreement to gross up payments to be made by it to the other if withholding taxes are imposed on such payments, but the Option Agreement is terminable in such event.

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

- (a) the Trustee being satisfied that such rights and obligations have been effectively transferred to and/or guaranteed by, as the case may be, the transferee and/or guarantor selected by the Option Counterparty and that all the Issuer's right, title, benefit and interest in, to, under and in respect of the Option Agreement following any such transfer and/or guarantee in respect of the obligations of the Option Counterparty (or, as the case may be, any transferee to whom the obligations of the Option Counterparty are transferred), are effectively secured in favour of the Trustee for the benefit of the Securityholders, in each case in form and substance reasonably satisfactory to the Trustee;
- (b) in respect of rated Securities, the Trustee having received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current rating(s) of the Securities will not be adversely affected by any transfer and/or guarantee as is referred to above; and
- (c) the Option Counterparty having indemnified the Issuer and the Trustee against any stamp or other documentary charges and all expenses (if any) incurred by the Issuer and/or the Trustee in connection with such transfer.

To the extent that the Option Counterparty fails to meet its obligations to the Issuer under the Option Agreement, the Issuer will be unable to meet its obligations in respect of the Securities. In such event, the Option Agreement will be terminated and the Securities will become repayable in accordance with Condition 6.3. Upon enforcement in respect of the Mortgaged Property, the net proceeds thereof may be less than the claims of the Swap Counterparty, the Option Counterparty, the Securityholders and the other persons entitled to the benefit of such security.

9.3 Repurchase Agreement

- (a) If it is stated in the Final Terms that the Issuer has entered into the Repurchase Agreement, the Repurchase Counterparty may, subject to the provisions thereof, at any time and from time to time prior to the Final Exercise Date (and provided that the Securities have not become subject to cancellation prior to the Final Exercise Date), by giving written notice to the Issuer, the Trustee and the Custodian (a **Purchase Notice**), request the Issuer (the **Purchase Option**) to transfer any amount of the assets comprised in the Collateral (the **Purchased Collateral**) on terms that full legal and beneficial ownership of such Purchased Collateral shall vest in the Repurchase Counterparty on the date specified in the Purchase Notice (the **Delivery Date**) free and clear of all charges, liens and encumbrances created by the Trust Instrument with respect thereto or otherwise by the Issuer and together with the benefit of all the Issuer's rights and entitlements thereto and therein subsisting at the time the Purchase Option is exercised against payment to the Issuer of the purchase price (the **Purchase Price**) (if any) specified in, or determined in accordance with the provisions of, the Final Terms and on terms that the Repurchase Counterparty shall be obliged to deliver the Purchased Collateral or Fungible Collateral to the Issuer on the date specified in the relevant Purchase Notice or, if no date is so specified, on the date specified in the absolute discretion of the Repurchase Counterparty (each, a **Redelivery Date**) against payment of the repurchase price (the **Repurchase**

Price (if any) specified in, or determined in accordance with the provisions of, the Final Terms and that until the Purchased Collateral or Fungible Collateral is so delivered, all payments of principal, interest or other sums in respect of the Purchased Collateral will be made to the Repurchase Counterparty (each, a **Purchase Transaction**). Unless otherwise provided in the Final Terms, the Repurchase Price may not exceed the amount for the time being standing to the credit of the Repurchase Account (as defined below).

Notwithstanding the foregoing, the Issuer may enter into a Repurchase Agreement only if, in the case of Securities which are rated by Standard & Poor's and/or Moody's, as the case may be, the Trustee shall have received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that (i) their respective current rating(s) of the Securities will not be adversely affected by the Issuer entering into the Repurchase Agreement and (ii) the Repurchase Agreement satisfies such conditions as Standard & Poor's and/or Moody's, as the case may be, may have specified as a condition of such rating(s).

Fungible Collateral means an amount of debt or equity securities equivalent to the Purchased Collateral the subject of the relevant Purchase Transaction (provided that, if and to the extent that such Purchased Collateral has been redeemed, such expression shall mean a sum of money equivalent to (and in the same currency as) the proceeds of such redemption) and debt or equity securities are "equivalent to" Purchased Collateral if they (i) are of the same issuer or obligor (ii) are part of the same issue, series or class, (iii) are of an identical type, nominal value and description and amount as the Purchased Collateral and (iv) have the same terms and conditions and rank in all respects *pari passu* and equally with the Purchased Collateral.

Under the Repurchase Agreement, the Repurchase Counterparty in respect of a Purchase Transaction will be required to make payments to the Issuer equal to each payment of principal, interest, dividends or other distributions made by an obligor of the relevant Purchased Collateral (each an **Income Payment**) on the date on which such payments under such Purchased Collateral are made by the obligor of such Purchased Collateral.

Unless otherwise specified in the Final Terms, if the Issuer agrees to the terms of a Purchase Notice, the Issuer will be deemed to be authorised by the Trustee (and by all other persons entitled to the benefit of the security created by or pursuant to the Trust Instrument) to release from the security created by or pursuant to the Trust Instrument the Collateral which is the subject of the Purchase Transaction. If any Purchased Collateral or Fungible Collateral is redelivered to the Issuer pursuant to the Repurchase Agreement, the right of the Issuer to receive payments from the Repurchase Counterparty equal to the Income Payments made on or in respect of such Purchased Collateral or Fungible Collateral shall terminate and, upon redelivery of such Purchased Collateral or Fungible Collateral, such Purchased Collateral or Fungible Collateral shall be subject to the security constituted by or created pursuant to the Trust Instrument.

Any amount of Purchase Price paid by the Repurchase Counterparty to the Issuer pursuant to the Repurchase Agreement shall be credited to an interest bearing account in the name of the Custodian (the **Repurchase Account**) opened by the Custodian with a bank or other financial institution (which shall be the Custodian unless otherwise specified in the Final Terms) specified in the Trust Instrument on terms that the funds standing to the credit of the Repurchase Account shall earn the rate or rates of interest (which may be a floating rate) specified in the Trust Instrument. Funds credited to the Repurchase Account from time to time (including capitalised interest) shall be debited from the Repurchase Account on each Repurchase Date to be applied in payment of the Repurchase Price then due or as otherwise provided in the Trust Instrument.

To the extent that the Repurchase Counterparty fails to make payments due to the Issuer under the Repurchase Agreement, or to deliver Purchased Collateral or Fungible Collateral to the Issuer when required under the Repurchase Agreement, the Issuer will be unable to meet its obligations in respect

of the Securities. In such event, the Repurchase Agreement will be terminated and the Securities will become repayable in accordance with Condition 6.3. Upon enforcement in respect of the Mortgaged Property, the net proceeds thereof may be less than the claims of the Swap Counterparty, the Option Counterparty, the Securityholders and the other persons entitled to the benefit of such security.

The Trustee shall not be liable to the Issuer, the Securityholders, the Swap Counterparty, the Option Counterparty or any other person for any loss arising from the exercise of any Purchase Option, any Purchase Transaction or any release of Mortgaged Property in connection therewith.

- (b) If it is specified in the Final Terms that Condition 8.6(a) applies to the Securities, and the security for the Securities is as described in Condition 8.3(a) or (b), and unless otherwise specified in the Trust Instrument, the Repurchase Counterparty may, at its cost and subject to and in accordance with the provisions of the Trust Instrument, deliver a Replacement Notice to the Issuer, the Trustee, the Custodian, the Option Counterparty and the Swap Counterparty (if any) in, or substantially in, the form set out in the Agency Agreement, requesting authorisation from the Issuer that any securities or other assets for the time being comprising all or part of the Purchased Collateral (hereinafter referred to as the **Replaced Purchased Collateral**) be replaced (a **Replacement**) by other securities or assets of a type or types (or combination thereof), having the features specified in respect of Replacement Collateral in the Trust Instrument (**Replacement Purchased Collateral**) and on terms that such other conditions as may be specified in the Trust Instrument in respect of a Replacement (as defined therein) are satisfied. Any Replacement in respect of rated Securities is further conditional on either (i) the Replacement Purchased Collateral being comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (ii) the Issuer having received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current ratings(s) of the Securities will not be adversely affected by the Replacement. Subject to the Issuer authorising the Replacement (and subject as provided in respect of rated Securities), any such Replacement Purchased Collateral shall (to the extent delivered by the Repurchase Counterparty to the Issuer when required under the Repurchase Agreement) constitute Replacement Purchased Collateral.

Upon receipt of a Replacement Notice (and subject as provided in respect of rated Securities), if the Issuer has determined (acting in its sole and absolute discretion) that it will authorise the Replacement, the Issuer shall forthwith notify the Trustee, the Swap Counterparty, the Option Counterparty, the Issuing and Paying Agent (in the case of Bearer Securities), the Registrar (in the case of Registered Securities), the Custodian, the Calculation Agent and, in accordance with Condition 17, the Securityholders of the Replacement.

The Trustee shall not be liable to the Issuer, the Securityholders, the Swap Counterparty, the Option Counterparty or any other person and the Issuer shall not be liable to the Trustee, the Securityholders, the Swap Counterparty, the Option Counterparty or any other person for any loss arising from any arrangement referred to in the Replacement Notice or otherwise from the operation thereof.

- (c) If it is specified in the Final Terms that Condition 8.6(b) applies to the Securities, and the security for the Securities is as described in Condition 8.3(a) or (b), and securities and/or other assets which comprise all or part of the Purchased Collateral have a maturity date which falls prior to the final exercise of the Securities (**Maturing Purchased Collateral**), then unless provided otherwise in the Trust Instrument, the proceeds of exercise received upon maturity of such Maturing Purchased Collateral may, upon request to the Issuer and if such request is authorised, be applied by the Repurchase Counterparty:
- (i) in the purchase of further securities and/or other assets of a type or types (or combination thereof) identified by the Repurchase Counterparty and having the features (if any) specified

in respect of Substitute Collateral in the Trust Instrument (or, if no features are so specified, having such features as the Repurchase Counterparty shall in its sole and absolute discretion determine), but subject as provided below in respect of rated Securities (**Substitute Purchased Collateral** and each such purchase a **Substitution**). Any such Substitute Purchased Collateral so specified shall (to the extent delivered by the Repurchase Counterparty to the Issuer when required under the Repurchase Agreement) constitute Substitute Purchased Collateral for the purposes of the Final Terms of the Securities; and/or

- (ii) by crediting such proceeds of redemption to an interest bearing account in the name of the Repurchase Counterparty (the **Repurchase Counterparty Deposit Account**) opened by the Repurchase Counterparty with a bank or other financial institution selected by the Repurchase Counterparty in respect of the proceeds of redemption of Substitute Purchased Collateral. Subject to any contrary provision in the Final Terms of the relevant Securities or in the relevant Purchase Notice, the Repurchase Counterparty will procure that funds credited to the Repurchase Counterparty Deposit Account from time to time (including capitalised interest) shall be debited from the Repurchase Counterparty Deposit Account on the Final Exercise Date or other date for exercise or cancellation of the Securities and paid to the Issuer for application by the Issuer in connection with such exercise or cancellation.

Not later than the date of each Substitution, the Repurchase Counterparty shall give a notice to the Issuer, the Trustee, the Option Counterparty and the Swap Counterparty (if any) (a **Substitution Notice**) in, or substantially in, the form set out in the Agency Agreement, requesting authorisation from the Issuer and specifying, among other things, the details of any proposed Substitute Purchased Collateral and the date on which it is proposed to be purchased. Upon receipt of a Substitution Notice and subject as provided in respect of rated Securities, if the Issuer has determined (acting in its sole and absolute discretion) to authorise the Substitution, the Issuer shall forthwith notify the Trustee, the Swap Counterparty, the Option Counterparty, the Registrar (in the case of Registered Securities), the Custodian, the Calculation Agent and, in accordance with Condition 17, the Securityholders of such Substitution.

Notwithstanding the foregoing, a Substitution may only be made if such conditions as are specified in the Trust Instrument in respect of a Substitution (as defined herein) are satisfied and if, in respect of rated Securities, Standard & Poor's and/or Moody's are notified of the Substitution or the crediting of funds to the Repurchase Counterparty Deposit Account, as the case may be, and either (i) (if applicable) the Substitute Purchased Collateral is comprised of Eligible Securities which are rated AAA by Standard & Poor's and/or Aaa by Moody's or (ii) the Issuer has received written confirmation from Standard & Poor's and/or Moody's, as the case may be, that their respective current ratings(s) of the Securities will not be adversely affected by the Substitution.

In the case of a Replacement and/or Substitution in accordance with this Condition 9.3, a supplement to the relevant prospectus prepared in respect of the listing of the Securities will, in the case of any Series of Securities listed on the Luxembourg Stock Exchange (and for so long as the rules of the Luxembourg Stock Exchange so require), be lodged with the Luxembourg Stock Exchange.

10. RESTRICTIONS

The Issuer has covenanted in the Trust Instrument that (*inter alia*) so long as any of the Securities remains outstanding, it will not, without the consent of the Trustee and, if applicable, the Option Counterparty and the Swap Counterparty:

- (a) engage in any activity or do any thing whatsoever except:

- (i) issue or enter into Investments (which as defined in the Trust Instrument include further Securities) which are subject to the Securitisation Act 2004 of Luxembourg (**Permitted Investments**) or otherwise incur indebtedness in respect of moneys borrowed or raised where such indebtedness is incurred on terms that it is subject to the Securitisation Act 2004 of Luxembourg and/or such indebtedness relates to assets or other property which are not part of the Mortgaged Property of any other Securities and on terms which provide for the extinguishment of all claims in respect of such indebtedness after application of the proceeds of the assets on which such indebtedness is secured (**Permitted Indebtedness**);
- (ii) enter into any Agency Agreement, Trust Instrument, Swap Agreement, Option Agreement, Repurchase Agreement, the Deed of Floating Charge or any deed or agreement of any other kind related to any Permitted Investment or Permitted Indebtedness, but provided always that any such agreement is entered into on terms that the obligations of the Issuer thereunder are secured on specified assets of the Issuer (other than its share capital) which do not form part of the Mortgaged Property and on terms which provide for extinguishment of all claims in respect of such obligations after application of the assets on which such indebtedness is secured;
- (iii) acquire, or enter into any agreement constituting the Collateral in respect of any Permitted Investment or the assets securing any Permitted Indebtedness;
- (iv) perform its obligations under each Permitted Investment or Permitted Indebtedness and the Agency Agreement, Trust Instrument, Swap Agreement, Option Agreement, Repurchase Agreement, the Deed of Floating Charge or other deeds or agreements incidental to the issue and constitution of, or the granting of security for, any Permitted Investment or Permitted Indebtedness;
- (v) enforce any of its rights under the Agency Agreement, the Trust Instrument, the Swap Agreement, Option Agreement, the Repurchase Agreement, the Deed of Floating Charge or any other deed or agreement entered into in relation to any Permitted Investment or Permitted Indebtedness;
- (vi) perform any act incidental to or necessary in connection with any of the above;
- (b) have any subsidiaries or employees;
- (c) subject to sub-paragraph (a) above, dispose of any of its property or other assets or any part thereof or interest therein (subject as provided in the terms and conditions relating to any Permitted Investment or the terms and conditions of any Permitted Indebtedness);
- (d) issue or create any Series of Securities unless either (i) the trustee thereof is the same person as the Trustee for the Securities or (ii) the Trustee has received legal advice satisfactory to it from reputable legal advisers in England and the jurisdiction of incorporation of the Issuer to the effect that the appointment of a person other than the Trustee as trustee of such Series of Securities or, as the case may be, the absence thereof, will not adversely affect the ability of the Trustee to appoint an administrative receiver over the assets of the Issuer pursuant to the Deed of Floating Charge;
- (e) purchase, own, lease or otherwise acquire any real property;
- (f) consolidate or merge with any other person; or

- (g) issue any further shares other than beneficiary shares.

11. PRESCRIPTION

Claims against the Issuer for payment in respect of the Securities shall be prescribed and become void unless made within five years from the appropriate Relevant Date in respect thereof.

The Luxembourg Act dated 3rd September, 1996 on the involuntary dispossession of bearer securities, as amended requires that any amount that is payable under the Securities, before opposition to such payment under the Securities, has been filed (by the relevant holder) but has not yet been paid to the holder of these Securities, is paid to the Caisse de Consignations in Luxembourg until the opposition to such payment under the Securities, has been withdrawn or elapsed.

12. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in number of Securities then outstanding, or if so directed by an Extraordinary Resolution of such holders, shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that such Securities are, and they shall accordingly forthwith become immediately due and repayable at their Cash Settlement Amount and the security constituted by or created pursuant to the Trust Instrument shall become enforceable, as provided in the Trust Instrument, in any of the following events (each an **Event of Default**):

- (a) if default is made for a period of 14 days or more in the payment of any sum due in respect of the Securities (subject as provided in Conditions 6.2 and 6.3) and/or any payment of any sum or delivery obligations in respect of an exercise of American Style Exercise Rights or any of them; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Securities or the Trust Instrument and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or
- (c) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution.

The Issuer has undertaken in the Trust Instrument that, on each anniversary of the date of first entry into of a Trust Instrument between the Issuer and the Trustee and also within 14 days after any request by the Trustee, it will send to the Trustee a certificate signed by a Director of the Issuer to the effect that, after making all reasonable enquiries by such Director, to the best of the knowledge, information and belief of the Issuer there did not exist, as at a date not more than five days prior to the date of the certificate, nor had there existed at any time prior thereto since the date of the Trust Instrument or the date of the last such certificate if any, any Event of Default or Potential Event of Default (as defined in the Trust Instrument) or, if such an Event of Default or Potential Event of Default did then exist or had existed, specifying the same and to such other effect as the Trustee may require.

The Trust Instrument provides that the Trustee shall not be under any obligation to monitor whether or not an Event of Default or a Potential Event of Default (as defined in the Trust Instrument) has occurred or is continuing.

13. ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Instrument, these terms and conditions and the Securities but it shall not be obliged to take any such proceedings unless (a) it shall have been so requested or directed by any person entitled to make such request or give such direction pursuant to Condition 8.8(a) and (b) it shall have been indemnified and/or secured to its satisfaction and provided that it shall not be obliged to take any action if it would be against any applicable law.

Only the Trustee (or, to the extent provided in Condition 8.8(b), the Selling Agent) may pursue the remedies available under the Trust Instrument to enforce the rights of the Securityholders, and/or the Swap Counterparty and/or the Option Counterparty and/or the Custodian and/or the Issuing and Paying Agent and/or the Registrar and no Securityholder, Swap Counterparty, Option Counterparty or the Custodian or the Issuing and Paying Agent or the Registrar is entitled to proceed against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Instrument, fails or neglects to do so within a reasonable period and such failure is continuing.

The Trustee, the Swap Counterparty, the Option Counterparty, the Securityholders, the Custodian and the Issuing and Paying Agent and the Registrar shall have recourse only to the Mortgaged Property and the Selling Agent or the Trustee having realised the same or, in the case of a partial redemption pursuant to Condition 6.2, the Repayable Assets and distributed the net proceeds in accordance with Condition 8.5, the Trustee, the Swap Counterparty, the Option Counterparty, the Securityholders, the Custodian, the Issuing and Paying Agent, the Registrar or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer or the Trustee to recover any further sum (save for lodging a claim in the liquidation of the Issuer initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer) and the right to receive any such sum shall be extinguished. In particular, neither the Trustee or the Swap Counterparty or the Option Counterparty or the Custodian or the Issuing and Paying Agent or the Registrar nor any Securityholder, nor any other party to the Trust Instrument shall be entitled to petition or take any other step for the winding-up of the Issuer or the appointment of an examiner in respect of the Issuer, nor shall any of them have any claim in respect of any asset of the Issuer not forming part of the Mortgaged Property.

14. MEETINGS OF SECURITYHOLDERS; MODIFICATIONS; WAIVER; AND SUBSTITUTION

14.1 Meetings of Securityholders

The Trust Instrument contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Securities (including these Conditions or the provisions of the Trust Instrument insofar as the same may apply to such Securities). The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority in number of the Securities for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Securityholders, whatever the number of the Securities so held or represented, and an Extraordinary Resolution duly passed at any such meeting shall be binding on all the Securityholders, whether present or not, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of exercise or cancellation of the Securities, or any date for payment thereof, (b) to reduce or cancel the number of, or any amount payable on exercise of, the Securities, (c) to change any method of calculating the Cash Settlement Amount, (d) to change the currency or currencies of payment or

nominal amount of the Securities, (e) to take any steps which as specified in the Trust Instrument may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (f) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution, (g) to modify the provisions of the Trust Instrument concerning this exception or (h) to modify any other provisions specifically identified for this purpose in the Trust Instrument, will only be binding if passed at a meeting of the Securityholders, the quorum at which 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 number of the Securities for the time being outstanding. The holder of a Global Security representing all (or part) of the Securities for the time being outstanding will be treated as being two persons for the purposes of such quorum requirements. A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in number of the Securities for the time being outstanding shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of Securityholders.

The provisions of articles 86 to 97 of the Luxembourg Act dated 10th August, 1915 on commercial companies, as amended, shall not apply to the Securities.

14.2 Modification

The Trustee may, without the consent of the Securityholders but only with the prior written consent of the Swap Counterparty (if any) and the Option Counterparty (if any) agree to (a) any modification to the Trust Instrument, the Swap Agreement, the Option Agreement, the Repurchase Agreement, the Credit Support Document, any Ancillary Agreement, the Deed of Floating Charge or any other agreement or document entered into in relation to the Securities which is of a formal, minor or technical nature or is made to correct a manifest error, or an error which is, in the opinion of the Trustee, proven; (b) any modification of any of the provisions of the Trust Instrument, the Swap Agreement, the Option Agreement, the Repurchase Agreement, the Credit Support Document, any Ancillary Agreement, the Deed of Floating Charge or any other agreement or document entered into in relation to the Securities which in the opinion of the Trustee is not materially prejudicial to the interests of the Securityholders and provided that, in the case of rated Securities, Standard & Poor's and/or Moody's, as the case may be, have confirmed in writing that their respective current rating(s) of such Securities will not be adversely affected; (c) any modification of the provisions of the Trust Instrument, the Swap Agreement, the Option Agreement, the Repurchase Agreement, the Credit Support Document, any Ancillary Agreement, the Deed of Floating Charge or any other agreement or document entered into in relation to the Securities which is made to satisfy any requirement of (in the case of rated Securities), Standard & Poor's and/or Moody's, as the case may be, or any stock exchange on which the Securities are or are proposed to be issued and which, in each case, is not in the opinion of the Trustee materially prejudicial to the interests of the Securityholders and (d) any modification of the provisions of the Trust Instrument, the Option Agreement, the Swap Agreement, any Ancillary Agreement, the Deed of Floating Charge or the Credit Support Document which is specified in the Trust Instrument as being a modification to which the Trustee may agree without the consent of the Securityholders or any Secured Party but only with the prior written consent of the Option Counterparty (if any) and the Swap Counterparty (if any). The Trust Instrument provides that the Issuer shall not agree to any amendment or modification of the Trust Instrument without first obtaining the consent in writing of the Swap Counterparty and the Option Counterparty, which consent shall not be unreasonably withheld or delayed.

If the Trustee shall so require, any such modification shall be notified by the Issuer to the Securityholders as soon as practicable thereafter in accordance with Condition 17.

14.3 Waiver

The Trustee may, without the consent of the Securityholders but only with the prior written consent of the Swap Counterparty (if any) and the Option Counterparty (if any) and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, but only if and in so far as in its opinion the interests of the Securityholders shall not be materially prejudiced thereby, waive or authorise, on such terms and conditions as to it shall seem expedient, any breach or proposed breach by the Issuer of any of the covenants or provisions in the Trust Instrument or the Conditions or determine that any Event of Default or Potential Event of Default shall not be treated as such provided always that the Trustee shall not exercise any powers conferred on it by this Condition 14.3 in contravention of any express direction given by an Extraordinary Resolution of the Securityholders but no such direction shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination shall be binding on the Securityholders, the Option Counterparty and the Swap Counterparty.

If the Trustee shall so require, any such waiver, authorisation or determination shall be notified to the Securityholders as soon as practicable thereafter in accordance with Condition 17.

14.4 Substitution

The Trust Instrument contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Instrument and such other conditions as the Trustee may require but without the consent of the Securityholders but subject to the prior written consent of the Swap Counterparty (if any) and the Option Counterparty (if any), to the substitution of any other company (a **Substitute Company**) in place of the Issuer or of any previous substituted company, as principal obligor under the Trust Instrument and all of the Securities then outstanding (subject, in the case of rated Securities, to Standard & Poor's and/or Moody's, as the case may be, having confirmed in writing that their respective current rating(s) of such Securities will not be adversely affected by such substitution). In the case of such a substitution the Trustee may agree, without the consent of the Securityholders but subject to the prior written consent of the Swap Counterparty (if any) and the Option Counterparty (if any), to a change of the law governing the Securities and/or the Trust Instrument provided that (a) such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Securityholders and (b) in the case of rated Securities, Standard & Poor's and/or Moody's, as the case may be, have confirmed in writing that such change would not adversely affect their respective current rating(s) of such Securities. In addition, the Trust Instrument provides that the Issuer shall be required to use all reasonable endeavours to arrange the substitution of a Substitute Company incorporated in another jurisdiction as principal obligor under the Trust Instrument in the circumstances described in Condition 6.3(a).

The Trust Instrument provides that, if a Director or other authorised officer of any Substitute Company certifies that the Substitute Company will be solvent immediately after the time at which the substitution is to be effected, the Trustee shall not have regard to the financial condition, profits or prospects of such Substitute Company or compare the same with those of the Issuer (or any previously substituted company).

For the purposes of Condition 14.4, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing the Securities, the holders of the Securities are expressly deemed to have consented to the substitution of the Issuer by the Substitute Company and to the release of the Issuer from any and all obligations in respect of the Securities and all the agreements attached thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. REPLACEMENT OF SECURITIES

If a Security is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws at the specified office of the Registrar or the registered office of the Issuer or such other Paying and Exchange 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 Securityholders in accordance with Condition 17, 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 Security is subsequently presented for payment there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Securities) and otherwise as the Issuer may require. Mutilated or defaced Securities must be surrendered before replacements will be issued.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Securityholders, but subject to Condition 10 and subject, in the case of rated Securities, to Standard & Poor's and/or Moody's, as the case may be, having confirmed in writing that their respective current rating(s) of such Securities will not be adversely affected, create and issue further securities:

- (a) having the same terms and conditions as the Securities in all respects and so that the same shall be consolidated and form a single series with such Securities (the **Existing Securities**) provided that, unless otherwise approved by an Extraordinary Resolution of Securityholders, the Issuer provides additional assets as security for such further securities (**Further Securities**) of at least an amount determined either on the Nominal Basis or on the Market Value Basis (as each such term is defined below), as selected by the Issuer and specified in the Supplemental Deed (the **Basis Selection**), and the Issuer enters into, or has the benefit of, additional or supplemental Credit Support Documents and/or Swap Agreements and/or Option Agreements and/or Repurchase Agreements extending the terms of any existing Credit Support Document, Swap Agreement and/or Option Agreement and/or Repurchase Agreement to the Further Securities on terms no less favourable than those on which such existing documents and agreements, as so extended, apply to the Existing Securities. Any Further Securities shall be constituted and secured by a deed supplemental to the Trust Instrument (the **Supplemental Deed**, and so that, upon the execution of the Supplemental Deed, all references to the **Trust Instrument** shall be construed as being to such document as amended and supplemented by the Supplemental Deed), such further security shall be added to the Mortgaged Property so that the Further Securities and the Existing Securities shall be secured by the same Mortgaged Property and references in these Conditions to **Securities, Collateral, Mortgaged Property, Credit Support Document, Swap Agreement, Option Agreement and Repurchase Agreement** shall be construed accordingly; or
- (b) upon terms that such securities form a separate series from the Securities and shall not be secured on the Mortgaged Property for the Securities. Any such securities shall be secured on, but only on, such property or assets as may be referred to in the relevant conditions and trust instrument applying to such separate series.

In this Condition:

Nominal Basis means that the additional assets required to be provided by the Issuer in respect of any Further Securities issued or to be issued pursuant to paragraph (a) hereof shall be of a nominal amount which bears the same proportion to the number of the Further Securities as the proportion which the number of such assets forming part of the Mortgaged Property for the Existing Securities bears to the number of the Existing Securities as at such date;

Market Value Basis means that the additional assets required to be provided by the Issuer in respect of any Further Securities issued or to be issued pursuant to paragraph (a) hereof shall be the variable E calculated in accordance with the following formula:

$$(A + B) \div C = (D + E + F) \div (G + H)$$

where:

- A = the Value of the assets forming part of the Mortgaged Property for the Existing Securities as at 11.00 a.m. (London time) on the Issue Date of the Existing Securities
- B = the Mark to Market Value of any Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement in respect of the Existing Securities as at 11.00 a.m. (London time) on the Issue Date of the Existing Securities
- C = the total number of the Existing Securities as at the Issue Date of the Existing Securities
- D = the Value of the assets forming part of the Mortgaged Property for the Existing Securities as at 11.00 a.m. (London time) on the London Business Day falling two London Business Days before the Issue Date of the Further Securities (or such other day as may be selected by the Issuer and specified in the Supplemental Deed)
- E = the Value of the additional assets to form part of the Mortgaged Property for the Existing Securities and the Further Securities required to be provided by the Issuer in respect of the Further Securities as at 11.00 a.m. (London time) on the London Business Day falling two London Business Days before the Issue Date of the Further Securities (or such other day as may be selected by the Issuer and specified in the Supplemental Deed)
- F = the Mark to Market Value of any Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement in respect of the Existing Securities, as extended so as to apply also to the Further Securities, as at 11.00 a.m. (London time) on the London Business Day falling two London Business Days before the Issue Date of the Further Securities (or such other day as may be selected by the Issuer and specified in the Supplemental Deed)
- G = the total number of the Existing Securities as at the Issue Date of the Further Securities
- H = the total number of the Further Securities as at the Issue Date of the Further Securities

for which purposes:

the **Mark to Market Value** of any Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement means the amount (which may be a negative number) determined by the calculation agent under the relevant Agreement (which determination shall be final and binding on all persons in the absence of manifest error), being:

- (i) if such Agreement is a Swap Agreement, the amount that would be payable to the Issuer by the Swap Counterparty pursuant to Section 6(e)(ii)(2)(A) thereof as if all Transactions were

being terminated on such date, provided that Market Quotation shall be determined by the calculation agent appointed under the relevant Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement on the basis of quotations, which the calculation agent shall attempt to obtain from at least three Reference Market-makers (as defined in the Swap Agreement) for amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation") and provided that: (A) if more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations remaining after disregarding the highest and lowest quotations (and, if more than one such quotation has the same highest or lowest value, one of such highest or lowest quotations shall be disregarded); (B) if exactly three quotations are provided, the quotation remaining after disregarding the highest and lowest quotations (and, if more than one such quotation has the same highest or lowest value, one of such highest or lowest quotations shall be disregarded); (C) if two quotations are provided, or if two or more of the quotations are the same, the arithmetic mean of such quotations; and (D) if fewer than two quotations are provided, Market Quotation shall be determined in such other manner as such calculation agent, acting in good faith, may determine, or

- (ii) if such Agreement is a Credit Support Document or an Option Agreement or a Repurchase Agreement, an amount (which may be a negative number) that would be payable to the Issuer by the Swap Counterparty and/or the Swap Counterparty, as the case may be, determined in the manner specified in the Final Terms in respect of the Existing Securities or in the Supplemental Deed;

the **Value** of any assets forming or to form part of the Mortgaged Property for the Existing Securities and/or the Further Securities means the amount determined by the calculation agent appointed under the relevant Credit Support Document and/or Swap Agreement and/or Option Agreement and/or Repurchase Agreement on the basis of firm bid price quotations (**Bid Quotations**) for such assets which the calculation agent shall attempt to obtain from at least three dealers in such assets as the calculation agent may in its discretion select provided that: (i) if more than three Bid Quotations are provided, Value shall be the arithmetic mean of the Bid Quotations remaining after disregarding the highest and lowest Bid Quotations (and, if more than one such Bid Quotation has the same highest or lowest value, one of such highest or lowest Bid Quotations shall be disregarded); (ii) if exactly three Bid Quotations are provided, the Bid Quotations remaining after disregarding the highest and lowest Bid Quotations (and, if more than one such Bid Quotation has the same highest or lowest value, one of such highest or lowest Bid Quotations shall be disregarded); (iii) if two Bid Quotations are provided, or if two or more of the Bid Quotations provided are the same, the arithmetic mean of such Bid Quotations; and (iv) if fewer than two Bid Quotations are provided, Value shall be determined in such other manner as such calculation agent, acting in good faith, may determine;

all calculations and determinations of any Mark to Market Value or Value shall be performed or made by the calculation agent under the relevant Credit Support Document, Swap Agreement, Option Agreement or Repurchase Agreement, or such other person as may be specified in the Trust Instrument or Supplemental Deed and shall be conclusive and binding on all persons in the absence of manifest error, and no liability shall attach to such calculation agent, the Trustee or the Issuer in respect thereof; and

the Basis Selection shall be made by the Issuer, acting in its discretion (subject to any commitment to act in accordance with the instructions of any person), which selection shall be conclusive and binding on all persons and no liability in respect thereof shall attach to the Issuer, the Trustee or any other person in accordance with whose instructions the Issuer is required to act; and

London Business Days means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

The Basis Selection by the Issuer is likely to affect the value of the total amount of the Mortgaged Property charged in favour of the Trustee as security for the benefit of the persons having an interest therein, including the holders of the Existing Securities and the Further Securities. In making the Basis Selection, the Issuer (i) will not be required to take into account the interests of the Securityholders, and (ii) may be required to make such selection acting on the instructions of any Swap Counterparty, Option Counterparty, Repurchase Counterparty, Credit Support Provider or any other person. No assurance can be given that the Basis Selection by the Issuer will be such as would result in the Mortgaged Property for the Existing Securities and the Further Securities, or the pro rata interest therein of each holder of the Existing Securities and the Further Securities, having the highest value. Further, any Swap Counterparty, Option Counterparty, Repurchase Counterparty, Credit Support Provider or other person in accordance with whose instructions the Issuer may be required to make such selection, or an affiliate of any of them, may in such capacity or in any other capacity in which it may be acting in respect of the Existing Securities, the Further Securities and/or any arrangements in contemplation thereof or in connection therewith, have an interest in procuring that the Basis Selection will be such as will result in the Mortgaged Property for the Existing Securities and the Further Securities having the lowest value.

Following the issue of any Further Securities, each holder of a Security (whether an Existing Security or a Further Security) will have an equal pro rata share in the Mortgaged Property, as increased in the manner determined by the Basis Selection, and the amount of such pro rata share will be affected by the outcome of the Basis Selection. Any such Swap Counterparty, Option Counterparty, Repurchase Counterparty or Credit Support Provider or other person shall be entitled to instruct the Issuer to make the Basis Selection in such manner as it may deem appropriate, without regard to the interests of the holders of the Existing Securities and/or the Further Securities.

The Trustee will not have any responsibility for, or any right to control, the Basis Selection and shall not be liable for any loss suffered by any holder of any Existing Security or Further Security or any other person for any Basis Selection made by the Issuer or for any determination of the amount and/or value of any additional assets required to be and/or actually provided by the Issuer in respect of any Further Securities.

17. NOTICES

Notices to the holders of Securities will be mailed to them or, if there is more than one holder of any Registered Security, to the first named holder of that Security at their respective addresses in the Register and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. If and for so long as any Securities are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, notices to holders of such Securities will also be published in accordance with the rules and regulations of the Luxembourg Stock Exchange (which include publication on the website of the Luxembourg Stock Exchange (www.bourse.lu)).

18. REMOVAL, INDEMNIFICATION AND OBLIGATIONS OF THE TRUSTEE

The Trust Instrument contains provisions for the appointment, retirement and removal of the Trustee. The Issuer may remove and appoint a new Trustee in respect of the Securities with the consent of the Option Counterparty (if any) and the Swap Counterparty (if any) and if approved by an Extraordinary Resolution of the Securityholders. The Issuer shall as soon as practicable after the appointment of a new Trustee notify the Securityholders of such appointment in accordance with Condition 17.

The Trust Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Collateral or for the value, validity, sufficiency and enforceability (which the Trustee has not investigated) of the

security created over the Mortgaged Property. The Trustee is not obliged to take any action under the Trust Instrument unless indemnified and/or secured to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Issuer, any issuer or guarantor (where applicable) of any of the Collateral, any Credit Support Provider, Swap Counterparty, Option Counterparty, or any of their subsidiary, holding or associated companies without accounting to the Securityholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Collateral, from any obligation to insure or to procure the insuring of the Collateral (or any documents evidencing, constituting or representing the same or transferring any rights or obligations thereunder) and from any claim arising from the fact that the Collateral is held in an account with a Clearing Agent in accordance with that relevant Clearing Agent's rules or otherwise held in safe custody by the Custodian or the Sub-Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for supervising the performance by any other person of their obligations to the Issuer.

The Trust Instrument provides that the Trustee will be under no obligation or duty to act on any directions of the Securityholders, the Option Counterparty or the Swap Counterparty (save in each case as expressly provided in the Trust Instrument) and (save as aforesaid) in the event of any conflict between directions given by the Securityholders, the Option Counterparty and the Swap Counterparty (in any case where it is expressly provided in the Trust Instrument that the Securityholders, the Option Counterparty and the Swap Counterparty are entitled to give directions to the Trustee) it shall be entitled to act in accordance only with the directions of the Securityholders (but without prejudice to the provisions concerning the enforcement of security under Condition 13 and the Trust Instrument and to the provisions concerning the application of moneys received by the Trustee upon such enforcement under Condition 8.5 and the Trust Instrument). The Trust Instrument further provides that, in carrying out its duties and exercising its discretions, the Trustee shall (save as expressly provided in the Trust Instrument) have regard only to the interests of the Securityholders.

For the purposes of Condition 18, the Issuer expressly accepts and confirms, for the purposes of articles 1278 and 1281 of the Luxembourg civil code, that notwithstanding any assignment, transfer and/or novation permitted under and made in accordance with the provisions of the Trust Instrument or any agreement referred to therein to which the Issuer is a party, any security created or guarantee given under the Trust Instrument shall be reserved for the benefit of the new Trustee (for itself, the Secured Parties, the Securityholders and for the benefit of each Secured Party and each Securityholder).

19. GOVERNING LAW AND JURISDICTION

19.1 Governing Law

The Trust Instrument and the Securities are (unless otherwise specified in the Trust Instrument) governed by, and shall be construed in accordance with, English law.

19.2 Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Securities and accordingly any legal action or proceedings arising out of or in conjunction with the Securities may be brought in such courts (**Proceedings**). The Issuer has in the Trust Instrument irrevocably submitted to the jurisdiction of such courts.

19.3 Agent for Service of Process

The Issuer has irrevocably appointed the person specified in the Trust Instrument as its Agent for Service of Process, at its registered office for the time being, as its agent to receive, for it and on its behalf, service of process in any Proceedings in England.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any rights to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

CERTAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The following only contains a summary of certain provisions of the Articles and is subject to the express terms thereof which are binding on all Ordinary Shareholders, Beneficiary Shareholders and Relevant Securityholders. Investors are accordingly referred to the Articles for further details.

The Articles contain provisions to the following effect:

1. BENEFICIARY SHARES

1.1 Dividends

Subject to the Articles and the relevant Final Terms, each Beneficiary Share shall confer on the holder the right, on an accrual basis, to receive dividends including interim dividends (if any) out of the profits or the reserve account of the relevant Compartment payable on such terms as set out in the Articles and the relevant Final Terms.

Subject to any particular rights or limitations as to dividends for the time being attached to any Beneficiary Shares, as may be specified in the Articles or any relevant Final Terms or upon which such Beneficiary Shares may be issued, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the Beneficiary Shares (otherwise than in advance of calls) during any portion or portions of the period in respect of which the dividend is paid.

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the relevant Compartment until claimed. No unclaimed dividend shall bear interest as against the relevant Compartment or the Issuer.

Any dividend unclaimed after a period of ten years from the date of declaration of such dividend shall, if the Board so resolve, be forfeited and henceforth shall cease to be owing by the relevant Compartment or the Issuer and shall belong to the relevant Compartment or, where the relevant Compartment has been liquidated by that time, to the Issuer absolutely.

Subject to the provisions of the Articles, the Board may resolve that, without prejudice to the immediate and irrevocable accrual of dividend rights as determined in the Articles, it is desirable to capitalise such profits of a Compartment as the Board may determine in its absolute discretion (which may include profits carried and standing to any Beneficiary Shares reserve account). Accordingly, the Board shall be authorised as it thinks fit to appropriate those profits resolved to be capitalised to the relevant Beneficiary Shareholders in the proportion in which such profits would have been divisible amongst them had the same been applicable and had been applied in paying dividends, and to apply such profits on behalf of the relevant Beneficiary Shareholders (a) in or towards any unpaid amounts on the relevant Beneficiary Shares or (b) to the issue and paying up of additional Beneficiary Shares issued and allotted to the relevant Beneficiary Shareholders.

1.2 Redemption Amounts

The Beneficiary Shares shall not be redeemable at the election of the Beneficiary Shareholders. The Board (or its delegate) may decide from time to time in its absolute discretion to repurchase (and determine the terms of repurchase of) the Beneficiary Shares of any Series or Tranche from, and with the consent of, a holder thereof (and in particular from an entity acting as market maker in respect of these Beneficiary Shares) where the Board or delegate deems this to be in the interest of the relevant Compartment or the Issuer.

Subject to the Articles and the relevant Final Terms, each Beneficiary Share shall confer on the holder a right to receive repayment of an amount equal to the Redemption Amount (as defined in the relevant Final Terms) on the Redemption Date (as defined in the relevant Final Terms) out of the assets of the relevant Compartment. If on the Redemption Date, the realised net assets of the relevant Compartment applied in accordance with the Articles are insufficient to pay the full Redemption Amount payable to each Beneficiary Shareholder within that Series, the proceeds of the relevant Compartment will, subject to the relevant Final Terms, be distributed equally amongst each holder of that Series *pro rata* to any amount owing on the Beneficiary Shares held by each holder and no Beneficiary Shareholder shall have any claim against the Issuer in respect of any shortfall. Upon the redemption of a Beneficiary Share pursuant to the Conditions relating thereto, such Beneficiary Share shall be cancelled and the holder thereof shall cease to be entitled to any rights in respect thereof and accordingly his name shall be removed from the register of holders with respect thereto.

1.3 Voting Rights

The holders of a Series or Tranche of Beneficiary Shares have the right to receive notice of any meetings of holders of that Series or Tranche of Beneficiary Shares to resolve on a variation of their rights in accordance with the Articles and, subject to the relevant Conditions, on the allocation of profits of the Compartment in relation to the Series or Tranche of Beneficiary Shares on an annual basis and to attend and vote.

Each Beneficiary Shareholder is entitled to a number of votes equal to the number of his Beneficiary Shares in the relevant Series or Tranche. Beneficiary Shareholders may vote either in person or by giving a proxy in writing to another person who need not be a holder.

Unless provided for in the relevant Final Terms, each holder of Beneficiary Shares of any Series shall also have the right to:

- (a) request the Board to convene a meeting of the holders of Ordinary Shares and Beneficiary Shares of each Series entitled to vote at the meeting provided that the holder of Beneficiary Shares of the relevant Series represents at least 20 per cent. of the number of issued and outstanding Beneficiary Shares of the relevant Series;
- (b) receive notice of such meeting; and
- (c) attend and vote at such meeting,

in each case with respect to:

- (i) change of the corporate form of the Issuer (Article 8.2.7(a)(i));
- (ii) transfer of the registered office of the Issuer outside Luxembourg (Article 8.2.7(a)(ii));
- (iii) material amendment of the corporate objects of the Issuer (Article 8.2.7(a)(iii));
- (iv) removal of any director of the Issuer for cause, in particular, for serious misconduct or fraud (Article 8.2.7(a)(iv));
- (v) except for the decision to be taken under article 100 of the Companies Act, 1915 the dissolution, the winding-up and the liquidation of the Issuer (Article 8.2.7(a)(v)); and
- (vi) any merger, demerger or similar corporate reorganisation of the Issuer, where the Issuer is not the surviving entity (Article 8.2.7(a)(vi)).

Any resolution with respect to paragraphs (i), (ii), (iii), (v) and (vi) above shall be passed by a two-thirds majority of the votes cast at the meeting provided that holders of all Ordinary Shares vote unanimously in favour of any resolution with respect to paragraph (ii) above. All the provisions of Articles relating to general meetings of the Ordinary Shareholders shall apply (including for the determination of the number of votes, which shall be one vote per Beneficiary Share of each Series entitled to vote at the meeting), *mutatis mutandis*, to the meeting except that:

- (A) the number of issued and outstanding Beneficiary Shares of each Series entitled to vote at the meeting shall be deemed reduced *pro rata* between each Series of Beneficiary Shares so that the aggregate number of issued and outstanding Beneficiary Shares of all Series entitled to vote will always be less than the number of issued and outstanding Ordinary Shares present or represented at the meeting or any adjourned meeting; and
- (B) the necessary quorum shall be the person or persons holding or representing at least one-half of each of the number of issued and outstanding Ordinary Shares and Beneficiary Shares of each Series entitled to vote, but so that if at any adjourned meeting a quorum as defined above is not present, those holders of Ordinary Shares and Beneficiary Shares who are present in person at any adjourned meeting shall be the quorum except that no holder of any Series of Beneficiary Shares which did not have at least one-half of the number of issued and outstanding Beneficiary Shares of such Series entitled to vote at the first meeting shall be entitled to vote at any adjourned meeting.

Any resolution with respect to paragraph (iv) above shall be passed by a simple majority of the votes cast at the meeting. All the provisions of the Articles relating to general meetings of the Ordinary Shareholders shall apply (including for the determination of the number of votes, which shall be one vote per Beneficiary Share of each Series entitled to vote, *mutatis mutandis*, to the meeting, subject as provided above.

1.4 Transfer of Beneficiary Shares

The transfer of bearer Beneficiary Shares represented by one or more global certificates shall be effected by book entry credit to the securities accounts of the Beneficiary Shareholders or their financial intermediaries opened with the relevant Clearing Agents, in accordance with applicable laws and any rules and procedures issued by the clearing institution dealing with such transfer.

The transfer of Beneficiary Shares in registered form shall be effected by a written declaration of transfer registered in the register of the holders of Beneficiary Shares of the Issuer, such declaration of transfer to be executed by the transferor and the transferee or by persons holding suitable powers of attorney. The Issuer may also accept as evidence of transfer other instruments of transfer satisfactory to the Issuer.

1.5 Variation of Rights

The special rights attached to any Series or Tranche of Beneficiary Shares, unless otherwise provided by the Final Terms relating thereto, may be varied, amended or abrogated by the Board either whilst the Issuer is a going concern or during or in contemplation of a liquidation of the Issuer or a Compartment, with the consent in writing of the holders of the majority of the issued Beneficiary Shares of that Series or Tranche, or with the sanction of a resolution passed by simple majority of the votes cast at a separate meeting of the holders of Beneficiary Shares of that Series or Tranche; but such consent or sanction shall not be required in the case of a variation, amendment or abrogation of the special rights attached to any Beneficiary Shares of any Series or Tranche if, in the view of the Board, such variation, amendment or abrogation does not materially prejudice the interests of the relevant holders or any of them or is made to correct a manifest or proven error; provided however that Beneficiary Shareholders holding at least 20 per cent. of the amount paid

upon the Beneficiary Shares of the relevant Series or Tranche shall have the right to request the Board, notwithstanding its earlier determination, to have this variation, amended or abrogation subjected to such consent or sanction. Any such variation, amendment or abrogation shall be set out in revised Final Terms, a copy of which will be provided to the affected holders in accordance with the Articles on the date of issue of such document and shall be binding on the holders of the relevant Beneficiary Shares.

The special rights conferred upon the holders of any Series or Tranche of Beneficiary Shares issued with preferred or other special rights shall be deemed to be varied by the reduction of the capital paid up on such Beneficiary Shares and by the creation of further Beneficiary Shares ranking in priority thereto but shall (unless otherwise expressly provided by these Articles or by the Final Terms of such Beneficiary Shares), without limitation, be deemed not to be varied by:

- (a) the creation, allotment or issue of further Instruments not participating in the relevant Compartment; or
- (b) the creation, allotment or issue of Ordinary Shares; or
- (c) the payment of Beneficiary Shares of any Series or Tranche in accordance with the Articles and the relevant Final Terms; or
- (d) the payment of a dividend on the Beneficiary Shares of any other Tranche or Series where the dividend is paid out of the Compartment for that other Tranche or Series; or
- (e) the amendment of the definition in the Articles of U.S. Persons or Prohibited Person (each as defined in the Articles) where the Issuer has been advised that such amendment will not materially prejudice the Issuer.

1.6 General restrictions on holding of Beneficiary Shares

The Beneficiary Shares have not been, and will not be, registered under the Securities Act and trading in the Beneficiary Shares has not been, and will not be, approved by the U.S. Commodity Futures Trading Commission under the U.S. Commodity Exchange Act, as amended. No Beneficiary Shares shall be issued by the Issuer to or may be offered or sold, directly or indirectly, in the United States or to or for the account of any U.S. Person or a Prohibited Person or transferred to or beneficially owned by any U.S. Person or Prohibited Person.

The Board and any of the Issuer's duly authorised agents shall have the right on behalf of the Issuer to require such evidence that the transferee is not a U.S. Person or Prohibited Person as the Board or such agent shall in their discretion deem sufficient and to refuse to register such transfer unless in receipt of and satisfied with such evidence.

Any holder of any Beneficiary Shares intending to become a U.S. Person or Prohibited Person shall immediately notify the Issuer of such intention and a holder of any Beneficiary Shares, prior to becoming a U.S. Person or Prohibited Person, shall transfer his Beneficiary Shares to a person (including, without limitation, an existing holder) who is qualified under the Articles to hold the same.

If it shall come to the notice of the Board that any Beneficiary Shares are or become owned, directly or indirectly, by a U.S. Person or a Prohibited Person, the Board shall be entitled to give notice (the **Compulsory Transfer Notice**) to such person requiring him to transfer such Beneficiary Shares to a person (including, without limitation, an existing holder) who is qualified under the Articles to hold the same, at a price equal to the relevant Net Asset Value per Instrument of the relevant Beneficiary Shares (as at the relevant Valuation Date preceding the date of the relevant Compulsory Transfer

Notice) or if no purchaser of the Beneficiary Shares at the relevant price is found by the Issuer at the time the Issuer requires the transfer to be made, at the highest price as any purchaser found by the Issuer is willing to pay therefor. The Issuer shall have no obligation to the relevant holder to find the best price for the relevant Beneficiary Shares.

The Board and any of the Issuer's duly authorised agents may, upon application for a proposed transfer of any Beneficiary Shares or at any other time and from time to time require such evidence to be furnished to them or any other person in connection with the matters stated in the Article including the identification of applicants, transferees or holders of Beneficiary Shares as they shall in their discretion deem sufficient.

A person who, being subject to the laws of a country, becomes aware that he holds or owns Beneficiary Shares in contravention of any laws or requirement of that country or governmental authority thereof shall forthwith notify the Issuer and transfer such Beneficiary Shares to a person duly qualified to hold the same unless he has already received notice under the Articles (in which case he shall comply with such article) and the provisions of the Articles shall apply to such persons as a Prohibited Person.

If any such person upon whom such a notice is served as aforesaid does not within 30 days after such notice transfer such Beneficiary Shares as aforesaid he shall forfeit or be deemed to have forfeited his Beneficiary Shares in the Issuer immediately upon the expiration of such 30-day period and the provisions of the Articles shall apply thereto.

The Board shall have power (but shall not be under any duty) to impose such other restrictions as it may think necessary for the purpose of ensuring that no Beneficiary Shares are acquired, held by or transferred to any U.S. Person or a Prohibited Person.

The Board, the Issuer and the duly authorised agents of the Issuer shall not be liable to any holder of Beneficiary Shares or otherwise for any loss incurred by the Issuer as a result of any U.S. Person or Prohibited Person becoming a holder or the breach of any of the provisions of the Articles. Any holder who breaches the provisions of the Articles or any restrictions imposed by the Board pursuant to the Articles shall indemnify the Issuer for any loss to the Issuer caused by such breach.

Subject to the relevant Final Terms, each Beneficiary Share will bear a legend to the following effect, and upon the initial purchase or any subsequent transfer of an interest in a Beneficiary Share, each purchaser of Beneficiary Shares will be deemed to have represented and agreed as set out in the following legend:

*"THE BENEFICIARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) AND TRADING IN THE BENEFICIARY SHARES HAS NOT BEEN, AND WILL NOT BE, APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED. NEITHER THIS BENEFICIARY SHARE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A TRANSFEREE THAT IS A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND IN COMPLIANCE WITH THE PROVISIONS OF THE ARTICLES PURSUANT TO WHICH THE SECURITY WAS ISSUED.*

IF THIS BENEFICIARY SHARE OR ANY INTEREST HEREIN IS HELD BY OR ON BEHALF OF A U.S. PERSON IN VIOLATION OF THE APPLICABLE TRANSFER RESTRICTIONS, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF ANY BENEFICIARY SHARES HELD BY OR ON BEHALF OF A U.S. PERSON, TO REQUIRE

SUCH HOLDER TO SELL SUCH BENEFICIARY SHARES TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES.

UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE FINAL TERMS, UNITARY PROSPECTUS, OR SUPPLEMENT (AS THE CASE MAY BE), EACH PURCHASER OR HOLDER OF A BENEFICIARY SHARE OR ANY INTEREST THEREIN SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT IT IS NOT A BENEFIT PLAN INVESTOR, IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR TO ACQUIRE SUCH BENEFICIARY SHARES, AND SHALL NOT AT ANY TIME HOLD SUCH BENEFICIARY SHARES FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR.

IF ANY INTEREST IN A BENEFICIARY SHARE IS HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF SUCH INTEREST, TO REQUIRE SUCH HOLDER TO SELL SUCH BENEFICIARY SHARE TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES.

*AS USED HEREIN, THE TERMS **OFFSHORE TRANSACTION** AND **U.S. PERSON** HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATIONS UNDER THE SECURITIES ACT."*

1.7 Notices to Beneficiary Shareholders

Any notice to be given to or by any Beneficiary Shareholder pursuant to the Articles shall be in writing.

In the case of the Beneficiary Shares in bearer form represented by one or more global certificates, notices to the Beneficiary Shareholders will be valid if delivered to the Clearing Agent(s) for communication by them to the Beneficiary Shareholders, and in the case of Beneficiary Shares in registered form (subject as provided below), notices to the Beneficiary Shareholders will be mailed to them at their respective address in the relevant register of Beneficiary Shareholders.

So long as any Beneficiary Shares in registered form are held in their entirety by or on behalf of a Clearing Agent or Clearing Agents, notices to Beneficiary Shareholders may be delivered to the Clearing Agent(s) for communication to the holders of the Beneficiary Shares.

Any notice delivered to the Clearing Agent(s) shall be deemed to have been given to the Beneficiary Shareholders on the day on which the said notice was given to the Clearing Agent(s).

However, in the event that the Beneficiary Shares are admitted for trading on any stock exchange or regulated or unregulated market or publicly offered in any jurisdiction, any notice to the Beneficiary Shareholders shall be published in accordance with the rules and regulations of each such stock exchange or regulated or unregulated market and each such jurisdiction.

Notices given pursuant to the preceding paragraphs will become effective on (a) if delivered to the relevant Clearing Agent(s), the day of such delivery to the Clearing Agent or all the Clearing Agents (if more than one) or (b) in the case of Beneficiary Shares in registered form on the third day after the date of mailing or (c) if published (whether or not also so given), on the date of such publication, or, if published more than once, on the date of the first such publication or, if required to be published in more than one newspaper, on the date of the first such publication in all the required newspapers.

Any Beneficiary Shareholder present in person at any meeting of the Issuer shall, for all purposes, be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

Notwithstanding any of the provisions of the Articles, any notice to be given by the Issuer to a Beneficiary Shareholder may be given in any manner agreed in advance by any such Beneficiary Shareholder.

2. COMPARTMENTS AND APPLICATION OF ASSETS

The Board may establish one or more Compartments which may be distinguished by the nature of acquired risks or assets, the distinctive terms of the issues made in their respect, the reference currency or other distinguishing characteristics. The terms and conditions of the Instruments issued in respect of, and the specific objects of, each Compartment shall be determined by the Board and shall be stated in the Conditions and/or Final Terms, as applicable relating to such Instruments. Each holder of Instruments issued by the Issuer shall be deemed to fully adhere to, and be bound by, the Conditions applicable to these Instruments and the Articles by subscribing to the Instruments. Each Compartment may issue either Relevant Instruments or Beneficiary Shares but not both Relevant Instruments and Beneficiary Shares.

Subject to any particular rights, variations or limitations or variations of the following provisions for the time being attached to any Instruments, as may be specified in the Articles or upon which such Instruments may be issued including, without limitation, the relevant Conditions or Final Terms, if a Compartment is liquidated, its assets shall be applied in the following order:

- (a) first, *pro rata* in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable in respect of such liquidation, including, if applicable, any such amounts incurred by or payable to the Trustee (if any) in respect of such Instruments, any appointee thereof, or any receiver made or pursuant to the Trust Instrument (if any) executed in respect of such Instruments and/or any Additional Security Documents (including any taxes required to be paid, the costs of realising any security and the Trustee's remuneration);
- (b) secondly, *pro rata* in payment of any amounts owing to each Swap Counterparty, Option Counterparty or Repurchase Counterparty under a Swap, Option or Repurchase Agreement, as applicable, (which for this purpose shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Swap Counterparty, Option Counterparty or Repurchase Counterparty relating to sums receivable on or in respect of the Collateral);
- (c) thirdly, *pro rata* in payment of any amounts owing to holders of such Instruments (which for this purpose shall include any amount owing to the Issuing and Paying Agent and/or the Registrar, as the case may be, for reimbursement in respect of any payment made to holders of the Instruments or to a Clearing Agent on behalf of such holders); and
- (d) fourthly, in payment of the balance (if any) to the Issuer.

No Instruments shall be issued on terms that entitle the holders of any Series of Instruments to participate in the assets of the Issuer other than the Series Assets of the relevant Compartment. If the proceeds of the Series Assets of any Compartment are insufficient to pay any amounts otherwise payable on the Series of Instruments relating to such Compartment in full in accordance with the Conditions and the Articles, the relevant holders shall have no claim against the Issuer for or in respect of any shortfall and shall have no claim against any other Compartment or any other assets of the Issuer.

Each Compartment corresponds to a separate part of the Issuer's assets and liabilities. The rights of holders of Instruments of a Series issued in respect of a Compartment and the rights of creditors are limited to the Series Assets of such Compartment, where these rights relate to that Compartment or have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment. The Series Assets of a Compartment are exclusively available to satisfy the rights of holders of the Instruments of the Series issued in relation to such Compartment and the rights of creditors whose claims have arisen at the occasion of the constitution, the operation or the liquidation of such Compartment. In the case of Relevant Securities, Series Assets are referred to as Mortgaged Property.

In the relationship between the holders of Instruments, each Compartment is deemed to be a separate entity.

For the avoidance of doubt, in the event of the dissolution, liquidation or winding-up of the Issuer, the holders of the Beneficiary Shares (in such capacity) are not entitled to, and may not obtain, any assets other than those which have been allocated to the Compartment in respect of which they have invested.

Subject as provided in Article 19 (Segregation of assets) of the Articles, fees, costs, expenses and other liabilities incurred on behalf of the Issuer as a whole shall be general liabilities of the Issuer and shall not be payable out of the Series Assets of any Compartment. The Board shall ascertain, to the extent possible, that creditors of such liabilities waive recourse to the Series Assets of any Compartment.

The Board shall establish and maintain separate accounting records for each of the Compartments of the Issuer for the purposes of ascertaining the rights of holders of Instruments issued in respect of each Compartment for the purposes of these Articles and the Conditions, such accounting records to be conclusive evidence of such rights in the absence of manifest error.

Where any asset is derived from another asset (whether cash or otherwise) such derivative asset shall be applied in the books of the Issuer to the same Compartment as the asset from which it was derived and on each revaluation of an asset the increase or diminution in the value of such asset shall be applied to the relevant Compartment.

In the case of any asset of the Issuer (not being attributable to the Ordinary Shares) which the Board, or any person acting on behalf of the Board, does not consider is attributable to a particular Compartment, the Board, or any person acting on behalf of the Board, shall have the discretion to determine the basis upon which any such asset shall be allocated or apportioned between Compartments, if at all, and the Board shall have power at any time and from time to time to vary such basis.

Unless otherwise determined in the Conditions of a Compartment, the Board (or its delegate) may at any time liquidate single Compartments, unless such liquidation occurs in the context of a general liquidation of the Issuer.

Consolidated accounts of the Issuer, including all Compartments, shall be expressed in the reference currency of the corporate capital of the Issuer. The reference currencies of the Compartments may be in different denominations.

3. MEETINGS OF THE BOARD

The Board can deliberate and/or act validly only if at least the majority of the Issuer's directors is present or represented at a meeting of the Board and if the majority of the directors who are present at such meeting are resident in Luxembourg for tax purposes. Decisions shall be taken by a majority

of the votes of the number of votes for and against a resolution are equal, the chairman of the meeting shall have a casting vote.

4. DIRECTORS

The Issuer shall be managed by a Board composed of at least three directors who need not be Ordinary Shareholders. They shall be elected for a term not exceeding six years and shall be eligible for re-election.

A majority of the directors are not to be resident in the UK for tax purposes.

Each director shall be appointed by the Ordinary Shareholders at the general meeting of the Ordinary Shareholders. The Ordinary Shareholders shall also determine the number of directors, their remuneration and the term of their office. For the avoidance of doubt, no Beneficiary Shareholder shall have, at any time, the right to appoint directors. A director may be removed (a) with or without cause and/or replaced, at any time, by resolution adopted by the general meeting of the Ordinary Shareholders or (b) in accordance with the rules summarised under paragraph (1.3) (Voting Rights) of the section entitled "1. Beneficiary Shares" above.

The Articles do not provide for the directors to retire by rotation or by virtue of their attaining a certain age.

5. DELEGATION OF POWERS

The Board may appoint one or more persons, who may be, but need not be, directors, who shall have full authority to act on behalf of the Issuer in all matters concerned with the daily management and affairs of the Issuer. An appointment of a member of the Board as managing director of the Issuer is subject to previous authorisation by the general meeting of the Ordinary Shareholders.

The Board is also authorised to appoint one or more persons, who may be, but need not be, directors without the prior authorisation of the general meeting of the Ordinary Shareholders, for the purposes of performing specific functions at every level within the Issuer.

The Board is further authorised to appoint proxies for specific transactions.

6. DIRECTORS' INTERESTS

No contract or other transaction between the Issuer and any other company or firm shall be affected or invalidated by the fact that any one or more of the directors or officers of the Issuer is interested in, or is a director, associate, officer or employee of such other company or firm.

Any director or officer of the Issuer who serves as director, officer or employee of any company or firm with which the company shall contract or otherwise engage in business shall not, solely by reason of such affiliation with such other Issuer or firm, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

In the event that any director of the Issuer may have any personal and opposite interest in any transaction of the Issuer, such director shall make known to the Board such personal and opposite interest and shall not consider or vote upon any such transaction, and such transaction, and such director's interest therein, shall be reported to the next following general meeting of the Ordinary Shareholders.

7. SEGREGATION OF ASSETS

If as of any payment date of the assets under a Compartment (including a Swap Agreement entered into by the Issuer in connection with a Compartment) the sum of the payments received under such assets under the same Compartment exceed the payments to be made by the Issuer under the same Compartment then or in the future, the Board may use the excess amount to pay off the claims of those creditors of the Issuer whose claims cannot be allocated to a particular Compartment. All other assets allocated to the Compartment are exclusively available to investors thereunder and the creditors whose claims have arisen in connection with the creation, operation or liquidation of that Compartment.

8. WINDING UP

The Issuer may be dissolved, at any time, by a resolution of the general meeting of Ordinary Shareholders adopted in the manner required for amendment of the Articles. In the event of a dissolution of the Issuer, the liquidation shall be carried out by one or more liquidators (who may be physical persons or legal entities) named by the general meeting of Ordinary Shareholders deciding such liquidation. Such general meeting of Ordinary Shareholders shall also determine the powers and the remuneration of the liquidator(s).

The liquidation of a Compartment will not affect the status of any other Compartment nor of the Issuer in general. Sums and assets payable to investors (be they holders of Instruments or Ordinary Shareholders) who failed to present themselves at the time of the closure of the liquidation shall be paid to the public trust office (*Caisse de consignation*) to be held for the benefit of the persons entitled thereto.

9. CORPORATE OBJECTS

The corporate objects of the Issuer are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004 and are specified in full in Article 5 of the Articles.

SUMMARY OF PROVISIONS RELATING TO RELEVANT SECURITIES WHILE IN GLOBAL FORM

Initial Issue of Bonds, Certificates and Warrants

Upon the initial deposit of a Global Bond in respect of Bearer Bonds with a common depository for Euroclear and Clearstream, Luxembourg and/or any other clearing system (an **Alternative Clearing System**) (the **Common Depository**) or upon the initial deposit of a Global Certificate (in respect of Bonds) or a Global Security (in respect of Certificates or Warrants) registered in the name of a nominee for the Common Depository with the Common Depository, Euroclear or Clearstream, Luxembourg or such Alternative Clearing System will credit each subscriber with a principal amount of Bonds or number of Certificates or Warrants equal to the principal amount or number thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

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

Exchange

Temporary Global Bonds

On or after the first day following the Exchange Date (as defined below), a Temporary Global Bond may be exchanged (free of charge to the holder) in whole or from time to time in part by its presentation and, on exchange in full, surrender to or to the order of the Issuing and Paying Agent for interests in a Permanent Global Bond in an aggregate principal amount equal to the principal amount of the Temporary Global Bond submitted for exchange Provided That there shall have been certification as to non-U.S. beneficial ownership for interests in a Permanent Global Bond or, if so provided in the relevant Final Terms, for Definitive Bonds, with respect to such principal amount submitted for such exchange dated no earlier than the Exchange Date.

Permanent Global Bonds

Each Permanent Global Bond will be exchangeable on or after its Exchange Date in whole but not in part for Definitive Bearer Bonds:

- (i) by the Issuer giving notice to the Bondholders, the Issuing and Paying Agent and the Trustee of its intention to effect such exchange; or
- (ii) otherwise, if the Permanent Global Bond is 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 in fact does so.

Global Certificates and Global Securities

Each Global Certificate or Global Security will be exchangeable on or after its Exchange Date in whole but not in part for Individual Certificates or Individual Securities:

- (i) by the Issuer giving notice to the Securityholders, the Registrar and the Trustee of its intention to effect such exchange; or
- (ii) otherwise, if the Global Certificate or Global Security is 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.

Delivery of Definitive Bearer Bonds and Individual Certificates or Individual Securities

On or after any due date for exchange for Definitive Bearer Bonds or Individual Certificates or Individual Securities (a) the holder of a Global Bond may surrender such Global Bond or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent and (b) the holder of any Global Certificate or Global Security may, in the case of exchange in full, surrender such Global Certificate or Global Security. In exchange for any Global Bond or Global Certificate or Global Security, or the part thereof to be exchanged, the Issuer will in the case of (i) a Global Bond exchangeable for Definitive Bearer Bonds and (ii) a Global Certificate or Global Security exchangeable for Individual Certificates or Individual Securities, deliver, or procure the delivery of an equal aggregate principal amount or number of duly executed and authenticated Definitive Bearer Bonds and/or Individual Certificates and/or Individual Securities, as the case may be. Definitive Bearer Bonds will be security printed and Individual Certificates or Individual Securities will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the relevant Trust Instrument. On exchange in full of each Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Bearer Bonds.

Exchange Date

Exchange Date means, in relation to a Temporary Global Bond, the day falling after the expiry of 40 days after its issue date, but provided that if the Issuer issues any further Bonds pursuant to Condition 16 (a) prior to the Exchange Date in relation to the Temporary Global Bond representing the Bonds with which such further Bonds shall be consolidated and form a single series, such Exchange Date may be extended to a date not less than 40 days after the date of issue of such further Bonds (but provided further that the Exchange Date for any Bonds may not be extended to a date more than 160 days after their Issue Date). **Exchange Date** means (i) in relation to a Permanent Global Bond, a day falling not less than 60 days after that on which the notice requiring exchange is given or the date on which the Permanent Global Bond becomes exchangeable pursuant to paragraph (ii) under "Permanent Global Bonds" above and, in any case, 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 and (ii) in relation to a Global Certificate or Global Security a day falling not less than 60 days after that in which the notice requiring exchange is given and, in any case, in which banks are open for business in the city in which the relevant clearing system is located.

Legend

Each Temporary Global Bond, Permanent Global Bond and any Bond, Talon, Coupon and Receipt 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."

The sections of the U.S. Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realised, on any sale, exchange or redemption of Bonds or any related Coupons.

Amendment to Conditions

Each Temporary Global Bond, Permanent Global Bond, Global Certificate and Global Security will contain provisions that apply to the Securities that they represent, some of which will modify the effect of the Terms and Conditions of the Securities set out in this Prospectus. The following is a summary of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Temporary Global Bond unless exchange for an interest in a Permanent Global Bond or for Definitive Bearer Bonds is improperly withheld or refused. Payments on any Temporary Global Bond 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 Trust Instrument. All payments in respect of Bearer Bonds represented by a Global Bond will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bearer Bonds, surrender of that Global Bond to or to the order of the Issuing and Paying Agent or such other Paying and Exchange Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed on each Global Bond, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Bearer Bonds represented thereby.

Prescription

Claims against the Issuer in respect of Securities that are represented by a Permanent Global Bond or a Global Certificate or a Global Security 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 or any other payment) from the appropriate Relevant Date.

Meetings

The holder of a Temporary Global Bond, a Permanent Global Bond or of the Securities represented by a Global Certificate or a Global Security shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, the holder of a Temporary Global Bond or a Permanent Global Bond or of the Bonds represented by a Global Certificate shall be treated as having one vote in respect of each minimum Denomination for which such Temporary Global Bond or Permanent Global Bond or Bonds represented by a Global Certificate may be exchanged and the holder of the Securities represented by a Global Security shall be treated as having one vote in respect of each single Security for which such Global Security may be exchanged. The provisions of articles 86 to 97 of the Luxembourg act dated 10th August, 1915 on commercial companies, as amended, shall not apply to the Securities and any Coupons.

Cancellation

Cancellation of any Bearer Bond represented by a Permanent Global Bond that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Bond. For as long as the Bonds are listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange has to be informed of any cancellation of the Bonds prior to their maturity.

Purchase

Bonds represented by a Permanent Global Bond may only be purchased by the Issuer together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Options

For so long as all of the Securities are represented by a Temporary Global Note or a Permanent Global Bond or a Global Certificate or a Global Security and such Global Bond(s) or Global Certificate(s) or Global Security(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no drawing of Securities will be required in the event that the Issuer exercises its call option or cancellation right pursuant to Condition 6.7 in respect of the Bonds or Condition 6.6 in respect of the Certificates and Warrants in respect of less than the aggregate principal amount or aggregate number of the Securities of any Series. In such event, the rights of accountholders with a clearing system in respect of the Securities will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System (as the case may be).

Securityholders' Options

Any option of the Securityholders provided for in the Conditions of any Securities while such Securities are represented by a Permanent Global Bond or by a Global Certificate or Global Securities, as the case may be, held on behalf of Euroclear and/or Clearstream, Luxembourg may be exercised by the holder of the Securities giving notice in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depository for them to the Issuing and Paying Agent by electronic means) of the principal amount or number of the Securities in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Bond or Global Securities to the Issuing and Paying Agent for notation accordingly within the time limits set forth in the Conditions.

Conversion

For so long as all of the Securities are represented by a Permanent Global Bond or by a Global Certificate or Global Securities, as the case may be, held on behalf of Euroclear and/or Clearstream, Luxembourg, a Securityholder wishing to exercise Exchange Rights or American Style Exercise Rights in respect of any such Security(ies) shall not be required to deposit the relevant Security(ies) with the Paying and Exchange Agent to whom the relevant Exchange Notice is delivered. On the Exchange Date in respect of such Security(ies) the Paying and Exchange Agent to whom the relevant Notice is delivered shall, on behalf of the relevant Securityholder, obtain confirmation from Euroclear and/or, as the case may be, Clearstream, Luxembourg that the Securityholder (or, as the case may be, the name of the accountholder specified in the Exchange Notice or Exercise Notice) is shown in its records as the holder of at least the principal amount of or number of Securities in respect of which the Exchange Notice or Exercise Notice has been delivered. Whilst the Securities are represented by a Permanent Global Bond or by a Global Certificate or Global Securities, as the case may be, and such Permanent Global Bond or Global Certificate or Global Security is held on behalf of Euroclear and/or Clearstream, Luxembourg, Exchange Notices or Exercise Notice shall be given in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on the instruction of the relevant accountholder by Euroclear and/or, as the case may be, Clearstream, Luxembourg or any common depository therefor to the Paying and Exchange Agent by electronic means) in a form acceptable to Euroclear and/or, as the case may be, Clearstream, Luxembourg.

Trustee's Powers

In considering the interests of Securityholders while any Global Bond is held on behalf of, or any Global Certificate or Global Security is 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 Bond or Global

Certificate or Global Security and may consider such interests as if such accountholders were the holders of the Securities represented by such Global Bond or Global Certificate or Global Security.

Notices to Securityholders

So long as any Securities are represented by a Global Bond or a Global Certificate (in the case of Bonds) or a Global Security (in respect of Certificates or Warrants) and such Global Bond, Global Certificate or Global Security is held on behalf of a clearing system, notices to the holders of Securities 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 Bond, Global Certificate or Global Security and such notice will be deemed given three Business Days after the date of such delivery to the relevant clearing system except that so long as the Securities are listed on the Luxembourg Stock Exchange, notices shall also be published in accordance with the rules of the Luxembourg Stock Exchange which may include publication on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Notices to the Issuer

So long as any Securities are represented by a Global Bond or a Global Certificate (in the case of Bonds) or a Global Security (in respect of Certificates or Warrants) and such Global Bond, Global Certificate or Global Security is held on behalf of a clearing system, notices to the Issuer may be given by delivery of the relevant notice to that clearing system for communication by it to the Issuer in such manner as the relevant clearing system may approve for this purpose.

Partly-Paid Bonds

The provisions relating to Partly-Paid Bonds are not set out in this Prospectus, but will be contained in the relevant Final Terms and also in the relevant Global Bonds.

USE OF PROCEEDS

The net proceeds from each issue of Securities will be used to acquire the Collateral (if any) which will form part of the Series Assets in respect of the relevant Securities, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Securities and to pay expenses or other amounts in connection with the administration of the Issuer and/or the issue of the Securities.

DESCRIPTION OF THE ISSUER

General

The Issuer was incorporated in the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*) with unlimited duration on 11 January 2007 under the name Bluebird Securities S.A. and as at the date of this document is in the process of being registered with the Luxembourg trade and companies register. The Issuer was established to offer securities in accordance with the provisions of the Securitisation Act 2004 and its activities are subject to such act.

Application has been made to publish the articles of association of the Issuer in the Mémorial, Recueil des Sociétés et Associations.

The registered office of the Issuer is at 7, Val Sainte-Croix, L-1371 Luxembourg. The telephone number of the Issuer is +352 22 11 90 and the fax number of the Issuer is +352 22 11 92. The share capital of the Issuer is EUR 62,000 divided into 50,000 Ordinary Shares of EUR 1.24 each (**Issuer Shares**) all of which are fully paid. The issued Issuer Shares are held on trust by SFM Offshore Limited and Structured Finance Management Offshore Limited (each a **Share Trustee**, and together, the **Share Trustees**), each of whom owns 25,000 Issuer Shares under the terms of a declaration of trust (each a **Declaration of Trust** and together, the **Declarations of Trust**) in each case dated 28 December, 2006, under which the relevant Share Trustee holds 50,000 issued Issuer Shares of the Issuer on trust for charity. The Share Trustees have no beneficial interest in and derive no benefit (other than any fees for acting as Share Trustee) from their holding of the Issuer Shares. The Share Trustees will apply any income derived by them from the Issuer solely for charitable purposes.

Since the date of its incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Prospectus.

Principal activities of the Issuer

The principal activities of the Issuer are those which are set out in the Issuer's corporate objects clause, which is clause 5 of the Issuer's articles of association.

The corporate objects of the Issuer are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004. To that effect, the Issuer may, *inter alia*, acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets, either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, and issue securities of any kind whose value or return is linked to these risks.

The Issuer may assume or acquire these risks by acquiring, by any means, the claims, receivables and/or assets, by guaranteeing the liabilities or commitments or by binding itself by any other means.

The Issuer may proceed to (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, Bonds and other securities or financial instruments of any kind and contracts thereon or related thereto, and (iii) the ownership, administration, development and management of a portfolio (including, among other things, the assets referred to in (i) and (ii) above). The Issuer may further acquire, hold and dispose of interests in partnerships, limited partnerships, trusts, funds and other entities.

The Issuer may borrow in any form. It may issue Bonds, Certificates, Warrants and any kind of debt including under one or more issue programmes and on a limited recourse basis. The Issuer may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

In accordance with, and to the extent permitted by, the Securitisation Act 2004, the Issuer may also give guarantees and grant security over its assets in order to secure the obligations it has assumed for the securitisation of these assets or for the benefit of investors (including their trustee or representative, if any) and/or any issuing entity participating in a securitisation transaction of the Issuer. The Issuer may not pledge, transfer, encumber or otherwise create security over some or all of its assets, unless permitted by the Securitisation Act 2004.

The Issuer may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Issuer may (but is not obliged to) generally employ any techniques and instruments relating to investments in order to gain exposure to these investments or for the purpose of their efficient management. The Issuer may issue shares (*actions*) and beneficiary shares (*parts bénéficiaires*).

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects shall include any transaction or agreement which is entered into by the Issuer, provided it is not inconsistent with the foregoing enumerated objects.

In general, the Issuer may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate objects, to the largest extent permitted under the Securitisation Act 2004.

In accordance with the Securitisation Act 2004, the Board is entitled to create one or more Compartments corresponding each to a separate part of the Issuer's estate.

So long as any of the Securities remain outstanding, the Issuer will be subject to the restrictions set out in each Trust Instrument.

The Issuer has, and will have, no assets other than the sum of EUR 62,000 representing the issued and paid-up share capital, such fees (as agreed) per issue payable to it in connection with the issue of Securities or the purchase, sale or incurring of other obligations and any Series Assets and any other assets on which the Securities are secured. Save in respect of the fees generated in connection with each issue of Securities, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the Issuer's issued and paid-up share capital, the Issuer will not accumulate any surpluses.

The Securities are obligations of the Issuer alone and not of, or guaranteed in any way by, the Share Trustees or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by, Deutsche Bank AG London Branch, or any Swap Counterparty or Option Counterparty or Repurchase Counterparty or the Issuing and Paying Agent.

Capitalisation

The following table sets out the capitalisation of the Issuer as at the date of this Prospectus.

Shareholders' Funds:

Share capital (EUR 62,000; Issued 50,000 Ordinary Bluebird Securities S.A. Shares of EUR 1.24 each)
EUR 62,000

Total Capitalisation EUR 62,000

Indebtedness

As at the date of this Prospectus, the Issuer has no indebtedness.

Administration, Management and Supervisory Bodies

The Directors of the Issuer are as follows:

<i>Director</i>	<i>principal outside activities</i>
Alexis Kamarowsky	Managing Director of Luxembourg International Consulting S.A.
Federigo Cannizzaro di Belmontino	Director of Luxembourg International Consulting S.A.
Jean-Marc Debaty	Director of Luxembourg International Consulting S.A.

The business address of Alexis Kamarowsky is Interconsult, 7, Val Ste. Croix, L-1371 Luxembourg, the business address of Federigo Cannizzaro di Belmontino is Interconsult, 7, Val Ste. Croix, L-1371 Luxembourg and the business address of Jean-Marc Debaty is 7, Val Ste. Croix, L-1371 Luxembourg. The principal outside activities of the Directors above may be significant with respect to the Issuer to the extent that Luxembourg International Consulting S.A. provides professional administration, management and directorial services to other companies similar in nature to the Issuer. To the extent that a conflict between Luxembourg International Consulting S.A. and the Issuer exists, there may be a conflict of interest between the private interests of the Directors of the Issuer (or any one of them) and those of the Issuer.

Luxembourg International Consulting S.A. acts as the Domiciliation Agent of the Issuer. The office of the Domiciliation Agent will serve as the registered office of the Issuer which is located at 7, Val Ste. Croix, L-1371 Luxembourg. Pursuant to the terms of the Corporate Services Agreement dated 11 January 2007 and entered into between the Domiciliation Agent, SFM (Luxembourg) S.A. as Corporate Servicer and the Issuer, the Corporate Servicer will perform in Luxembourg certain administrative, accounting and related services. In consideration of the foregoing, the Domiciliation Agent and the Corporate Servicer will receive various expenses payable by the Issuer at rates agreed upon from time to time. The appointment of the Domiciliation Agent and the Corporate Servicer may be terminated, in principle, by either the Issuer, the Corporate Servicer or the Domiciliation Agent upon not less than 60 calendar days' prior notice.

No corporate governance regime to which the Issuer would be subject exists in Luxembourg as at the date of this Prospectus.

Financial Statements

The financial year of the Issuer is the calendar year save that the first financial year is from the date of incorporation to 31st December 2007 and the second financial year is from 1st January 2008 to 31st December 2008. The Issuer will publish its first audited financial statements in respect of the period ending on 31st December 2007. The Issuer will not prepare interim financial statements.

In accordance with Articles 72, 74 and 75 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, Issuer is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the shareholders. The ordinary general meeting of shareholders takes place annually on the second Friday in April or, if such day is not a Business Day, the next following Business Day at 2.30 pm at the registered office of the Issuer or at such other place as may be specified in the convening notice. The first ordinary general meeting of shareholders is scheduled to take place in 2008.

Any future published annual audited financial statements prepared for the Issuer will be obtainable free of charge from the specified office of the Paying Agents in London and the Grand Duchy of Luxembourg, as described in "General Information".

The Issuer has not commenced operations since its date of incorporation and no financial statements have been made up as at the date hereof.

Statutory Auditors

The external auditors (*réviseurs aux comptes*) of the Issuer, which have been appointed by a resolution of the Board dated 12 January 2007 are Deloitte S.A. and belong to the Luxembourg institute of auditors (*Instituts des réviseur d'entreprises*).

LUXEMBOURG TAXATION

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Taxation of the Issuer

At the formation of the Issuer, a fixed capital duty (*droit d'apport*) of EUR 1,250 was payable in respect of the subscribed share capital. On future capital increases, no capital duty will become due. The transfer or sale of Securities of the Issuer will not be subject to a Luxembourg registration or stamp duty.

The Issuer will be considered, from a Luxembourg perspective, as a tax resident of Luxembourg both for purposes of Luxembourg domestic tax law and for purposes of the tax treaties entered into by Luxembourg and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Issuer is liable to Luxembourg corporation taxes. The standard applicable rate, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and the solidarity surcharge, is 29.63 per cent. in the municipality of Luxembourg for the fiscal year ending on 31 December 2007. Liability to such corporation taxes extends to the Issuer's world wide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Issuer is computed by application of all rules of the Luxembourg income tax law of 4 December 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities. In accordance with the Securitisation Act 2004, payments made or accrued by the Issuer to investors and firm commitments by the Issuer to distribute its net profits to investors are deemed tax deductible expenses in relation to the year in which they are incurred, regardless whether the investors hold equity or debt securities of the Issuer.

The Issuer is exempt from wealth tax (*impôt sur la fortune*).

Withholding Tax

Taxation of the holders of Relevant Securities

(i) Non-resident holders of Relevant Securities

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Relevant Securities, nor on accrued but unpaid interest in respect of Relevant Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Relevant Securities held by non-resident holders of Relevant Securities.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the

fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15% during the first three-year period starting 1 July 2005, at a rate of 20% for the subsequent three-year period and at a rate of 35% thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under Relevant Securities coming within the scope of the Laws would at present be subject to withholding tax of 15%.

(ii) Resident holders of Relevant Securities

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Relevant Securities, nor on accrued but unpaid interest in respect of Relevant Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Relevant Securities held by Luxembourg resident holders of Relevant Securities.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under Relevant Securities coming within the scope of the Law would be subject to withholding tax of 10%.

Taxation of the holders of Beneficiary Shares

No withholding tax is due on dividend payments made under the Beneficiary Shares.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The distribution of this document and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about and to observe any such restrictions.

The Issuer will enter into a Purchase Agreement with the Arranger in respect of each issue of Securities, pursuant to which the Arranger will agree, among other things, to procure purchasers for such Securities.

1. UNITED STATES

The Issuer has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the **Investment Company Act**) and the Relevant Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Consequently, the Relevant Securities may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the Issuer to register under the Investment Company Act, as and to the extent specifically set forth in a Final Terms with respect to a particular Series of Relevant Securities.

Bearer Relevant Securities 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.

The Beneficiary Shares have not been, and will not be, registered under the Securities Act and trading in the Beneficiary Shares has not been, and will not be, approved by the U.S. Commodity Futures Trading Commission under the U.S. Commodity Exchange Act, as amended. No Beneficiary Shares shall be issued by the Issuer to or may be offered or sold, directly or indirectly, in the United States or to or for the account or benefit of any U.S. Person or transferred to or beneficially owned by any U.S. Person, and each purchaser of Beneficiary Shares offered hereby or an interest therein will be deemed to have represented and agreed that it is not a U.S. Person or purchasing for the account of a U.S. Person.

2. EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), unless otherwise provided in the relevant Purchase Agreement, the Arranger will in each Purchase Agreement to which it is a party 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 Securities to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, but subject as provided in "Luxembourg" below, make an offer of Securities to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Securities 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;

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

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, 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.

3. UNITED KINGDOM

Unless otherwise provided in the relevant Purchase Agreement, the Arranger will in each Purchase Agreement to which it is party represent, warrant and agree in relation to the Securities to be purchased thereunder that:

- (a) it has only communicated or caused to be communicated, and it will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;
- (b) in relation to any Securities which must be redeemed or exercised before the first anniversary of the date of their issue, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities 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 Securities would otherwise constitute a contravention of section 19 of the FSMA by the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA (and all rules and regulations made pursuant to the FSMA), with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

4. GERMANY

Unless otherwise provided in the relevant Purchase Agreement, the Arranger will in each Purchase Agreement to which it is a party represent and agree that it has not offered or sold and will not offer or sell any Securities in Germany other than in compliance with the provisions of the German Securities Prospectus Act, as amended from time to time, or of any other laws applicable in Germany governing the issue, offering and sale of Securities.

5. THE GRAND DUCHY OF LUXEMBOURG

In relation to the Grand Duchy of Luxembourg (**Luxembourg**), which has implemented the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the **Prospectus Directive**) by the Luxembourg act dated 10 July 2005 relating to prospectuses for securities (the **Prospectus Act 2005**), the Arranger will represent and agree in each Purchase Agreement to which it is a party that it has not made and will not make an offer of Securities to the public in Luxembourg, except that it may make an offer of Securities to the public in Luxembourg:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Securities which has been approved by the *Commission de surveillance du secteur financier* (the **CSSF**), as competent authority in Luxembourg or, where appropriate, approved in another Member State of the European Economic Area which has implemented the Prospectus Directive and notified to the CSSF, all in accordance with the Prospectus Directive and ending on the date which is twelve months after the date of such publication;
- (b) at any, time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, pension and retirement funds and their management companies, commodity dealers as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities);
- (c) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations);
- (d) at any time, to any legal entities which have two or more of (i) an average number of employees during the financial year of at least 250, (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in their last annual or consolidated accounts;
- (e) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Prospectus Act 2005) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF; and
- (f) at any time, in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to articles 5 and 30 of the Prospectus Act 2005.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities in Luxembourg means the communication in any form by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe to these Securities.

5. GENERAL

These selling restrictions may be modified by the agreement of the Issuer and the Arranger following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Securities to which it relates or in a supplement to this Prospectus.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Securities outside the United States to non-U.S. persons and for the listing of the Securities on the Luxembourg Stock Exchange.

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

Unless otherwise provided in the relevant Purchase Agreement, the Arranger will in each Purchase Agreement to which it is party agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Prospectus or any part thereof, any other offering material or any Final Terms in all cases at its own expense unless otherwise agreed and the Issuer shall have no responsibility therefor.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations (if any) which are necessary in Luxembourg at the date of this Prospectus in connection with the issue and performance of the Securities. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 12 January 2007. The issue of this Prospectus was authorised by a resolution of the Board of Directors of the Issuer passed on 12 January 2007.
2. Save as disclosed in this Prospectus, the Issuer is not involved in any government, legal or arbitration proceedings which may have, or have had since its incorporation, a significant effect on the financial position or profitability of the Issuer, nor is the Issuer aware that such proceedings are pending or threatened.
3. Each Bond, 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 of 1986, as amended".
4. Application has been made in accordance with the *Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières* which implements the Prospectus Directive into Luxembourg law, for Securities issued under the Programme to be admitted to trading on (i) the Luxembourg Stock Exchange's regulated market pursuant to Directive 2004/39/EEC and (ii) the EuroMTF, which is the alternative market of the Luxembourg Stock Exchange (the EuroMTF is not a regulated market pursuant to the provisions of Directive 2004/38/EC but is subject to the supervision of the CSSF). Securities may be issued under the Programme which are not listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange or any other stock exchange or market or Securities may be issued which are listed or admitted to trading, as the case may be, on such other stock exchange or markets as the Issuer and the Arrangers may agree. This Prospectus was approved by the CSSF on 12 January 2007.
5. The Relevant Securities (other than those in definitive form) have been or will be the subject of an application to be accepted for clearance through the Euroclear and Clearstream Luxembourg systems (which are the entities in charge of keeping the records) as specified in the relevant Final Terms. The Common Code, International Securities Identification Number (ISIN), CUSIP and CINS numbers and PORTAL symbol (if any) for each Series of Relevant Securities will be set out in the relevant Final Terms. If the Relevant Securities are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

6. For the period of 12 months following the publication of this Prospectus copies of, the following documents (in English) will be obtainable for inspection free of charge, during usual business hours on any week day (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer and the specified offices of the Trustee, the Issuing and Paying Agent and of the Paying and Exchange Agent in Luxembourg:
 - (a) the Articles of Association of the Issuer;
 - (b) the Declarations of Trust;
 - (c) this Prospectus;

- (d) as soon as published in relation to any listed Securities, any future prospectuses, offering circulars, information memoranda, Supplements and Final Terms;
- (e) the Trust Instrument relating to each issue of Relevant Securities and each document incorporated by reference into such Trust Instrument;
- (f) the published annual audited financial statements (if any) of the Issuer; and
- (g) such other documents as may be required by the rules of any stock exchange on which any Security is at the relevant time listed or admitted to trading.

The documents specified in sub-paragraphs (a) and (f) may also be examined at the Luxembourg trade and companies register where copies thereof may be obtained.

7. The Issuer will promptly publish a supplement to the existing Prospectus or where appropriate a new Prospectus in the event of any material changes associated with the Programme.
8. Prior to the listing of any Securities on the Luxembourg Stock Exchange the articles of association of the Issuer will have been filed with the *Registre de commerce et des sociétés, Luxembourg* (where a copy of such articles of association may be examined and copies obtained by the public).
9. The price and amount or number of Securities to be issued under the Programme will be determined by the Issuer and the Arranger at the time of issue in accordance with prevailing market conditions.
10. The Issuer does not intend to provide any post-issuance information in relation to any Series of Securities or the performance of any Collateral or Series Assets in respect of such Series of Securities.
11. This Prospectus and the Articles of Association of the Issuer may be reviewed on the website of the Luxembourg Stock Exchange (www.bourse.lu).
12. The Trust Instrument provides that the Trustee may rely on certificates or reports from the auditors and/or any other expert (whether or not addressed to the Trustee) as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee and the auditors or such other expert in connection therewith containing a monetary or other limit on the liability of the auditors or such other expert in respect thereof.

ANNEX 1

FORM OF FINAL TERMS FOR RELEVANT SECURITIES

BLUEBIRD SECURITIES S.A.

a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, Val Sainte-Croix L-1371 Luxembourg, registered with the Luxembourg trade and companies register under number B [●] and subject to the Luxembourg act dated 22 March 2004 on securitisation (the "Securitisation Act 2004")

**Final Terms of Series [Title of Securities] (the Securities)
issued pursuant to the Limited Recourse Securities Programme**

PART A

CONTRACTUAL FINAL TERMS

Final Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Bonds (where "Type of Securities" below specifies Bonds) or the Terms and Conditions of the Certificates and Warrants (where "Type of Securities" below specifies Certificates or Warrants) (the **Conditions**), in each case as set forth in the Base Prospectus dated 12 January, 2007 (the **Prospectus**) which constitutes two base prospectuses for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and the Luxembourg act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**). This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and Article 8.4 of the Prospectus Act 2005 and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Prospectus (as supplemented from time to time). The Prospectus is available for viewing at the office of Deutsche Bank Luxembourg S.A., currently at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg (from which copies of the Prospectus may also be obtained) and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Unless the context otherwise requires, expressions used herein and not otherwise defined in the Prospectus or the Trust Instrument (as defined below) shall have the meanings respectively ascribed to them by the provisions of the 2000 ISDA Definitions (the **2000 Definitions**), as published by the International Swaps and Derivatives Association, Inc. If there is any inconsistency between the ISDA Definitions and the provisions of these Final Terms, the provisions of these Final Terms will prevail. References in the Final Terms to **paragraphs** and **sub-paragraphs** are to the paragraphs and sub-paragraphs of the Final Terms, unless the context requires otherwise. Italicised provisions herein are for information only and do not form part of the Final Terms.

By subscribing for, or otherwise acquiring, the Securities, the holders of the Securities (i) expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in these Final Terms and the Prospectus and (ii) expressly acknowledge the creation of a separate compartment relating to the Securities.

[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 sub-paragraphs. Italics denote directions for completing the Final Terms.

1. Issuer: Bluebird Securities S.A. Under the Securitisation Act 2004,

the Issuer as an unregulated entity within the meaning of the Securitisation Act 2004 is not entitled to issue securities or shares to the public on an ongoing basis.

The board of directors of the Issuer has created a separate compartment in respect of the Securities to which all the assets and liabilities relating to the Securities will be allocated. See paragraph 27.

2. Arranger: Deutsche Bank AG London Branch acting through its office at Winchester House, 1 Great Winchester Street, London EC2N 2DB
3. (a) Series Number: []
(b) Type of Securities: The Securities are [Bonds/Certificates/Warrants]
4. Relevant Currency: []
5. Principal Amount (in the case of Bonds) or number of Securities (in the case of Certificates or Warrants): []
6. Status: Secured and limited recourse obligations of the Issuer, secured as provided below
7. Denomination (in the case of Bonds) or Nominal Amount (in the case of Certificates or Warrants, if applicable): [●] [Not Applicable]
8. Issue Price: [] per cent. of Principal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] (*in the case of Bonds*).
[] [] per Security (*in the case of Certificates or Warrants*)
[Indicate amount of any expenses and taxes specifically charged to the purchasers of the Securities] (required for listed issues).
9. Issue Date: []
10. Maturity Date (in relation to Bonds) or Settlement Date (in the case of Certificates or Warrants): [] [(the **Scheduled Maturity Date** (in relation to Bonds)),] subject to adjustment in accordance with the [Modified Following/Following/Preceding/etc] Business Day Convention, for which purpose the relevant Business Days are [London/New York City/Tokyo/TARGET Settlement

- Days]
11. (a) (i) Exchange Right (in relation to Bonds): [Applicable/ Not Applicable]
- Option Commencement Date: []
- Option Expiration Time: [At the opening of trading on the [Reference Source]] [At the close of trading on the [Reference Source]]
- Option Expiration Date: []
- (Condition 4.2(c) provides that, in the event that the Bonds are to be redeemed pursuant to Condition 6.2, the Exchange Right shall be extinguished and the Issuer shall pay to each Bondholder the amount specified in paragraph 24 of the Final Terms.)*
- Exchange Price: [Insert price or procedures for determining price]
- (Condition 4.4 describes the circumstances in which the Exchange Price may become subject to adjustment.)*
- (ii) American Style Exercise Right (in relation to Certificates or Warrants): [Applicable/Not Applicable]
- Option Commencement Date: []
- Option Expiration Time: [At the opening of trading on the [Reference Source]] [At the close of trading on the [Reference Source]]
- Option Expiration Date: []
- (Condition 4.2(c) provides that, in the event that the Bonds are to be cancelled pursuant to Condition 6.2, the American Style Right shall be extinguished and the Issuer shall pay to each Securityholder the amount specified in paragraph 24 of the Final Terms.)*
- Exchange Price/Procedures for determining number of Shares to be delivered on exercise of a [Insert price or procedures for determining price]
- [Alternatively specify "Not Applicable" and set out procedures for determining the number of Shares per Security to be delivered on exercise of a Security pursuant to Condition 4.1]

Security pursuant to
Condition 4.1:

*(Condition 4.4 describes the circumstances in which the
Exchange Price may become subject to adjustment.)*

- (iii) Exercise Price (in relation to Warrants): [Insert price or details for determining price]
- (b) Shares: [] [nb: include any identification details in addition to the name of the Shares]
- Share Company: []
- Reference Source: []
- (c) Potential Adjustment Events: Insofar as is possible, in respect of any Potential Adjustment Event, the Calculation Agent shall determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by the [*name of futures or option exchange etc*] to [options contracts/futures contracts] on the Shares traded on the [*name of futures or option exchange etc*] Stock Exchange.
- (d) Procedure for Exchange or Exercise:
- Clearing Agent: [Euroclear Bank S.A./N.V.][Clearstream Banking, société anonyme][other]
- (e) Cash Settlement Election: [Applicable/Not Applicable]
- The Cash Settlement Election may be made by [a Securityholder] /[or]/ [the Issuer]
- (f) Market Disruption:
- Valuation Time: []
- Settlement Currency: []
12. Interest (may only be applicable to Bonds): [Applicable/Not Applicable]
- Interest Basis: The Interest Basis is [Floating/Fixed/Other] Rate
- Interest Rate: The Interest Rate [is/will be the Benchmark plus the Margin of] [] per cent. per annum.
- [Zero Coupon Bond]
- [specify other]
- [Benchmark: The Benchmark will be [], [except in relation to the first

Interest Period for which the Benchmark will be the Linear Interpolation of [].]

[Primary Source: The Primary Source for the Floating Rate is Telerate Page [] as at 11.00 a.m. London time on the Interest Determination Date.]

Interest Commencement Date: The Interest Commencement Date is [].

Interest Accrual Dates: The Interest Accrual Dates in respect of the Bonds are [], [], [] and [] in each year (commencing on []) to and including [] and the [] Business Day prior to the Scheduled Maturity Date.

Interest Periods: The first Interest Period is from (and including) the Interest Commencement Date to (but excluding) [], subject to adjustment in accordance with the [Modified Following/Following/Preceding/etc] Business Day Convention, for which purpose the relevant Business Days are London, [New York City and TARGET] Settlement Days, and thereafter, each successive Interest Period shall begin on (and include) an Interest Accrual Date and end on (but exclude) the next succeeding Interest Accrual Date.

Interest Payment Dates: The Interest Payment Dates are [], [], [] and [] in each year, subject in each case to adjustment in accordance with the [Modified Following/Following/etc] Business Day Convention, for which the Relevant Business Day is [London/New York City and TARGET] Settlement Days.

For the avoidance of doubt, only persons who are stated in the records of Euroclear or Clearstream, Luxembourg to be the holders of Bonds on the Interest Payment Dates will be entitled to receive interest payments under the Bonds.

Day Count Fraction: []

[Primary Source: []][For Floating Rate Bonds]

[Interest Determination Date: The Interest Determination Date for the interest rate specified in paragraph 12 is two Business Days in London prior to the first day of each Interest Period.] [For Floating Rate Bonds]

Calculation Agent: The Calculation Agent for the Bonds will be the Swap Calculation Agent (as defined in paragraph 20)

13. Redemption or Final Exercise:

Final Exercise Date (in the case of []
Certificates and Warrants):

Exercise Price (in the case of []
Warrants and if not specified in
paragraph 11(a)(iii) above):

Purchases: Condition 6.5 (Purchases) [will/will not] apply to the Bonds.

Redemption or Cancellation at the Option of the Issuer and Exercise of Issuer's Options: (A) The Issuer Option Redemption Period means in respect of Condition 6.7(a), the period from (and including) [] to (and including) []. *(in the case of Bonds)*

The Issuer Option Cancellation Period means in respect of Condition 6.6(a), the period from (and including) [] to and including [] *(in the case of Certificates or Warrants)*

(B) The Specified Percentage is [].

(C) The Relevant Period is [].

(D) The Cancellation Amount per Security for the purposes of Condition 6.6(a) or 6.6(c) is [specify or specify method for determination] *(in the case of Warrants or Certificates and if different from the Nominal Amount if specified in paragraph 7 above)*

No other Optional Redemption: Conditions [6.4], [6.6] and [6.9] will not apply to the Securities.

Early Redemption or Cancellation: The Securities shall be redeemed (in the case of Bonds) or cancelled (in the case of Certificates or Warrants) if, at any time, the aggregate outstanding principal or notional amount or number thereof is reduced to zero pursuant to the exercise of the Securityholders' Exchange Right or American Style Exercise Right or for any other reason. In such event, no payments will be due by the Issuer to the Securityholders under the Bonds and the date of such redemption or cancellation shall be the date on which the outstanding principal or notional amount or number of all the Securities is reduced to zero.

Swap Counterparty or Option Counterparty Default Early Redemption or Cancellation: [].

14. Mandatory Redemption or Cancellation: The Securities will be subject to mandatory redemption (in whole) under Condition 6.2 or 6.3.

The Redemption Amount (in the case of Bonds) or Cash Settlement Amount (in the case of Certificates or Warrants) for the purposes of any redemption or cancellation of the Bonds pursuant to Condition 6 or Condition 12 shall be an amount equal to: [].

15. Unmatured Coupons to become void upon Early Redemption (in the case of Bonds): Yes.

16. Talons to be attached to Bonds and, if applicable, the number of Interest Payment Dates between the maturity for each Talon: [Yes.]
17. Business Day Jurisdictions for Condition 7.8 in the case of Bonds or Condition 7.4 in the case of Certificates or Warrants (jurisdictions required to be open for payment): London, [New York City and TARGET] Settlement Days. In the Final Terms and for the purposes of the Conditions, references to **Business Days** shall (except where specified otherwise) be construed as references to days which are Business Days in either London [or New York City or a TARGET] Settlement Day and **Relevant Business Days** shall (except where specified otherwise or the context requires) be construed as references to days which are Business Days in London and [New York City and which are TARGET Settlement Days].
18. (a) Bonds to be represented on issue by: [Temporary Global Bond/Global Certificate (in the case of Bonds)] [Global Security (in the case of Certificates or Warrants)] held by Common Depository for Euroclear and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).
- (b) Applicable TEFRA exemption (in relation to Bonds): [TEFRA D/C Rules.]
- (c) Temporary Global Bond exchangeable for Permanent Global Bond/Definitive Bonds (in relation to Bonds): [Yes – exchangeable for interests in Permanent Global Bond held by Common Depository for Euroclear and Clearstream, Luxembourg on or after 40 days from Issue Date (or such later date as may be determined to be the Exchange Date in accordance with the Final Terms of the Temporary Global Bond) upon certification as to non-U.S. beneficial ownership.]
19. Security: [Collateral charged to Trustee.]
 [Collateral charged in Trustee; additional foreign law security]
 [Collateral delivered to the Swap Counterparty under the Credit Support Annex]
 [Adverse Tax Event: *specify provisions*]
20. Collateral:
- (1) The Collateral shall comprise [] (the **Collateral**).
 - (2) Condition 8.6(a) (Replacement of Collateral) will [not] apply to the Securities.
 - (3) Condition 8.6(b) (Substitution of Collateral) will [not] apply to the Securities.

(4) Condition 8.7 (Purchase of Collateral maturing after the [Maturity] [Final Exercise] Date) will [not] apply to the Securities.]

(5) The Selling Agent is [Deutsche Bank AG London Branch].

21. Swap Agreement: Under an ISDA Master Agreement which the Issuer and the Swap Counterparty have entered into by executing the Trust Instrument (the **ISDA Master Agreement**, as supplemented by a confirmation thereto with an effective date of []:

[Insert details of Swap Agreement cash flows].

Swap Counterparty Ratings []
Downgrade:

Swap Counterparty: [Deutsche Bank AG London Branch at its registered office for the time being [currently at 1 Great Winchester Street, London EC2N 2DB]. [Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies.] In its capacity as Swap Counterparty, Deutsche Bank AG London Branch is also designated as the calculation agent for the purpose (the **Swap Calculation Agent**) of the Swap Agreement. Any determination by the Swap Calculation Agent shall be conclusive and binding on the Issuer, the Trustee, the Bondholders, the Issuing and Paying Agent, the Paying and Exchange Agent and all other persons save in the case of manifest error and (without prejudice to section 4.14 of the 2000 Definitions) no liability shall attach to the Swap Calculation Agent in respect thereof.]

22. Option Agreement: Under the ISDA Master Agreement, as supplemented by a confirmation thereto with an effective date of []

[].

Option Counterparty: [Deutsche Bank AG London Branch]

Option Counterparty Ratings []
Downgrade:

23. Repurchase Agreement: [No/Insert details.]

Repurchase Counterparty: [Not Applicable/Insert details.]

24. Credit Support Document: No.

25. Additional Security Document(s): [Applicable]

[Not Applicable]
[Details]

26. General Provisions Applicable to Securities: *[Insert if relevant (When adding any other Final Terms or information consideration should be given as to whether such final terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive and Article 13 of the Prospectus Act 2005.)]*
27. Specific terms and conditions: *[please insert any specific terms]*
28. Separate Compartment: A separate compartment has been created by the board of directors of the Issuer in respect of the Securities (the **Compartment**). The Compartment is a separate part of the Issuer's assets and liabilities. The Collateral (relating to the Securities) is exclusively available to satisfy the rights of the holders of the Securities (in accordance with the terms and conditions set out in these Final Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment, as contemplated by articles 8.10 and 9 of the articles of association of the Issuer.

29. Responsibility:

[Subject as provided below] the Issuer accepts responsibility for the information contained in the Final Terms.

[specify] has been extracted from *[specify]* and *[specify]* has been extracted from *[specify]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

[BLUEBIRD SECURITIES S.A.]

By

Underwriting

[Include name and address of entities agreeing to underwrite the issue on a firm commitment basis, and name and address of entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements, where known, together with details of the relevant purchase date of the Instruments under the relevant subscription or underwriting agreement. Where not all of the issue is underwritten, a statement of the portion not covered.]

Secondary Trading

[Include name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.]

PART B

OTHER INFORMATION

1.
 - i. Listing: [No] Application [has been/will be] made to list the Securities on the [Official List of the Luxembourg/other/any] Stock Exchange.
 - ii. Admission to trading: [No] Application [has been/will be] made for the Securities to be admitted to trading on [the regulated market of the Luxembourg/the Euro MTF of the Luxembourg/other/any] Stock Exchange.
2. The Securities have been accepted in Euroclear and Clearstream, Luxembourg and have the following security codes:

Common Code: []

ISIN Code: []
3. Rating: [The Securities are expected to be rated [] by []/The Securities are unrated]
4. Custody: The Custodian in respect of the Collateral will be [].

The Collateral will be delivered to the Custodian by [the Swap Counterparty] pursuant to [the Swap Agreement] on the Issue Date and credited to account number [] of the Custodian with Euroclear (the **Custodian Account**) on the Issue Date, subject to the security created by and pursuant to the Trust Instrument.
5. Agent for Service of Process: [Deutsche Bank AG London Branch at its registered office for the time being (currently at Winchester House, 1 Great Winchester Street, London EC2N 2DB).]
6. Trustee: Deutsche Trustee Company Limited
7. Paying and Exchange Agent: []

[Include the following additional sections of Part B in relation to any Securities to be listed]
8. [Other Parties:] *[Specify details of any providers of material forms of credit/liquidity enhancement, together with any other banks are held, giving names, addresses and a brief description]*
[Specify Calculation Agent, including name and address, where appropriate.]

9. Distribution:
- If syndicated, names and addresses of managers and details of underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]
- If non-syndicated, name and address of Arranger: [Deutsche Bank AG London Branch at its registered office for the time being (currently at 1 Great Winchester Street, London EC2N 2DB)]
- Total commission and concession: [*specify*] per cent. of [the Aggregate Principal Amount (in the case of **Bonds**)] [the aggregate Issue prices (in the case of Certificates and Warrants)]
- Stabilising Agent (if any): [Not Applicable]
[*Specify*]
10. Notification: The CSSF [has been requested to provide/has provided] the [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive and the Prospectus Act 2005.]
11. Interests of Natural and Legal Persons Involved in the Offer: [Save for any fees payable to the Arranger, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.] [*Give name, address and significant business activities of the administrator, calculation agent or equivalent (if any) together with a summary, if applicable, of the administrator's/calculation agent's responsibilities, their relationship with the Collateral obligor and a summary of the provisions relating to termination of the appointment of such entity/provisions for appointing an alternative*].
12. Reasons for the Offer, Estimated Net Proceeds and Total Expenses:
- Reasons for the offer: [*specify if different from that described in "Use of Proceeds" in the Prospectus*]/[Not Applicable].
- Estimated net proceeds: [*specify*]
(If proceeds are intended for more than one use, specify uses and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
13. Estimated total expenses: [*specify, including a breakdown of expenses.*]
14. Yield (Fixed Rate Bonds only):
- Indication of yield: [*specify*].

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

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

15. Historic Interest Rates (Floating Rate Bonds only): [Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

16. Collateral: *[Give details of Collateral including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of Collateral which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the Collateral, and, where all Collateral is comprised of the obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20 per cent. or more (or other material portion) of the Collateral, so far as the Issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual denomination of at least EUR 50,000 under the Prospectus Directive; or (b) if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify principal terms where a material relationship exists between the issuer and guarantor. Specify principal terms of Collateral which is not traded on a regulated or equivalent market. Where Collateral comprises equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of Collateral comprises equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for Share Registration Documents under the Prospectus Directive. Where material portion of Collateral is secured on or backed by real property (other than mortgage loans where there has been no revaluation for the purpose of the Bonds and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to*

property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed Collateral and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer. Describe method and date of sale of Collateral. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other details) for investments temporary liquidity surpluses. Specify any subordinated debt finance.]

17. Performance of Index/Formula, or other relevant underlying asset and explanation of effect on value of investment and associated risks: [Describe nature of relevant asset or reference basis and give details of where information can be obtained. Need to include details of where past and future performance and volatility of any relevant asset or reference basis material to the Securities can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by such relevant asset or reference basis underlying and the circumstances when the risks are most evident.]

[In the case of an Index, include here the name of the Index and a description if composed by the Issuer or, if the Index is not composed by the Issuer, details of where the information about the Index can be obtained.]

[In the case of a basket give weighting of basket constituents]

[In the case of an underlying security give name of security issuer and ISIN or other security identification []]

[In the case of an interest rate give description of the interest rate]

[In the case of a variable or formula, include here equivalent information.]

18. Terms and Conditions of the Offer [Include, as applicable: (i) Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks and if reasons for the offer and use of proceeds are disclosed provide the total net proceeds and an estimate of the total expenses of the issue/offer; (ii) Conditions, offer statistics, expected timetable and action required to apply for the offer, including minimum and/or maximum subscription amounts (in number of Securities or in the Aggregate Nominal Amount of the Securities); possibility of reducing subscriptions (and manner for refunding excess paid if applicable); negotiability of subscription rights and treatment of subscription rights not exercised; (iii) Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the amount of the offer; (iv) the time period,

including any possible amendments, during which the offer will be open and description of the application process; (v) method and time limits for paying up the Instruments and for delivery of the Instruments; (vi) a full description of the manner and date on which results of the offer are to be made public; (vii) the various categories of potential investors to which the Instruments are offered and if the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche; and (viii) the process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.]

19. Product Specific Risk Factors

[See "Investor Suitability" and "Risk Factors" in the Prospectus.] *[Give additional description of specific risks and structure including, if necessary, a structure diagram]*

ANNEX 2

FORM OF FINAL TERMS FOR BENEFICIARY SHARES

Set out below is the form of Final Terms for each Tranche of Beneficiary Shares which will contain such of the following information (which may be modified in relation to any particular issue of Instruments by agreement between the Issuer and the Issuing and Paying Agent as is applicable in respect of such Instruments).

Final Terms dated [●]

Bluebird Securities S.A.

a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, Val Sainte-Croix L-1371 Luxembourg, registered with the Luxembourg trade and companies register under number B [●] and subject to the Luxembourg act dated 22 March 2004 on securitisation (the "Securitisation Act 2004")

[Currency] [Aggregate Nominal Value] [Description of Instruments] (the **Securities**)

Issue Price: [[Insert Price] per Instrument]/[[●] per cent.]

Limited Recourse Securities Programme

PART A – CONTRACTUAL TERMS

By subscribing to, or otherwise acquiring, the Securities, the holders of the Securities (i) expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in the Conditions, the Prospectus, these Final Terms and any Supplement relating to the Instruments and (ii) expressly accept the creation of a separate compartment relating to the Instruments.

Terms used herein shall be deemed to be as defined in the articles of association of the Issuer (the **Articles**). The summary of the Articles is set out in the Base Prospectus dated 12 January, 2007 (the **Prospectus**), which constitutes two base prospectuses for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and the Luxembourg act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**). This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and Article 8.4 of the Prospectus Act 2005 and must be read in conjunction with the relevant Base Prospectus dated 12 January, 2007. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms, the Articles and the Prospectus (as supplemented from time to time). The Prospectus is available for viewing at [address] and [website] and copies may be obtained from [address].

Unless the context otherwise requires, expressions used herein and not otherwise defined in the Prospectus shall have the meanings respectively ascribed to them by the provisions of the 2000 ISDA Definitions (the **2000 Definitions**), as published by the International Swaps and Derivatives Association, Inc. If there is any inconsistency between the ISDA Definitions and the provisions of these Final Terms, the provisions of these Final Terms will prevail. References in the Final Terms to **paragraphs** and **sub-paragraphs** are to the paragraphs and sub-paragraphs of the Final Terms, unless the context requires otherwise. Italicised provisions herein are for information only and do not form part of the Final Terms.

By subscribing to, or otherwise acquiring, the Securities, the holders of the Securities (i) expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in these Final Terms and the Prospectus and (ii) expressly acknowledge the creation of a separate compartment relating to the Securities.

[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 sub-paragraphs. Italicised text denotes directions for completing these Final Terms.]

[When adding any other final terms or information in Part A or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer in Part B consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and Article 13 of the Prospectus Act 2005.]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest.]

1. Issuer: Bluebird Securities S.A. Under the Securitisation Act 2004, the Issuer as an unregulated entity within the meaning of the Securitisation Act 2004 is not entitled to issue securities or shares to the public on an ongoing basis.

The board of directors of the Issuer has created a separate compartment in respect of the Securities to which all the assets and liabilities relating to the Securities will be allocated. See paragraph 53.

Type of Instruments: Beneficiary Shares.

Voting Rights – Special: [Applicable unless specified as "Not Applicable" below – see 8.2.7 of the Articles]

(b) [As to Article 8.2.7(a)(i):] [Not Applicable]

(c) [As to Article 8.2.7(a)(ii):] [Not Applicable]

(d) [As to Article 8.2.7(a)(iii):] [Not Applicable]

(e) [As to Article 8.2.7(a)(iv):] [Not Applicable]

(f) [As to Article 8.2.7(a)(v):] [Not Applicable]

(g) [As to Article 8.2.7(a)(vi):] [Not Applicable]

2. (a) [Series Number:] [●]

(b) [Tranche Number:] [●]

[If fungible with an existing Series, details of that Series, including the date on which the Instruments become fungible.]

- (c) [Nominal Value: [●]]
- (d) [Denominations: Nominal Value]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Value of Instruments: [●]
- (e) [Series:] [●]
- (f) [Tranche: [●]]
5. Issue Price: [[●] per cent. of the Nominal Value per Instrument]
- [plus accrued dividends from [Date] (in the case of fungible issues only, if applicable)]*
- [Other]
- [Indicate amount of any expenses and taxes specifically charged to the purchasers of the Beneficiary Shares]*
6. (a) [Number of Beneficiary Shares being issued:] [●]
- (b) [Minimum Trading Size: Not Applicable.]
7. (a) [Issue Date: [●]]
- (b) [Primary Market End Date: [●] or, if such day is not a Business Day, the first succeeding Business Day;]
8. (a) Redemption Date: [The [●] Payment Day following the last occurring Valuation Date.]
- [The Beneficiary Shares shall be redeemed on such date [without action by the relevant Beneficiary Shareholder] and the Beneficiary Shareholder shall receive [in respect of each specified Denomination of the Beneficiary Shares] the Final Redemption Amount].
- (b) Payment Day [Insert Details]
- (c) Valuation Date(s) [Insert Details]
9. Dividend/Payment Basis: [[●] per cent. Dividend Rate]
- [Discounted Beneficiary Share]
- [The Beneficiary Shares do not bear dividends.]
- [Other]

[Further particulars - insert relevant provisions]

10. Redemption/Payment Basis: [insert relevant provisions]

[Redemption at par]

11. Change of Redemption/Payment Basis: [Details of any provision for convertibility of Beneficiary Shares into another redemption/payment basis]

[None]

12. Status of the Instruments: Limited recourse

PROVISIONS RELATING TO DIVIDENDS

13. Fixed Rate Provisions: [Applicable as Dividend Rate]

[Not Applicable]

[(If not applicable, delete the remaining sub-paragraphs of this paragraph)]

(a) [Fixed Rate: [The Dividend Rate is [●] per cent. per annum payable in arrear

[annually]

[semi-annually]

[quarterly]

[monthly]]

(b) Payment Date(s): [The Dividend Payment Dates are [●] in each year up to and subject to any Early Termination Date]

[or, if any such day is not a Payment Day, the next following Payment Day]

(c) Fixed Amount[(s)] or Business Day Convention] * [For Fixed Amounts: [insert provisions describing the Dividend Amount]]

[For Business Day Convention:

[Following Business Day Convention]

[Modified Following Business Day Convention]

[Preceding Business Day Convention]]

(d) Day Count Fraction: [Not Applicable] [insert relevant provisions]

(e) [Fixed Rate Determination Date(s): The Dividend Determination Dates are [●] in each year]

[Insert dividend payment dates except where there are long or short periods. In these cases, insert regular dividend payment dates]

- (f) Other terms relating to the method of calculating dividends for Fixed Rate Instruments: [Not Applicable]
[Details]

14. Floating Rate Provisions: [Not Applicable] [insert relevant provisions e.g. floating rate basis, specified duration, payment dates, floating rate determination dates, spread, Day Count Fraction, Business Day Convention etc.]

15. Discounted Share Dividend Provisions: [Applicable –insert relevant provisions]
[Not Applicable]

PROVISIONS RELATING TO REDEMPTION

16. Redemption Amount: [[●] per Beneficiary Share of [●] Denomination]
[insert relevant provisions]

17. Issuer Call Option: Not Applicable

18. Early Termination Amount:

- (a) Early Termination Amount(s) payable on redemption following (i) the occurrence of an event of default or (ii) illegality or (iii) following certain events, all if applicable and as specified in accordance with Schedule 2, and/or the method of calculating the same (if required): [●] [less the cost to Issuer and/or the Swap Counterparty and Option Counterparty and/or their Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Beneficiary Shares]
- (b) Early Termination Amount inclusive of accrued dividends: [Yes: no additional amount in respect of accrued dividends to be paid.]

[No: together with the Early Termination Amount, accrued dividends shall be paid as an additional amount and shall be calculated as [insert provisions].]

19. Underlying: See Schedule 1

PROVISIONS RELATING TO SERIES ASSETS

20. (a) Collateral: [Not Applicable]

[Details]

(b) Series Assets:

[Give details of Collateral including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of Collateral which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the Collateral, and, where all Collateral is comprised of the obligations of five or fewer obligors which are legal persons or where an obligor accounts for 20 per cent. or more (or other material portion) of the Collateral, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual denomination of at least EUR 50,000 under the Prospectus Directive; or (b) if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify principal terms where a material relationship exists between the Issuer and Guarantor. Specify principal terms of Collateral which is not traded on a regulated or equivalent market. Where Collateral comprises equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of Collateral comprises equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for share registration document under the Prospectus Directive. Where material portion of Collateral is secured on or backed by real property (other than mortgage loans

where there has been no revaluation for the purpose of the Beneficiary Shares and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed Collateral and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer. Describe method and date of sale of Collateral. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other details) for investments temporary liquidity surpluses. Specify any subordinated debt finance]

(c) Series Parties: [Beneficiary Shareholders]

[Swap Counterparty]

[Option Counterparty]

[Repurchase Counterparty]

[Other]

21. Whether security is being granted for the Securities and if so include details: [include relevant details re security]

22. Replacement and/or Substitution of Collateral: [Not Applicable]

[Details]

23. Deposit Account: [Not Applicable]

[Details]

[N.B. – if Collateral has a maturity date or may be redeemed prior to the Redemption Date, Deposit Account should be "Applicable" and account details are necessary if account is opened in the name of the Issuer; Deposit Account should also be "Applicable" if there are Eligible Securities as these might be redeemed prior to the Redemption Date.]

24. (a) Swap Agreement: [Applicable]

[Not Applicable]

[Details]

- (b) Swap Counterparty: [Applicable]
[Not Applicable]
[Name and address and brief description]
25. (a) Option Agreement [Applicable]
[Not Applicable]
[Details]
- (b) Option Counterparty [Applicable]
[Not Applicable]
[Details]
26. (a) Repurchase Agreement: [Applicable]
[Not Applicable]
[Details]
- (b) Repurchase Counterparty: [Applicable]
[Not Applicable]
[Details]
27. (a) Credit Support Document [Applicable]
[Not Applicable]
[Details]
- (b) Credit Support Counterparty [Applicable]
[Not Applicable]
[Details]
28. Application of Assets: Insert details if different from Articles
29. Additional Security Document(s): [Not Applicable]
[Details]

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

30. Form of Instruments: [The Beneficiary Shares will be represented by a Global Share Certificate registered in the name of a nominee for, and shall be deposited on its issue date with a common depository on behalf of, the relevant

- Clearing Agents]]
31. Additional Business Day(s) or other special provisions relating to Payment Dates: [Not Applicable]
- [Details]*
- [Note that this item relates to the place of payment for settlement, and not the dividend period end date]*
32. Settlement: [Cash Settlement]
- [Other]*
33. Settlement Currency: *[Details]*
34. Settlement Disruption Events: [Not Applicable]
- [Applicable – insert relevant provisions]*
35. Notices to the Issuer: *[Details of delivery of notices to the Issuer]*
36. Other terms or special conditions: [Not Applicable]
- [Applicable – insert relevant provisions]*
- [When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and Article 13 of the Prospectus Act 2005.]*

AGENTS AND OTHER PARTIES

37. Trustee: Not Applicable
38. Issuing and Paying Agent: [Deutsche Bank AG London Branch]
- [Details]*
39. Paying and Exchange Agent(s): [Deutsche Bank AG London Branch]
- [Details]*
40. Registrar: [Deutsche Bank Luxembourg SA]
- [Details]*
41. Custodian: [Not Applicable]
- [Deutsche Bank Luxembourg SA]
42. Custodian Account Details: [Not Applicable]

- [[*Account details*] at Deutsche Bank Luxembourg SA]
43. [Paying Agent: [Deutsche Bank Luxembourg SA]]
- [Relevant if the Instruments are listed and the rules of the relevant stock exchange require a paying agent in such jurisdiction]*
44. [Listing Agent: *Details*]]
45. [Custodian Bank: Not Applicable]
46. [Depository Bank: Not Applicable]
47. [Common Depository and Specified Office: *Details*]]
48. [Other Parties] *[Specify details of any providers of material forms of credit/liquidity enhancement, together with any other banks with which main accounts relating to the Series are held, giving names, addresses and a brief description] [Specify Calculation Agent, including name and address, where appropriate.]*

DISTRIBUTION

49. Application of TEFRA rules: [TEFRA C]
[TEFRA D]
[Not Applicable]
50. [Total commission and concession: [●] per cent. of the Aggregate Nominal Amount]
51. Additional selling restrictions: [Not Applicable]
Details]

MISCELLANEOUS

52. Specific terms and conditions *[please insert any specific terms]*
53. Separate Compartment: A separate compartment has been created by the board of directors of the Issuer in respect of the Securities (the **Compartment**). The Compartment is a separate part of the Issuer's assets and liabilities. The Collateral (relating to the Securities) is exclusively available to satisfy the rights of the holders of the Securities (in accordance with the terms and conditions set out in these Final Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment, as contemplated by articles 8.10 and 9 of the articles of

association of the Issuer.

54. Governing Law: Luxembourg law
55. Stabilising Agent (if any): [Not Applicable]
[Specify]

RESPONSIBILITY

[Subject as provided below, the]* [The] Issuer accepts responsibility for the information contained in these Final Terms.

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By:
Duly authorised

Underwriting

[Include name and address of entities agreeing to underwrite the issue on a firm commitment basis, and name and address of entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements, where known, together with details of the relevant purchase date of the Instruments under the relevant subscription or underwriting agreement. Where not all of the issue is underwritten, a statement of the portion not covered.]

Secondary Trading

[Include name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.]

PART B - OTHER INFORMATION

1. PRODUCT SPECIFIC RISK FACTORS [See "Investor Suitability" and "Risk Factors" in the Prospectus.] *[Give additional description of specific risks and structure including, if necessary, a structure diagram]*

2. LISTING AND ADMISSION TO TRADING

i. Listing: [No] Application [has been/will be] made to list the Beneficiary Shares on the [Official List of the Luxembourg/other/any] Stock Exchange.

ii. Admission to trading [No] Application [has been/will be] made for the Beneficiary Shares to be admitted to trading on [the regulated market of the Luxembourg/the Euro MTF of the Luxembourg/other/any] Stock Exchange.

3. [NOTIFICATION]

The CSSF [has been requested to provide/has provided] the *[names of competent authorities of host Member States]* with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive and the Prospectus Act 2005.]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Arranger, so far as the Issuer is aware, no person involved in the issue of the Instruments has an interest material to the offer.] *[Give name, address and significant business activities of the administrator, calculation agent or equivalent (if any) together with a summary, if applicable, of the administrator's/calculation agent's responsibilities, their relationship with the Collateral obligor and a summary of the provisions relating to termination of the appointment of such entity/provisions for appointing an alternative].*

5. ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(a) Estimated net proceeds: [●]

[If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. 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.]

(b) Estimated net proceeds: [●]. [Include breakdown of expenses]

6. YIELD (Fixed Rate Instruments Only)

Indication of yield: [Specify]

[Calculated as *[include details of method of*

calculation in summary form] on the Issue Date.]

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

7. HISTORIC INTEREST RATES (*Floating Rate Instruments Only*)

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

8. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS

[Describe nature of relevant asset or reference basis and give details of where information can be obtained. Need to include details of where past and future performance and volatility of any relevant asset or reference basis material to the Beneficiary Shares can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by such relevant asset or reference basis underlying and the circumstances when the risks are most evident.]

[In the case of an Index, include here the name of the Index and a description if composed by the Issuer or, if the Index is not composed by the Issuer, details of where the information about the Index can be obtained.]

[In the case of a basket give weighting of basket constituents]

[In the case of an underlying security give name of security issuer and ISIN or other security identification []]

[In the case of an interest rate give description of the interest rate]

[In the case of a variable or formula, include here equivalent information.]

9. OPERATIONAL INFORMATION

- (a) ISIN Code: [●]
- (b) Common Code: [●]
- (c) Clearing Agent: [Euroclear Bank S.A./N.V.] [and/or]
[Clearstream Banking AG in Frankfurt am Main]
[and/or]
[Other]

- (d) Delivery: Delivery [against/free of] payment
- (e) Names and addresses of additional Paying Agent(s) (if any): [●]

10. TERMS AND CONDITIONS OF THE OFFER

[Include, as applicable: (i) Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks and if reasons for the offer and use of proceeds are disclosed provide the total net proceeds and an estimate of the total expenses of the issue/offer; (ii) Conditions, offer statistics, expected timetable and action required to apply for the offer, including minimum and/or maximum subscription amounts (in number of Instruments or in the Aggregate Nominal Amount of the Instruments); possibility of reducing subscriptions (and manner for refunding excess paid if applicable); and procedure for exercise of any pre-emption rights, negotiability of subscription rights and treatment of subscription rights not exercised; (iii) Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the amount of the offer; (iv) the time period, including any possible amendments, during which the offer will be open and description of the application process; (v) method and time limits for paying up the Instruments and for delivery of the Instruments; (vi) a full description of the manner and date on which results of the offer are to be made public; (vii) the various categories of potential investors to which the Instruments are offered and if the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche; and (viii) the process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.]

SCHEDULE 1 TO THE FINAL TERMS
DETAILS OF THE UNDERLYING

SCHEDULE 2

[Adjustment provisions to be set out]

REGISTERED OFFICE OF THE ISSUER

7, Val Sainte-Croix, L-1371
Luxembourg

TRUSTEE

as specified in the relevant Final Terms

ISSUING AND PAYING AGENT

as specified in the relevant Final Terms

REGISTRAR AND TRANSFER AGENT

as specified in the relevant Final Terms

CUSTODIAN

as specified in the relevant Final Terms

PAYING AND EXCHANGE AGENT

as specified in the relevant Final Terms

LEGAL ADVISERS

to the Arranger and the Trustee as to English law

to the Arranger and the Trustee as to Luxembourg
law

Allen & Overy LLP
One Bishops Square
London E1 6AO

Allen & Overy Luxembourg
58, rue Charles Martel
L-2134 Luxembourg

LUXEMBOURG LISTING AGENT

for Securities listed on the Luxembourg Stock Exchange

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg

Printed by Allen & Overy LLP, London